



TEXAS

TYPE 2 DIABETES REPORT

2007

Featuring Demographic,
Charges, Utilization, and
Pharmacotherapy Data



Dallas-Fort Worth Business Group on Health



Presented by
sanofi aventis
in conjunction with
DFWBGH



CONTENTS

- Introduction and Patient Universe Count . . . 2
- Texas MSAs Compared3
- Texas & Nation4–5
- Austin6–7
- Dallas8–9
- Ft. Worth/Arlington . . . 10–11
- Houston12–13
- San Antonio14–15
- Data Methodology16

www.dfwbgh.org

DFWBGH Board Members:

- American Airlines
- Bell Helicopter Textron
- Brinker International
- Electronic Data Systems
- Federal Reserve Bank of Dallas
- JC Penney Company
- Neiman Marcus
- Sabre Holdings
- Southwest Airlines
- Texas Instruments
- TXU
- Vought Aircraft Industries

Managed Care Digest Series® 2007

www.managedcaredigest.com

Marianne Fazen, Ph.D.
214-382-3036
Executive Director
fazen@dfwbgh.org
Dallas-Fort Worth Business Group on Health

Jean Berg
720-922-9451
Employer National Account Manager,
sanofi-aventis U.S. LLC

Provided by
 sanofi-aventis U.S. LLC
 Bridgewater, NJ

Developed and produced by
 Forte Information Resources LLC
 Denver, CO
www.forteinformation.com

Data provided by
 Verispan LLC, Yardley, PA

Cover photo courtesy of the
Texas Twist Ranch, www.branger.com

Introduction

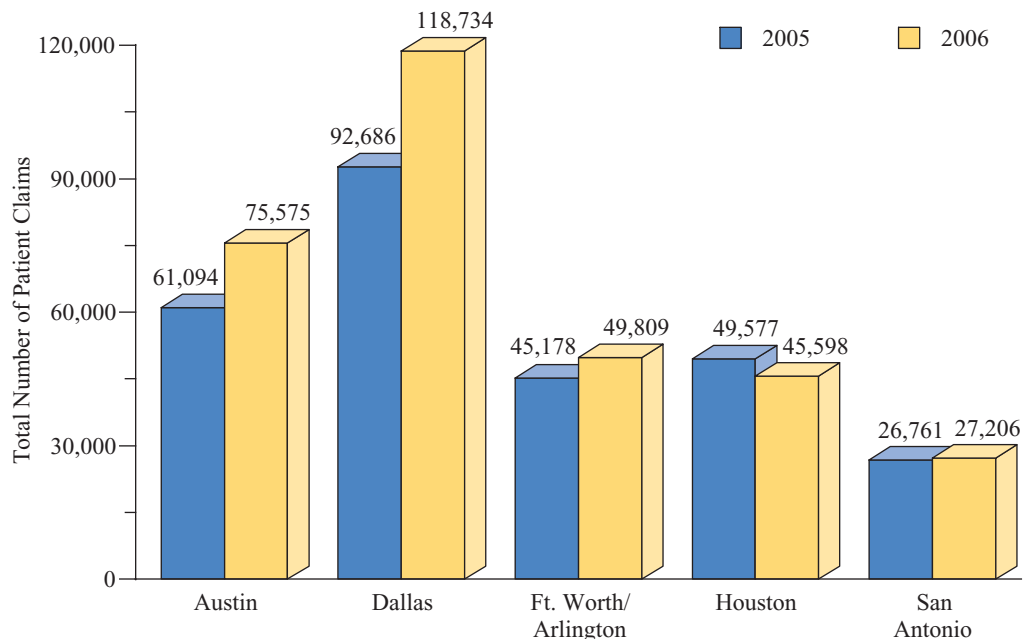
The Dallas-Ft. Worth Business Group on Health (DFWBGH) is pleased to present the **Texas Type 2 Diabetes Report 2007**, an updated overview of demographic, charges, utilization and pharmacotherapy measures for Type 2 diabetes patients in key local markets in the state of Texas. The report, intended to help providers and employers identify better opportunities to serve the needs of their patients, organizes Type 2 patient benchmarks into five local markets across Texas and Texas as a whole. All data are drawn from the Therapeutics Trends Summary™ (TTS), part of the sanofi-aventis **Managed Care Digest Series®**.

The **Texas Type 2 Diabetes Report 2007** helps DFWBGH fulfill its mission to help local employers play an active and enthusiastic role in collaboration with health plans, providers and purchasers; and be a catalyst in promoting cost-effective delivery of quality health care to the benefit of the community.

This second edition features examples of the kinds of patient-level, disease-specific data on Type 2 diabetes that can be provided by DFWBGH using the TTS resource. Its focus on Texas locales allows for heightened scrutiny of community progress with Type 2 diabetes patient populations. DFWBGH chose Type 2 diabetes (high blood glucose levels caused by either a lack of insulin or the body's inability to use insulin efficiently) as the focus of this resource because the Centers for Disease Control estimate that 90% to 95% of all Americans with diabetes—translating to 5.7% of the U.S. population—have the Type 2 variety.

The data in this report (covering 2005 through 2006) were gathered by Verispan LLC, Yardley, Pa., a recognized leader in the health care information industry. The data provides employers with independent, third-party information against which they can benchmark their own data. Please see the back page for information on Data Methodology.

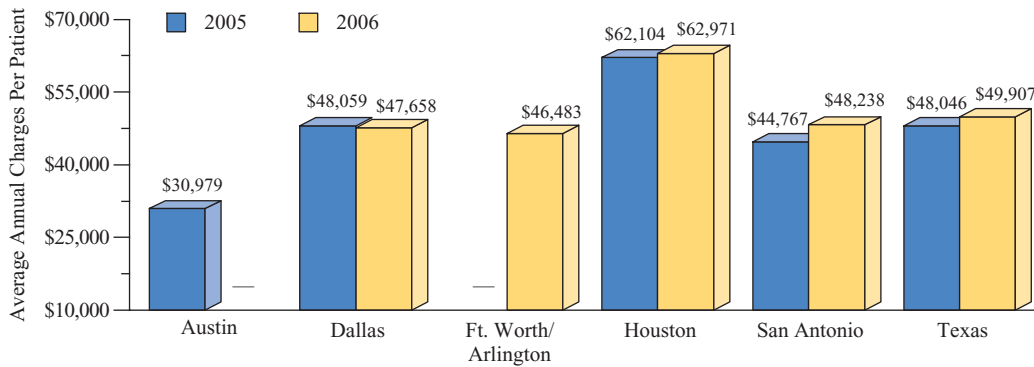
TOTAL NUMBER OF TYPE 2 DIABETES PATIENTS, 2006



Data source: Verispan LLC © 2007



HOSPITAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS¹



HOUSTON HOSPITALS HAVE HIGH DIABETES INPATIENT CHARGES

Of inpatients diagnosed with Type 2 diabetes in the local markets in the state of Texas for which data were available, those in the Houston metropolitan statistical area (MSA) recorded the highest annual hospital charges for inpatient hospital care in 2006, at \$62,971, up from \$62,104 in 2005. By comparison, such charges for inpatient care across the state of Texas were \$49,907, up from \$48,046 the prior year.

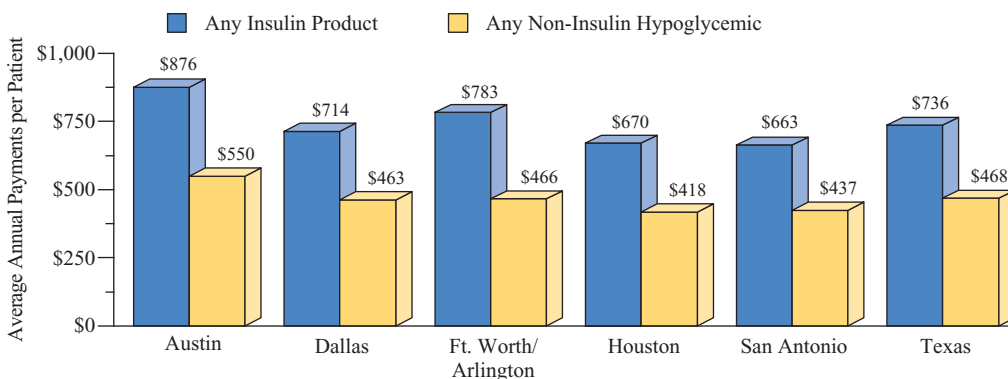
PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS²

MARKET	Hospital Inpatient		Hospital Outpatient		Ambulatory Surgery Center		Emergency Room		Office/Clinic	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Austin	\$2,879	\$2,503	\$1,289	\$958	\$3,589	\$3,195	\$577	\$589	\$1,776	\$1,408
Dallas	5,210	4,327	1,396	1,949	2,549	2,757	735	879	4,201	5,191
Ft. Worth/Arlington	6,142	5,913	2,113	1,966	1,363	1,586	569	747	1,273	950
Houston	5,674	4,954	2,008	3,361	2,303	—	604	669	1,608	1,806
San Antonio	4,819	4,244	1,294	946	1,696	3,055	476	514	1,090	784
Texas	5,250	4,573	1,497	1,737	2,797	3,247	587	698	2,502	2,724
Nation	\$6,404	\$5,653	\$1,818	\$1,814	\$2,838	\$2,791	\$546	\$575	\$3,266	\$2,630

COST FOR ANY INSULIN PRODUCT IS LOW IN SAN ANTONIO

In 2006, the any insulin product cost per Type 2 diabetes patient per year in the San Antonio MSA was \$663, the lowest annual average of the six Texas markets profiled. Conversely, the cost per Type 2 diabetes patient per year for any insulin product use in Austin was \$876, the highest payment of the Texas markets listed. Overall, just over one-third (34.0%) of Type 2 diabetes patients diagnosed in the state of Texas used any insulin product in 2006 (See page 5).

PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS BY TYPE OF DRUG THERAPY, 2006³



Data source: Verispan LLC © 2007

¹ Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.

² Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.

³ Figures reflect the per-patient yearly payments for Type 2 diabetes patients receiving a particular type of therapy.



TEXAS AND NATION

SHARE OF WORKING AGE PATIENTS IN TEXAS TOPS NATION

The share of Texas patients diagnosed with Type 2 diabetes who were 18 to 64 years of age was 62.6% in 2006. By comparison, just 54.2% of such patients nationally were in this age category. In 2006, the overall share of Type 2 diabetes patients in the state of Texas diagnosed with more than two comorbidities (9.1%) was notably higher than the national average (5.6%).

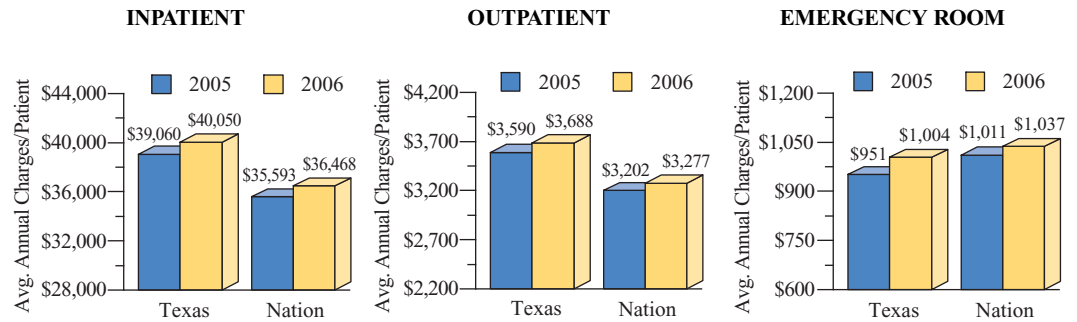
TEXAS HAS HIGHER INPATIENT AND OP HOSPITAL CHARGES

Hospital outpatient charges per year for commercially insured Type 2 diabetes patients in the state of Texas were \$3,688, up from \$3,590 in 2005. Such charges for commercially insured Type 2 diabetes patients nationally were \$3,277 per year, up from \$3,202 the year before, and notably less than the Texas average. Inpatient hospital charges per year also were higher in the state of Texas (\$40,050) than nationally (\$36,468) in 2006 for commercially insured Type 2 diabetes patients.

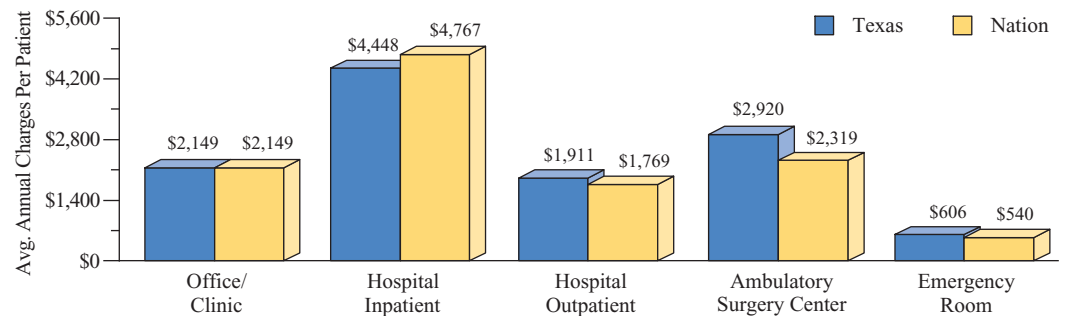
DEMOGRAPHICS, AGE AND GENDER ¹ , 2006		
AGE GROUP	Percentage of Patients	
	Texas	Nation
0-17	0.5%	0.4%
18-35	4.7	3.6
36-64	57.9	50.6
65-79	28.8	33.3
80+	8.1	12.1
GENDER		
Male	40.1%	45.1%
Female	59.9	54.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3} , 2006		
COMORBIDITIES	Percentage of Patients	
	Texas	Nation
0	35.9%	45.4%
1	24.0	24.0
2	31.0	25.0
>2	9.1	5.6
COMPLICATIONS		
0	61.6%	64.2%
1	27.4	27.5
2	8.4	6.7
>2	2.6	1.7

HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}



Data source: Verispan LLC © 2007

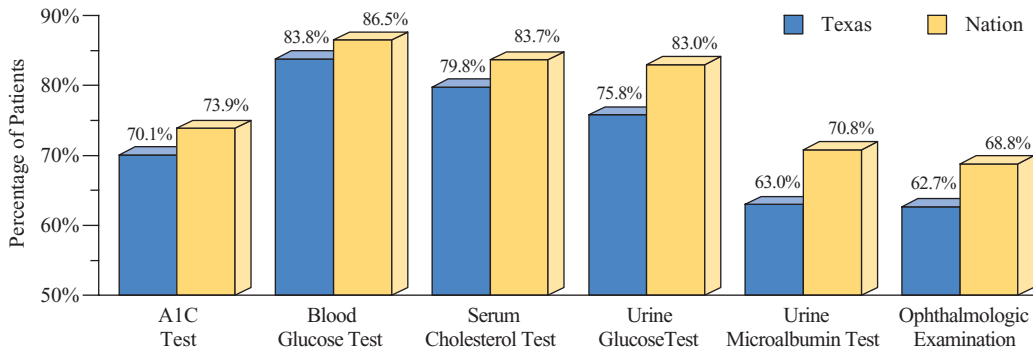
NOTE: A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes.

A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes.

- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



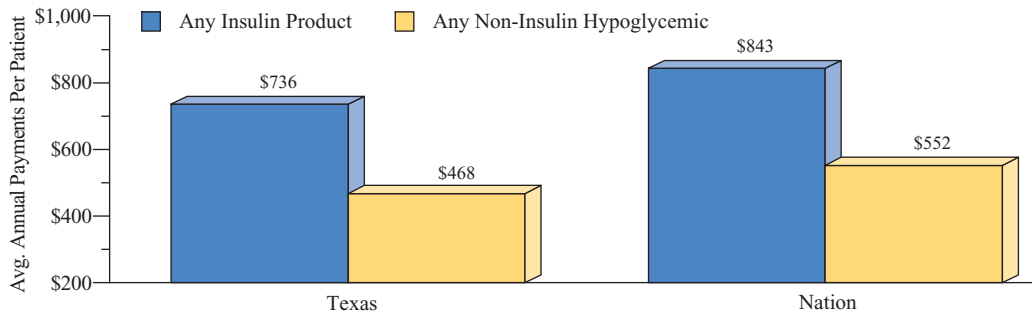
UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



SERVICE RATIOS IN TEXAS LAG BEHIND NATIONAL AVERAGES

The ratios of Type 2 diabetes patients receiving at least one service per year were lower in the state of Texas than the nation in 2006 in every utilization service category profiled. For example, 70.1% of patients diagnosed with Type 2 diabetes in Texas were administered at least one A1c test in 2006, moderately less than the national average (73.9%). The gap between the Texas (63.0%) and the national (70.8%) averages was even wider among patients receiving urine microalbumin tests.

PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



INSULIN COSTS PER TEXAS PATIENT TOP NATIONAL AVERAGE

In 2006, average insulin payments per patient per year were lower for patients diagnosed with Type 2 diabetes in the state of Texas than for such patients nationally in every insulin payment therapy category profiled. Overall, payments for any insulin product were \$736 per Type 2 diabetes patient per year in Texas, substantially less than the \$843 average nationally. The shares of Texas Type 2 diabetes patients using insulin and non-insulin therapies each trailed those of the nation in 2006 in every therapy category profiled.

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING INSULIN THERAPIES, 2006

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Texas	34.0%	\$736	4.6%	\$294	15.3%	\$512	12.5%	\$500	9.3%	\$585
Nation	34.8	843	5.7	323	17.1	546	14.6	565	9.6	656

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES, 2006

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Texas	83.0%	\$468	45.4%	\$120	33.9%	\$101	28.2%	\$813
Nation	84.7	552	51.7	128	40.8	112	31.1	925

Data source: Verispan LLC © 2007

Biguanides

Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas

Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents

Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



AUSTIN

AUSTIN WOMEN ARE DIAGNOSED MORE OFTEN THAN MEN

In 2006, 62.6% of Austin patients diagnosed with Type 2 diabetes were women (just 37.4% were men), up from 61.6% in 2005. By comparison, the share of all patients diagnosed with Type 2 diabetes nationally who were women was a notably smaller 54.9% (See table on page 4).

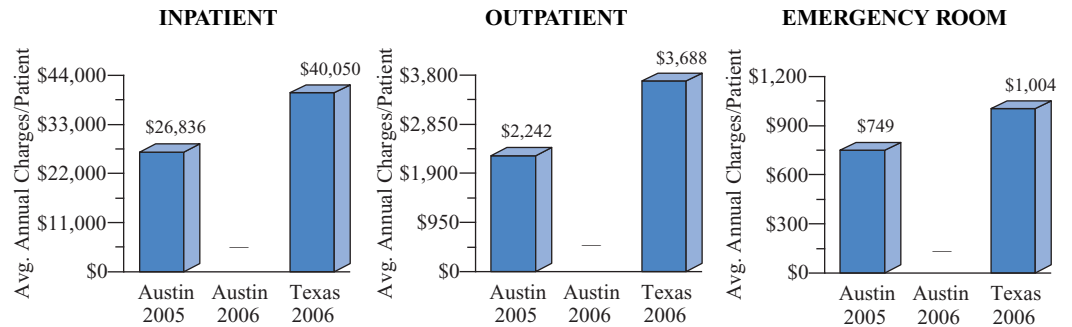
DEMOGRAPHICS, AGE AND GENDER ¹			
	Percentage of Patients		
	Austin		Texas
	2005	2006	2006
AGE GROUP			
0-17	0.4%	0.5%	0.5%
18-35	6.6	6.5	4.7
36-64	70.9	71.4	57.9
65-79	18.4	17.9	28.8
80+	3.8	3.7	8.1
GENDER			
Male	38.4%	37.4%	40.1%
Female	61.6	62.6	59.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3}			
	Percentage of Patients		
	Austin		Texas
	2005	2006	2006
COMORBIDITIES			
0	23.6%	27.3%	35.9%
1	27.3	27.1	24.0
2	37.8	36.3	31.0
>2	11.3	9.2	9.1
COMPLICATIONS			
0	62.4%	65.1%	61.6%
1	26.7	25.5	27.4
2	8.4	7.3	8.4
>2	2.5	2.2	2.6

COMPLICATION-FREE PATIENT SHARE RISES IN AUSTIN MSA

The share of patients in Austin diagnosed with Type 2 diabetes and no complications from the disease increased moderately in 2006, to 65.1% from 62.4% in 2005. In accordance, the share of such patients with more than two complications fell, to 2.2% from 2.5% the previous year.

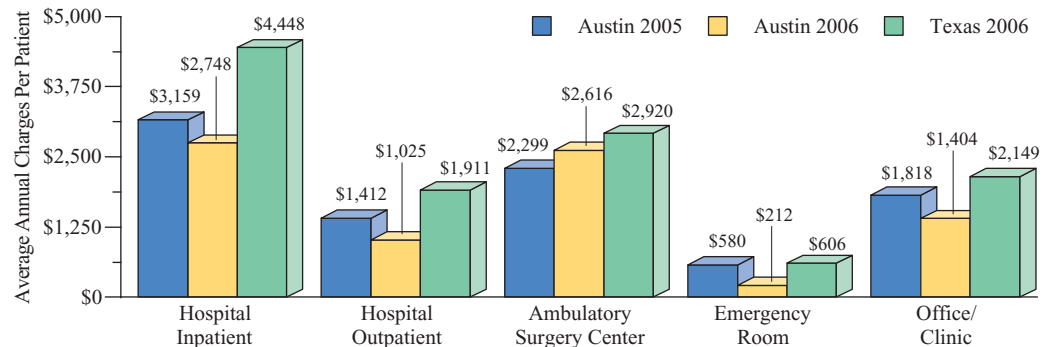
HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4, 5, 6}



MOST AUSTIN MSA PROFESSIONAL CHARGES DECLINE

Between 2005 and 2006, professional charges per year for Type 2 diabetes patients with commercial insurance coverage who were treated in Austin declined in four of five provider charge categories listed. Such charges rose during this period only among Austin ambulatory surgery center (ASC) providers, to \$2,616 from \$2,299 the previous year.

PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5, 7}

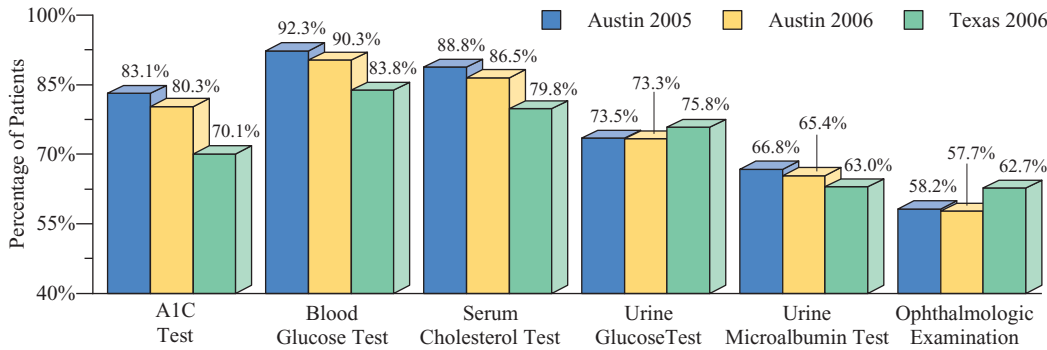


Data source: Verispan LLC © 2007

- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 2006 hospital charge data for Austin were unavailable at the time of this report was prepared.
- 7 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



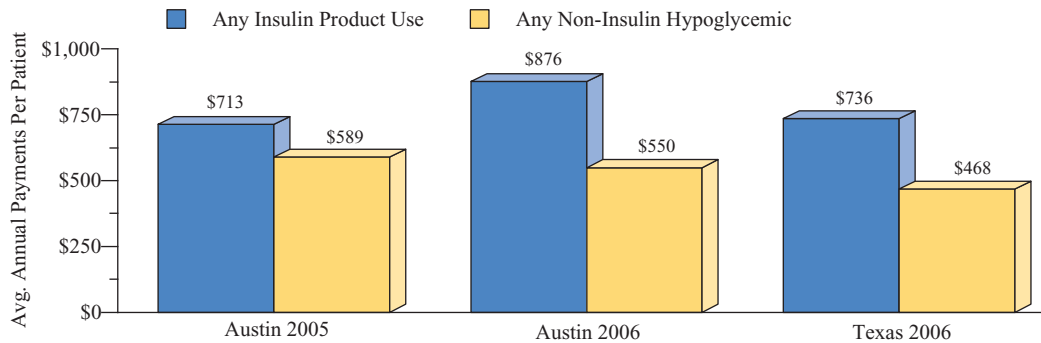
UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



AUSTIN AREA TYPE 2 DIABETES PATIENT TEST RATES DROP

Between 2005 and 2006, the percentages of Austin area Type 2 diabetes patients who received at least one test per year dropped in all six diabetes service utilization categories profiled. For example, the percentage of patients diagnosed with Type 2 diabetes in the Austin MSA who were administered at least one A1c test in 2006 declined, to 80.3% from 83.1% in 2005.

PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



ANY INSULIN PRODUCT USE PATIENT RATE RISES

The share of patients diagnosed with Type 2 diabetes in the Austin MSA who used any insulin product increased, to 34.8% from 28.9% in 2005, identical to the national average. Meanwhile, the share of these patients who used any insulin hypoglycemic product fell, to 82.7% from 85.4% the previous year, moderately lower than the national average (84.7%).

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Austin 2005	28.9%	\$713	3.0%	\$246	17.7%	\$425	14.8%	\$664	6.3%	\$551
Austin 2006	34.8	876	2.5	296	18.1	546	14.8	628	5.6	655
Texas 2006	34.0	736	4.6	294	15.3	512	12.5	500	9.3	585

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Austin 2005	85.4%	\$589	45.1%	\$163	32.3%	\$152	36.0%	\$766
Austin 2006	82.7	550	44.6	128	28.9	104	33.2	878
Texas 2006	83.0	468	45.4	120	33.9	101	28.2	813

Data source: Verispan LLC © 2007

NOTE: A1C tests measure how much glucose has been in the blood during the past 3–4 months.

Biguanides

Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas

Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents

Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



COMORBIDITY-FREE DALLAS PATIENT SHARE INCREASES

The share of patients in the Dallas MSA with Type 2 diabetes and no comorbidities rose notably in 2006, to 35.8% from 29.3% in 2005. Similarly, the complication-free share of Dallas Type 2 diabetes patients grew moderately, to 60.3% from 57.1% the previous year.

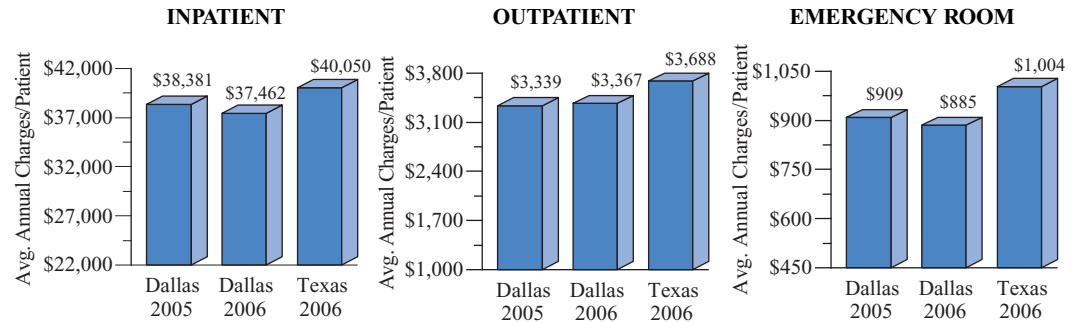
DEMOGRAPHICS: AGE AND GENDER ¹			
	Percentage of Patients		
	Dallas		Texas
	2005	2006	2006
AGE GROUP			
0-17	0.6%	0.5%	0.5%
18-35	4.9	4.6	4.7
36-64	60.5	56.8	57.9
65-79	27.1	29.9	28.8
80+	6.6	8.2	8.1
GENDER			
Male	40.3%	38.6%	40.1%
Female	59.7	61.4	59.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3}			
	Percentage of Patients		
	Dallas		Texas
	2005	2006	2006
COMORBIDITIES			
0	29.3%	35.8%	35.9%
1	24.1	23.6	24.0
2	33.9	30.5	31.0
>2	12.8	10.1	9.1
COMPLICATIONS			
0	57.1%	60.3%	61.6%
1	29.0	27.6	27.4
2	10.4	9.2	8.4
>2	3.6	2.9	2.6

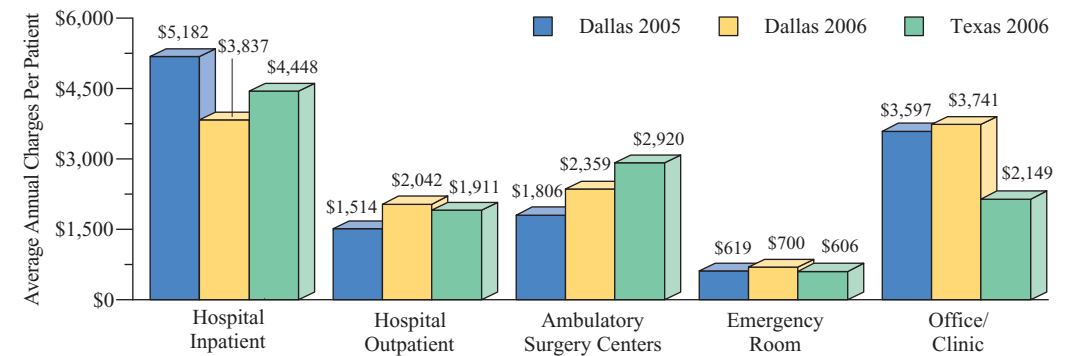
HOSPITAL CHARGES DECLINE FOR DALLAS TYPE 2 INPATIENTS

Average annual hospital charges for Dallas Type 2 diabetes inpatients with commercial insurance coverage fell in 2006, to \$37,462 from \$38,381 in 2005, the only such decline of the Texas local markets for which data were available. By comparison, inpatient hospital charges per year were slightly higher for commercially insured Type 2 diabetes patients nationally (\$36,468) in 2006. (See page 4). Meanwhile, hospital inpatient charges for all commercially insured Type 2 diabetes patients across the state of Texas were notably higher, at \$40,050.

HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}



Data source: Verispan LLC © 2007

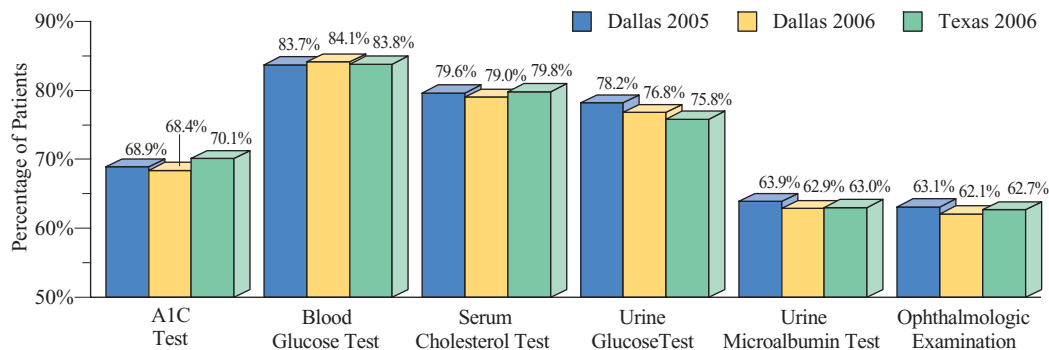
NOTE: A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes.

A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes.

- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



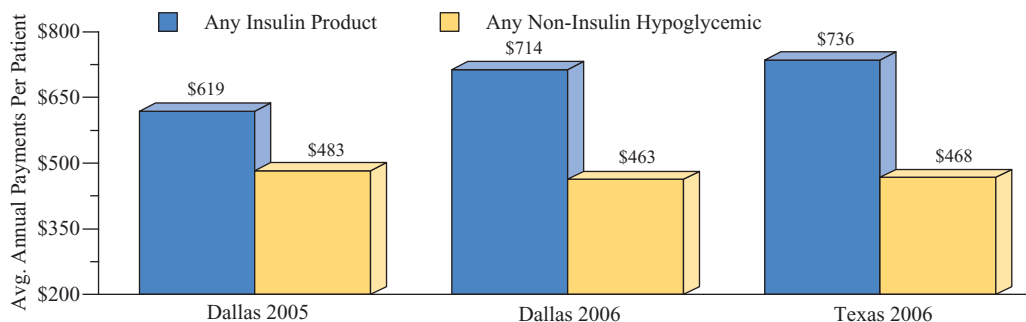
UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



DALLAS TYPE 2 DIABETES PATIENT TEST RATES SLIP

The shares of Dallas MSA patients diagnosed with Type 2 diabetes who received at least one test in 2006 declined slightly in five of six services profiled. Of the six services tracked, only blood glucose tests were administered to a higher percentage of Dallas area Type 2 diabetes patients in 2006 than in 2005.

PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



DALLAS TYPE 2 DIABETES PATIENT INSULIN COSTS GROW

Average costs per Type 2 diabetes patient per year in the Dallas area for any insulin product increased significantly in the two years from 2004 (\$499) to 2006 (\$714). In that same period, however, non-insulin hypoglycemic product costs per year for these Dallas Type 2 diabetes patients declined slightly, to \$463 from \$465 two years before.

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Dallas 2005	28.8%	\$619	5.5%	\$286	12.2%	\$443	12.1%	\$437	10.5%	\$528
Dallas 2006	33.0	714	4.8	296	13.4	512	12.3	468	10.6	582
Texas 2006	34.0	736	4.6	294	15.3	512	12.5	500	9.3	585

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Dallas 2005	83.7%	\$483	46.6%	\$148	35.5%	\$145	29.1%	\$720
Dallas 2006	82.3	463	47.1	121	34.2	102	27.8	819
Texas 2006	83.0	468	45.4	120	33.9	101	28.2	813

Data source: Verispan LLC © 2007

NOTE: A1C tests measure how much glucose has been in the blood during the past 3-4 months.

Biguanides
Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas
Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents
Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



FT. WORTH/ARLINGTON

HIGH WORKING AGE TYPE 2 DIABETES PATIENT RATE FALLS

The overall ratio of Type 2 diabetes patients in the Fort Worth/Arlington MSA who were 18 to 64 years of age was 65.5% in 2006, down from 68.3% in 2005. In spite of this decline, the working age Type 2 diabetes patient share in Fort Worth/Arlington was still more than 11 percentage points higher than the national ratio (54.2%) (See page 4).

PROVIDER INPATIENT CHARGES RISE OVER TWO-YEAR PERIOD

Average hospital inpatient charges per year for patients in Fort Worth/ Arlington with Type 2 diabetes and commercial insurance coverage increased modestly between 2004 (\$33,253) and 2006 (\$34,971). By comparison, hospital charges per year for Type 2 diabetes inpatients with commercial insurance coverage was modestly higher nationally in 2006, at \$36,468 (See page 4).

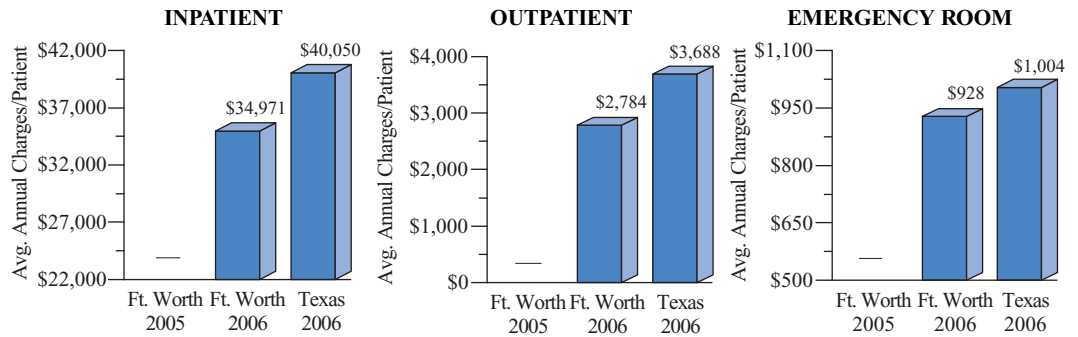
NOTE: A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes.

A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes.

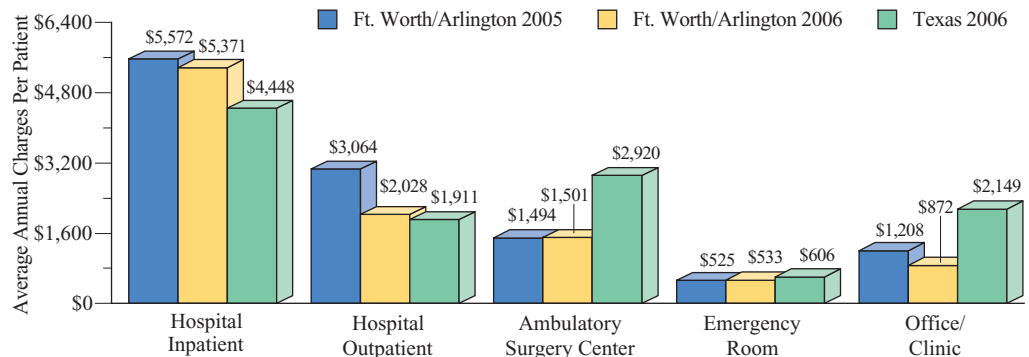
DEMOGRAPHICS, AGE AND GENDER ¹			
	Percentage of Patients		
	Ft. Worth/Arlington		Texas
	2005	2006	2006
AGE GROUP			
0-17	0.8%	0.8%	0.5%
18-35	5.1	5.1	4.7
36-64	63.2	60.4	57.9
65-79	24.6	26.5	28.8
80+	6.3	7.3	8.1
GENDER			
Male	41.4%	41.5%	40.1%
Female	58.6	58.5	59.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3}			
	Percentage of Patients		
	Ft. Worth/Arlington		Texas
	2005	2006	2006
COMORBIDITIES			
0	24.0%	27.6%	35.9%
1	24.8	24.9	24.0
2	38.2	36.5	31.0
>2	13.1	11.1	9.1
COMPLICATIONS			
0	54.8%	57.4%	61.6%
1	30.0	28.8	27.4
2	11.4	10.0	8.4
>2	3.8	3.8	2.6

HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5,6}



PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,7}

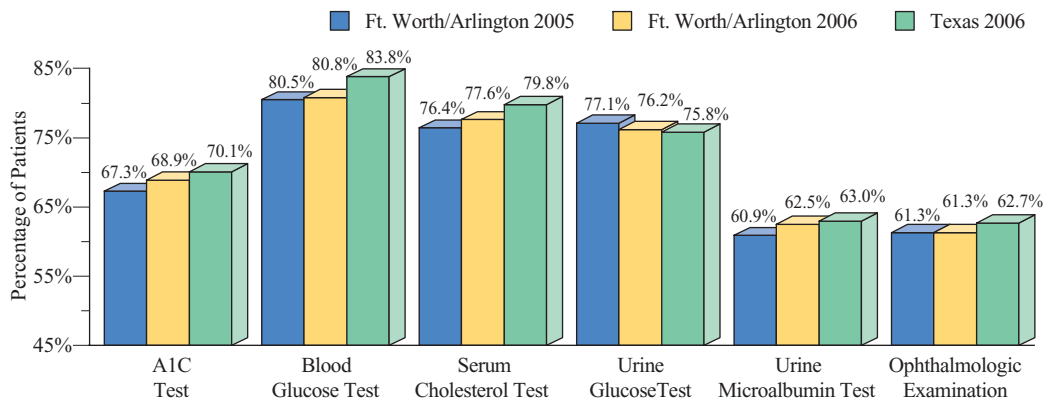


Data source: Verispan LLC © 2007

- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 2005 hospital charge data for Ft. Worth/Arlington were unavailable.
- 7 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



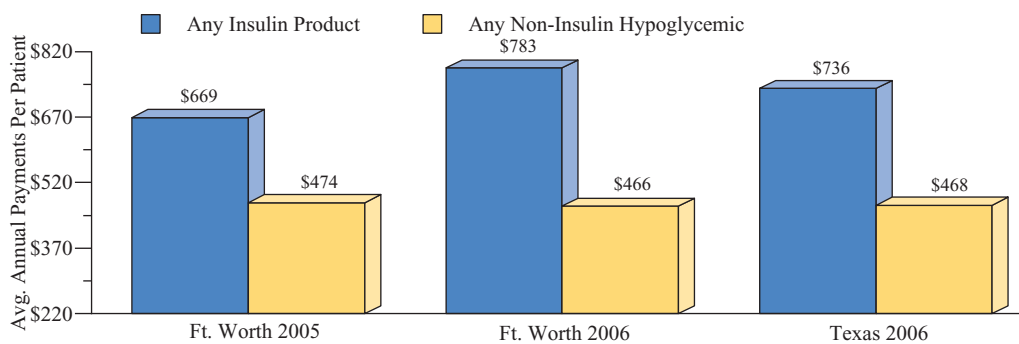
UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



A1C PATIENT SHARE GROWS, BUT TRAILS NATIONAL AVERAGE

Of Type 2 diabetes patients diagnosed with the disease in Fort Worth/Arlington, 68.9% were administered at least one A1c test in 2006, up slightly from 67.3% in 2005. However, the percentage of Type 2 diabetes patients diagnosed nationwide who received at least one A1c test in 2006 was five percentage points higher, at 73.9% (See page 5).

PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



INSULIN COSTS PER TYPE 2 DIABETES PATIENT INCREASE

In the two-year period between 2004 and 2006, average insulin product costs per Fort Worth/Arlington Type 2 diabetes patient per year jumped, regardless of the type of insulin therapy. For example, Fort Worth/Arlington Type 2 diabetes patients using long-acting insulin products registered average costs of \$584 in 2006, notably higher than the \$355 average in 2004.

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Ft. Worth 2005	29.7%	\$669	4.6%	\$287	15.3%	\$467	13.2%	\$491	9.0%	\$548
Ft. Worth 2006	33.1%	783	3.8%	292	15.7%	584	13.0%	543	8.6%	590
Texas 2006	34.0%	736	4.6%	294	15.3%	512	12.5%	500	9.3%	585

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Ft. Worth 2005	83.7%	\$474	46.0%	\$142	35.4%	\$135	28.3%	\$738
Ft. Worth 2006	83.1%	466	47.8%	118	34.3%	98	28.5%	830
Texas 2006	83.0%	468	45.4%	120	33.9%	101	28.2%	813

Data source: Verispan LLC © 2007

NOTE: A1C tests measure how much glucose has been in the blood during the past 3-4 months.

Biguanides

Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas

Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents

Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



HOUSTON

HOUSTON WOMEN ARE DIAGNOSED MORE OFTEN THAN MEN

Of patients diagnosed with Type 2 diabetes in the Houston MSA in 2006, a notable 62.7% were women (only 37.3% were men), up moderately from 60.8% in 2005. By comparison, the share of Type 2 diabetes patients diagnosed nationally who were women was 54.9% (45.1% were men), up fractionally from 54.5% the year before, and nearly eight percentage points below the Houston rate (See page 4).

HOUSTON OP PER PATIENT PROVIDER CHARGES INCREASE

Average hospital outpatient professional charges per year for Houston patients with Type 2 diabetes and commercial insurance coverage increased dramatically in 2006, to \$3,607 from \$1,963 in 2005. By comparison, hospital outpatient professional charges for commercially insured Type 2 diabetes patients nationally were substantially lower in 2006, at \$1,769 (See page 4).

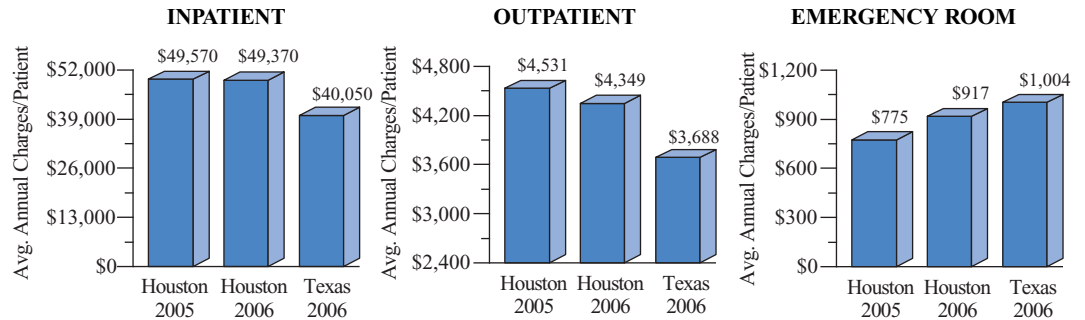
NOTE: A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes.

A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes.

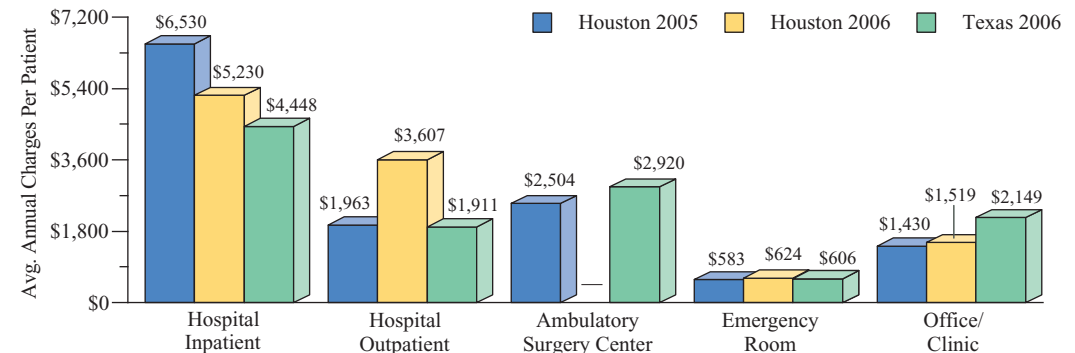
DEMOGRAPHICS: AGE AND GENDER ¹			
AGE GROUP	Percentage of Patients		
	Houston		Texas
	2005	2006	2006
0-17	0.4%	0.4%	0.5%
18-35	5.3	5.5	4.7
36-64	66.4	63.8	57.9
65-79	22.3	24.0	28.8
80+	5.5	6.3	8.1
GENDER			
Male	39.2%	37.3%	40.1%
Female	60.8	62.7	59.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3}			
COMORBIDITIES	Percentage of Patients		
	Houston		Texas
	2005	2006	2006
0	28.0%	29.9%	35.9%
1	25.3	23.9	24.0
2	33.6	33.8	31.0
>2	13.1	12.4	9.1
COMPLICATIONS			
0	56.1%	57.4%	61.6%
1	30.2	29.8	27.4
2	10.2	9.8	8.4
>2	3.5	3.1	2.6

HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}

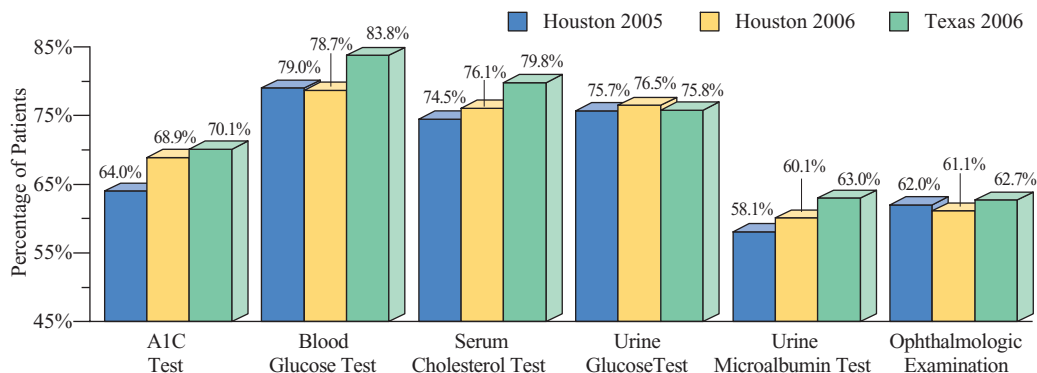


Data source: Verispan LLC © 2007

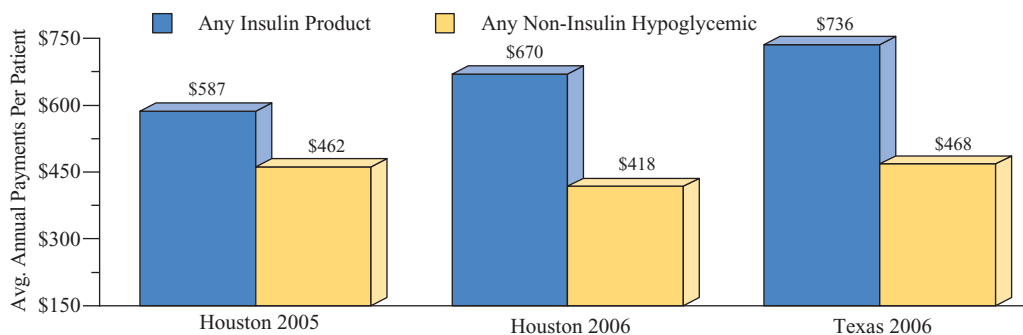
- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Houston 2005	27.4%	\$587	5.0%	\$242	14.2%	\$434	11.1%	\$448	7.7%	\$489
Houston 2006	31.8%	670	4.5%	272	15.2%	472	11.3%	501	7.2%	525
Texas 2006	34.0%	736	4.6%	294	15.3%	512	12.5%	500	9.3%	585

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
Houston 2005	85.8%	\$462	46.2%	\$148	38.2%	\$149	27.9%	\$683
Houston 2006	84.2%	418	46.1%	118	34.4%	96	27.1%	710
Texas 2006	83.0%	468	45.4%	120	33.9%	101	28.2%	813

Data source: Verispan LLC © 2007

HOUSTON TYPE 2 PATIENT EYE EXAM RATIO IS MODEST

Of Type 2 diabetes patients diagnosed in the Houston MSA, just 61.1% were administered at least one ophthalmologic examination in 2006, down moderately from 62.9% in 2005, and less than the Texas average of 62.7%. By comparison, a considerably higher 68.8% of Type 2 diabetes patients diagnosed nationally received at least one annual ophthalmologic examination, the same rate as the previous year.

HOUSTON MANAGES ANY NON-INSULIN PRODUCT USE COSTS

Average annual costs for any non-insulin hypoglycemic product declined slightly in the two-year period between 2004 (\$436) and 2006 (\$418) for Type 2 diabetes patients in Houston. Conversely, overall per Type 2 diabetes patient costs per year for any insulin product increased significantly in Houston, between 2004 (\$467) and 2006 (\$670).

NOTE: A1C tests measure how much glucose has been in the blood during the past 3-4 months.

Biguanides

Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas

Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents

Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



SAN ANTONIO

COMORBIDITY-FREE PATIENT SHARE LAGS NATIONAL RATE

Of Type 2 diabetes patients in San Antonio, 32.3% had no diagnosed comorbidities, up from 27.7% in 2005. Despite the noteworthy improvement over this period, the San Antonio comorbidity-free Type 2 diabetes patient ratio continued to trail the national average (to 45.4% from 41.6% the prior year) by a considerable margin (See page 4).

SAN ANTONIO TYPE 2 DIABETES PATIENT ER CHARGES CLIMB

Hospital ER charges per year for patients diagnosed with Type 2 diabetes in the San Antonio MSA who have commercial insurance coverage were \$1,265 in 2006, up considerably from \$1,080 in 2005. Even with this annual increase, however, average hospital ER charges per year for Type 2 diabetes patients with commercial insurance nationally was slightly more, at \$1,299, up from \$1,243 the previous year (See page 4).

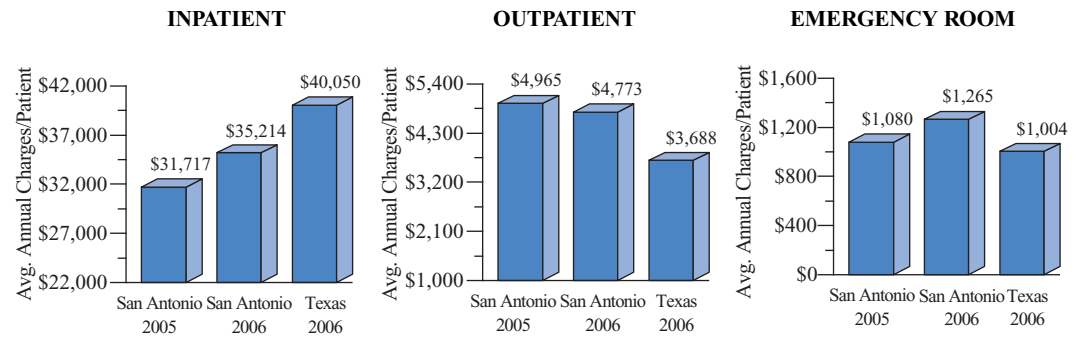
NOTE: A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes.

A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes.

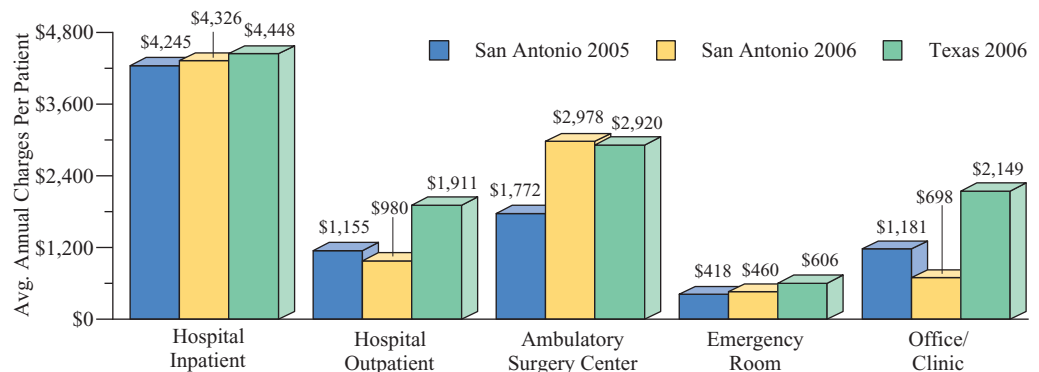
DEMOGRAPHICS: AGE AND GENDER ¹			
	Percentage of Patients		
	San Antonio		Texas
	2005	2006	2006
AGE GROUP			
0-17	0.5%	0.5%	0.5%
18-35	4.6	4.4	4.7
36-64	57.0	56.1	57.9
65-79	30.3	30.1	28.8
80+	7.7	8.8	8.1
GENDER			
Male	39.7%	39.0%	40.1%
Female	60.3	61.0	59.9

DEMOGRAPHICS, COMORBIDITIES AND COMPLICATIONS ^{2,3}			
	Percentage of Patients		
	San Antonio		Texas
	2005	2006	2006
COMORBIDITIES			
0	27.7%	32.3%	35.9%
1	24.7	23.5	24.0
2	35.4	33.0	31.0
>2	12.3	11.3	9.1
COMPLICATIONS			
0	53.5%	55.0%	61.6%
1	31.9	31.1	27.4
2	10.9	10.5	8.4
>2	3.7	3.4	2.6

HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}

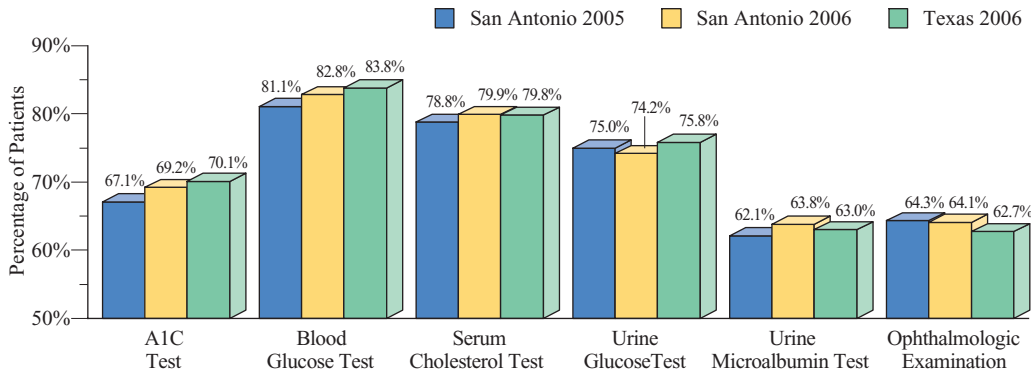


Data source: Verispan LLC © 2007

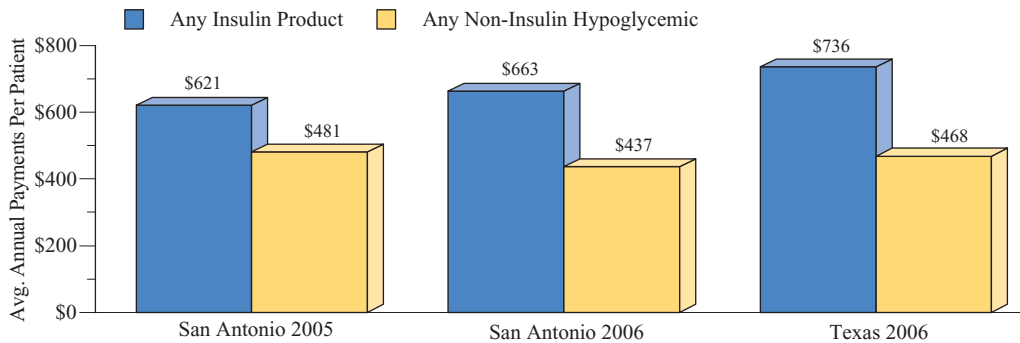
- 1 On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- 2 Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 3 Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- 4 Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.
- 5 Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- 6 Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY



% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
S.A. 2005	28.8%	\$621	5.0%	\$248	15.3%	\$431	11.4%	\$484	9.0%	\$510
S.A. 2006	32.3	663	4.5	246	15.8	443	11.1	504	8.8	563
Texas 2006	34.0	736	4.6	294	15.3	512	12.5	500	9.3	585

% OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENT USING NON-INSULIN THERAPIES

	Any Non-Insulin Hypoglycemic		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs	% of Pat.	Avg. Costs
S.A. 2005	85.7%	\$481	46.1%	\$156	38.3%	\$122	30.0%	\$693
S.A. 2006	83.7	437	46.2	128	36.5	96	27.9	745
Texas 2006	83.0	468	45.4	120	33.9	101	28.2	813

Data source: Verispan LLC © 2007

SAN ANTONIO A1C TYPE 2 DIABETES PATIENT SHARE INCREASES

The share of patients diagnosed with Type 2 diabetes in the San Antonio MSA who received at least one A1c test in 2006 was 69.2%, up from 67.1% in 2005, but still lower than the averages in the state of Texas (70.1%) and the nation (73.9%). The share of these San Antonio patients receiving a blood glucose test (82.8%) likewise trailed the Texas (83.8%) and national averages (86.5%) in 2006.

SAN ANTONIO MSA PER-PATIENT INSULIN COSTS INCREASE

Any insulin product treatment costs per Type 2 diabetes patient per year in San Antonio were \$663 in 2006, up slightly from \$621 in 2005. In spite of this growth, San Antonio Type 2 diabetes annual product costs for any insulin therapy continued to lag significantly behind the national average of \$843 (See page 5).

NOTE: A1C tests measure how much glucose has been in the blood during the past 3–4 months.

Biguanides

Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

Sulfonylureas

Stimulate the release of insulin in the pancreas.

Insulin Sensitizing Agents

Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.



**Dallas-Fort Worth
Business Group on Health**

11520 North Central Expy.
Suite 201
Dallas, TX 75243

Data Methodology

Through agreements with more than three dozen data providers, Verispan generates data from more than 400 million health care professional (837p) and institutional (837i) claims annually, representing more than 200 million unique patients, or approximately 30% of all such claims in the U.S. Data from physicians of all specialties and from all hospital types are presented in the TTS.

Verispan also gathers data on prescription activity from the National Council for Prescription Drug Programs (NCPDP). These data account for some 8 billion prescription claims annually, or more than 50% of the prescription universe. These prescription data represent the sampling of prescription activity from a variety of sources, including retail chains, mass merchandisers and pharmacy benefit managers, and come from a near census of more than 59,000 pharmacies in the U.S. Cash, mail-order, Medicaid, and third-party transactions are tracked.

DATA INTEGRITY

Data arriving into Verispan are put through a rigorous process to ensure that data elements match to valid references, such as product codes, ICD-9 (diagnosis) and CPT-4 (procedure) codes, and provider and facility data.

Claims undergo a careful de-duplication process to ensure that when multiple, voided, or adjusted claims are assigned to a patient encounter, they are applied to the database, but only for a single, unique patient.

Through its patient encryption methods, Verispan creates a unique, random numerical identifier for every patient, and then strips away all patient-specific health information that is protected under the Health Insurance Portability and Accountability Act (HIPAA). The identifier allows Verispan to track disease-specific diagnosis and procedure activity across the various settings where patient care is provided (hospital inpatient, hospital outpatient, emergency rooms, clinics, doctors' offices and pharmacies), while protecting the privacy of each patient.