



By Carolyn Gretton

## U.S. Prescription Drug Spending

# Posts Modest Increase for 2010

**TREND:** Fewer physician office visits and new therapy starts indicate that U.S. patients are scaling back their use of prescription medicines amid the continued economic slowdown.

In its recent study, *The Use of Medicines in the United States: Review of 2010*, the IMS Institute for Healthcare Informatics reported a 2.3% increase in spending on prescription medicines in the United States in 2010, markedly lower than the 5.1% growth rate in 2009. The study also found that total dollars spent on medications in the United States reached \$307.4 billion last year, or real per capita spending of \$898, up \$6 from 2009. In addition, the volume of prescription medicines consumed overall rose at historically low levels in 2010.

Michael Kleinrock, director, research development, for the IMS Institute, attributes the slowdown to a convergence of key dynamics leading to diminished growth in drug spending, such as greater use of generics, loss of patent protection for major branded products, slower demand, and less spending on new therapies.

“Moreover, fewer patients visited physician offices and initiated new chronic therapy treatments last year, likely the result of the slower economy,” Mr. Kleinrock adds.

According to the IMS Institute study, the number of visits to U.S. doctors’ offices was down 4.2% in 2010, extending a declining trend that began in mid-2009, and the number of patients starting new treatments for chronic conditions declined by 3.4 million. The report cited as possible contributing factors the enduring effect of high unemployment levels and rising healthcare costs, more careful healthcare spending by some, and the impact of additional patients losing their healthcare coverage.

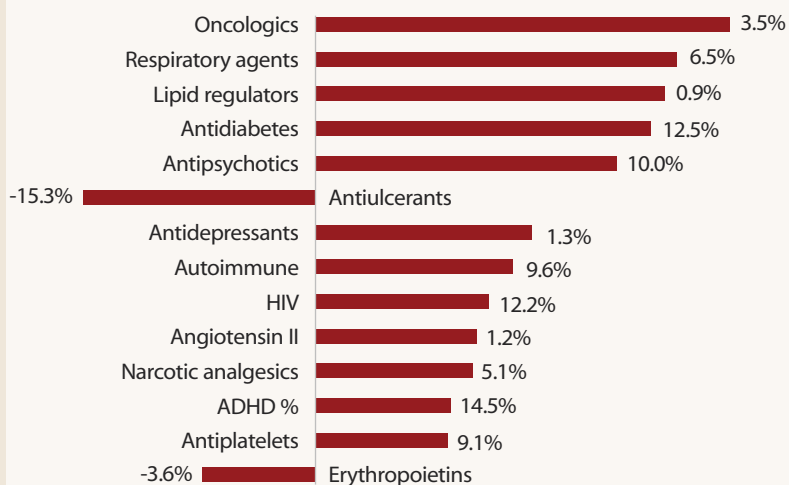
The study also found that in the leading therapeutic areas, 2010 spending growth largely was driven by product life cycle dynamics, rather than price or volume. The top five therapy classes were: oncologics, with \$22.3 billion in 2010 spending; respiratory agents, at \$19.3 billion; lipid regulators, at \$18.7 billion; antidiabetes drugs, at \$16.9 billion; and antipsychotics, at \$16.1 billion. Growth in spending among these classes ranged from 0.9% for lipid regulators to 12.5% for antidiabetes medications.

Mr. Kleinrock notes that the 2010 study data further emphasize the significant shifts occurring in the U.S. healthcare landscape. “Physicians and patients have more therapy options than ever, and yet spending on medicines is rising at historic lows with the impact of patent expiries and reduced patient activity,” he says.



Michael Kleinrock

### SPEND ON PRESCRIPTION DRUGS IN LEADING THERAPY CLASSES



Source: IMS Health. For more information, visit [theimsinstitute.org](http://theimsinstitute.org).

▼ For more information, visit [theimsinstitute.org](http://theimsinstitute.org).

## Novo Nordisk,

### ROCHE TOP INVESTIGATIVE SITE SURVEY

Drug sponsors and CROs continue to improve their relationships with investigative sites by focusing on strategies to improve site quality and performance, as well as improving project management and field monitor training.

CenterWatch's 2011 Global Investigative Site Survey polled more than 1,200 clinical site professionals at sites around the world, asking them to evaluate CROs and pharmaceutical and biotechnology companies for which they had conducted trials over the past two years across 29 individual relationship attributes.

Six sponsor companies received top marks in this year's survey. Novo Nordisk and Roche dominated the results, each ranking in the top three in 17 of the 29 relationship attributes measured, with Novo Nordisk receiving the highest excellent score for overall relationship quality at 61%. The Denmark-based pharma company reached the top spot by creating partnerships with its investigative sites, improving communication with site staff, and focusing on making sure everyone involved in the clinical trial process understood the importance of his or her role in drug development.



Joan Chambers

"We're very pleased to be publishing the results of our first truly global survey of investigative sites," says Joan Chambers, chief operating officer of CenterWatch. "With more than half of all FDA-regulated trials now conducted abroad, it's important to have this global perspective."

On the CRO side, three global CROs — PPD, Kendle, and ICON — came out on top, with PPD and Kendle each receiving excellent and good ratings from 84% of the sites they manage. PPD also received the highest excellent score for overall relationship quality, earning the No. 1 spot by focusing on the needs of sites in a variety of ways.

For more information, visit [centerwatch.com](http://centerwatch.com).

### TOP-RATED SPONSORS

Sponsor	% of sites rating excellent	% of sites rating good	Total number of attributes in top 3 (out of 29)
Novo Nordisk	61.0%	26.6%	17
Roche	51.0%	36.7%	17
Amgen	53.0%	33.4%	10
Bayer	52.6%	32.3%	10
Abbott Laboratories	52.6%	33.3%	9
AstraZeneca	54.3%	32.2%	9

Source: CenterWatch. For more information, visit [centerwatch.com](http://centerwatch.com).

### PTR CORPORATE POSITIONING STRATEGY



Source: Best Practices. For more information, visit [best-in-class.com](http://best-in-class.com).

## Physicians, Public

### REMAIN WARY OF PHARMA TV ADS

Television advertising for prescription drugs continues to engender negative emotions in physicians and public, illustrating the need for pharma companies to continue reshaping their strategies in the mass communications arena.

According to AdSAM's most recent SenseUs Healthcare Poll, physicians are more strongly opposed to prescription TV ads than members of the general public, with 67% of physician respondents expressing unfavorable feelings in 2010, compared with 54% of the public. Despite their overall negative view, the public appears to have become more accepting of prescription TV ads in 2010 compared with 2009, when 62% of respondents expressed unfavorable feelings toward the ads.

By contrast, physicians have become even more opposed to prescription TV advertising since 2009, when only 56% of physicians expressed unfavorable feelings. Physician respondents in 2010 expressed increased sullen and troubled feelings about the ads.

"Feelings are overlooked in many research plans, which is unfortunate, since emotions are the precursor to action," observes Jon Morris, Ph.D., president of AdSAM and communications professor at the University of Florida.

For more information, visit [senseus.net](http://senseus.net) or [adsam.com](http://adsam.com).

## Professional Relations Groups WORKING TO EVOLVE ROLE IN LIFE SCIENCES

Professional and trade relations (PTR) groups play a crucial role in shaping a life-sciences organization's public persona to professional, payer, and patient groups. But today's restrictive compliance environment is slowing the pace of nearly all PTR activities, putting pressure on companies to evolve their approach to optimize their impact.

In its recent study, Professional and Trade Relations Excellence: Optimizing Group Structure & Operations, Best Practices notes PTR groups have the opportunity to inform and influence guidelines, policy, and the company's reputation to the professional public; but their role is often advisory rather than command and control. The study observes that PTR groups interact on a daily or weekly basis

with their counterparts on corporate branding, social responsibility, and other reputational fronts to help forge positive corporate identities.

For more information, visit [best-in-class.com](http://best-in-class.com).

### Q. PHYSICIANS: HOW DO YOU FEEL ABOUT TELEVISION ADVERTISING FOR PRESCRIPTION DRUGS?

	August 2009	October 2010
Total favorable*	7%	7%
Enthusiastic	3%	5%
Warmed	3%	1%
Comfortable	1%	1%
Ambivalent	30%	21%
Indifferent	4%	3%
Apprehensive	2%	1%
Sullen	18%	25%
Troubled	14%	17%
Alarmed	24%	25%
Total unfavorable*	56%	67%

\* Total favorable responses include enthusiastic, warmed, comforted; total unfavorable responses include sullen, troubled, alarmed.

Source: AdSAM, SenseUs Healthcare Poll. For more information, visit [senseus.net](http://senseus.net) or [adsam.com](http://adsam.com).



USE YOUR QR CODE READER  
OR GO TO  
[bit.ly/PV0911-Trax](http://bit.ly/PV0911-Trax)



## Pharma Companies See Diminishing ROI ON DTC ADVERTISING

While direct-to-consumer (DTC) advertising remains a key piece of successful pharma marketing efforts, product teams are growing less confident of DTC's return on investment potential for brand value.

According to the Cutting Edge Information report, *Pharmaceutical Brand Lift: Marketing ROI and Budget Allocation*, DTC does demonstrably contribute to the pharmaceutical industry's bottom line, with companies reporting that they earn 16% more than if they were to discontinue DTC and keep all other spending levels the same.

But companies have found that greater investment sometimes does not add brand value as in past campaigns, so they are more hesitant to put dollars into larger campaigns, the study says.

When asked how they would allocate additional theoretical marketing dollars in the United States, none of the companies surveyed said they would invest in greater DTC advertising, instead they would choose to put the money into other brand-building tools.

Adam Bianchi, chief operating officer for Cutting Edge Information, cautions that pharmaceutical companies should not to abandon DTC advertising completely.

"Direct-to-consumer advertising allows for a wide reach quickly, and companies must continue investing in it to keep pace," Mr. Bianchi says.

▼ For more information, visit [cuttingedgeinfo.com](http://cuttingedgeinfo.com).



Adam Bianchi

## Patient, Not Disease, REMAINS BIGGEST ADHERENCE INFLUENCE

Although many researchers have looked at medication adherence patterns within a given condition or treatment regimen, recent research from Kantar Health suggests that whether or not patients take their medications consistently may be more of a function of the patients themselves.

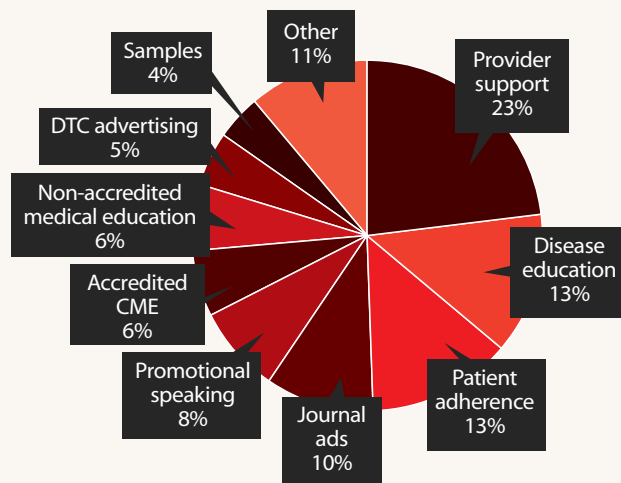
Findings from Kantar Health's 2010 National Health and Wellness Survey examining the costli-

est chronic conditions — including diabetes, hypertension, and chronic obstructive pulmonary disease — show that U.S. patients who were non-adherent with medications for one of their chronic conditions were highly likely to be nonadherent across all of their disorders.

Similarly, patients who were adherent with drugs for one of their chronic disorders were highly likely to be adherent with treatments for their other conditions.

"These results suggest that adherence may have less to do with the specific condition and treatment regimen and more to do with the patient," says Marco DiBonaventura, Ph.D., director,

## ALLOCATION OF THEORETICAL 10% MARKETING BUDGET INCREASE, BY ACTIVITY



Source: Cutting Edge Information. For more information, visit [cuttingedgeinfo.com](http://cuttingedgeinfo.com).

health economics and outcomes research at Kantar Health. "As a result, nonadherence with a newly diagnosed condition may be predicted from whether the patient is currently forgetting their medications or skipping doses with their other chronic conditions."

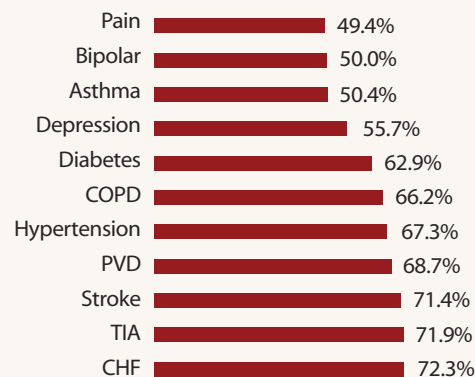
▼ For more information, visit [kantarhealth.com](http://kantarhealth.com).

## Big Healthcare Savings in Using SPECIALTY PHARMACEUTICAL DISTRIBUTORS

Distributors of specialty pharmaceuticals for patients suffering from cancer, orphan diseases, and other serious illnesses save the healthcare industry billions of dollars a year by using efficient and extensive measures to ensure the medication's safe delivery.

According to data from the Center for Healthcare Supply Chain Research incorporated into a report developed by Arthur D. Little, Specialty

## LEVELS OF COMPLETE ADHERENCE FOR TOP 11 COSTLIEST CHRONIC CONDITIONS



Source: Kantar Health. For more information, visit [kantarhealth.com](http://kantarhealth.com).

Pharmaceuticals and the Role of the Specialty Distributor, pharmaceutical companies that distribute only specialty drugs save the industry an estimated \$3.5 billion, based on an analysis of the value of their services and of the increased cost if manufacturers and healthcare providers assumed their role.

The savings derive from their skills in preserving and delivering medicines in high-tech, cold-chain, and just-in-time delivery systems, as well as performing a wide range of additional value-added services for the healthcare industry.

When this analysis is expanded to include traditional distributors that handle specialty drugs, the savings total about \$8 billion.

"The pharmaceutical landscape is changing; specialty pharmaceuticals will continue to play a more important role as selective therapeutics in oncology, orphan drugs, and biotechnology products become more prevalent and attractive to biopharmaceutical companies," observes John Brennan, managing director of Arthur D. Little Americas.

The report indicates that distributors preserve these relatively fragile biological medicines in storage and transit.

"This research spotlights the vast and indispensable services that specialty pharmaceutical distributors deliver in the fastest-growing sector of the pharmaceutical industry," says Karen Ribler, executive VP and chief operating officer of the Center for Healthcare Supply Chain Research, the research foundation of the Healthcare Distribution Management Association.

▼ For more information, visit [healthcaredistribution.org](http://healthcaredistribution.org).



Karen Ribler



John Brennan

## Other market insights...

### Genentech, Novartis Remain Image Leaders IN ONCOLOGY, HEMATOLOGY

According to Market Strategies International's 2011 MSImage study, Genentech and Novartis have the best image among oncologists and hematologists. The study evaluates more than 30 sales force, corporate equity, and R&D attributes to determine which measures drive a company's image and performance in this rapidly growing marketplace. Amgen, Sanofi, and Lilly/ImClone round out the top five among oncologists; and Celgene, Millennium: The Takeda Oncology Company, and Amgen round out the top five for hematologists.

▼ For more information, visit [marketstrategies.com](http://marketstrategies.com).

### Physicians' Use of Digital INCREASES IN EMERGING MARKETS

Overall market factors indicate significant digital marketing opportunities for pharma companies targeting physician audiences in the emerging markets of India, Mexico, South Korea, Brazil, China, and Russia. According to findings from Manhattan Research's most recent Taking the Pulse Global Series, smartphone and tablet adoption is surging among physicians in emerging markets, providing an alternative for pharma to service physicians.

▼ For more information, visit [manhattanresearch.com](http://manhattanresearch.com).

### Growing Industry Interest in IMPLEMENTING ADAPTIVE TRIAL DESIGNS

In a survey conducted during the recent Perceptive Informatics webinar, Implementing Bayesian Response Adaptive Trials, about 80% of biopharma professional respondents said they are considering the implementation of some type of adaptive design over the next 12 months. Of these respondents, 76% are considering designs that drop treatment arms at fixed interim analyses, while 24% expect to implement designs that regularly adjust the randomization ratio throughout the study.

▼ For more information, visit [perceptive.com](http://perceptive.com).

### New Commercial Model Calls FOR BETTER CUSTOMER ENGAGEMENT

The TGaS Advisors white paper, The New Commercial Model: Reality or Rhetoric?, outlines five key imperatives for commercial operations leadership to apply to development of a commercial model:

- Justify and deliver value on customer relationship marketing investments.

- Challenge thinking on readiness to select, hire, train, and develop for future capabilities.

- Assist business leaders in setting realistic expectations and dedicating needed support to enable new capabilities.

- Expect that tried-and-true approaches will work where the pipeline is robust.

- Monitor competitor and peer progress.

▼ For more information, visit [tgas.com](http://tgas.com).

### Healthcare IT Market Grows IN EMERGING ECONOMIES

The growth of medical tourism, demand for better quality healthcare delivery by a growing aging population, and increase in chronic disease patient population are driving an increased adoption of IT solutions in emerging markets such as Brazil, Russia, India, China, South Korea, and Mexico. According to the MarketandMarkets report, Healthcare IT Market in Emerging Economies (2010 - 2015), the healthcare IT category in emerging economies is expected to grow from \$5.3 billion in 2010 to \$10.9 billion in 2015, for an estimated compound annual growth rate (CAGR) of 15.3%.

▼ For more information, visit [marketsandmarkets.com](http://marketsandmarkets.com).

### Developing Countries TO BOOST GENERICS MARKET

The Datamonitor report, Pharmaceutical Key Trends 2011 - Generics Market Overview: Patent cliff set to drive global generic uptake despite tougher market conditions, values the combined generics market at an estimated \$77 billion in the United States, Japan, the five major European Union markets, the BRIC markets, and Australia. The report notes that the BRIC countries in particular represent a key growth market for the generics industry, with uptake driven by continued population expansion, increased prosperity, and expanding healthcare coverage.

▼ For more information, visit [datamonitor.com](http://datamonitor.com).

### Wide EMR Adoption Hinges ON USABILITY IMPROVEMENTS

Seemingly small annoyances such as font size, frame size, and number of keystrokes for entry could add up to a large difference in how many hospitals and physicians convert to electronic medical record (EMR) systems. The Kalorama Information report, EMR 2011: The Market for Electronic Medical Record Systems, projects the market for EMR systems to grow at an annual rate of 15.1% for the next five years, but cautions that growth could hinge upon the creation of more user-friendly systems.

▼ For more information, visit

[kaloramainformation.com](http://kaloramainformation.com).

### Double-Digit Growth ANTICIPATED IN MICROARRAY SECTOR

The market has offered tremendous growth and hence has seen an influx of players vying fiercely for a share of this market. According to the MarketsandMarkets report, Global DNA and Gene Chip Market (2008 - 2015), the global market for microarrays was valued at \$760 million in 2010 and is expected to exceed \$1.43 billion by 2015, growing at a CAGR of 13.4%.

▼ For more information, visit [marketsandmarkets.com](http://marketsandmarkets.com).

### Molecular Diagnostics Market APPROACHES \$5 BILLION

In recent years, the molecular diagnostics (MDx) sector has experienced fast growth, given these tests' high sensitivity, fast turnaround times, and relatively low cost compared with culture-based or immune-based techniques.

The DeciBio report, Molecular Diagnostics: Market Segmentation and Opportunities, estimates that the MDx market posted double-digit growth to reach \$4.8 billion in 2010, driven by a higher incidence of chronic diseases due to an aging population and growth of pharmacogenomics/personalized medicine.

▼ For more information, visit [decibio.com](http://decibio.com).

### Biomarkers CONTINUE TO GAIN GROUND

According to the BCC Research report, Biomarkers: Technologies and Global Markets, the global market for biomarkers was valued at almost \$13.5 billion in 2010, and is expected to increase at a CAGR of 19.8% to almost \$33.3 billion in 2015.

The largest segment of the market, genomics, is projected to increase at a CAGR of 26.9% to almost \$17 billion in 2015, after being valued at an estimated \$5.1 billion in 2010.

▼ For more information, visit [bccresearch.com](http://bccresearch.com).

### Microsites Offer Conversion Power SIMILAR TO BRAND WEBSITES

Efficacy of Patient Education Centers, a study conducted by Everyday Health and Crossix Solutions, demonstrates that EverydayHealth.com's patient education centers — or microsites — are equally or more effective in attracting qualified visitors than using online media to drive traffic to the related brand websites.

▼ For more information, visit [everydayhealth.com](http://everydayhealth.com). 