



2010 TEXAS

TYPE 2 DIABETES REPORT

**SPECIAL FEATURE:
MSA comparisons**

Featuring Demographic,
Utilization, Pharmacotherapy
and Charge Data



Texas Business Group on Health



**MANAGED CARE
DIGEST SERIES[®]**

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Introduction

The Texas Business Group on Health (TBGH) is pleased to present the **Texas Type 2 Diabetes Report** for 2010, an overview of demographic, financial, 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 diabetes benchmarks into six local Texas markets and across Texas as a whole. All data are drawn from the **Managed Care Digest Series®**.

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

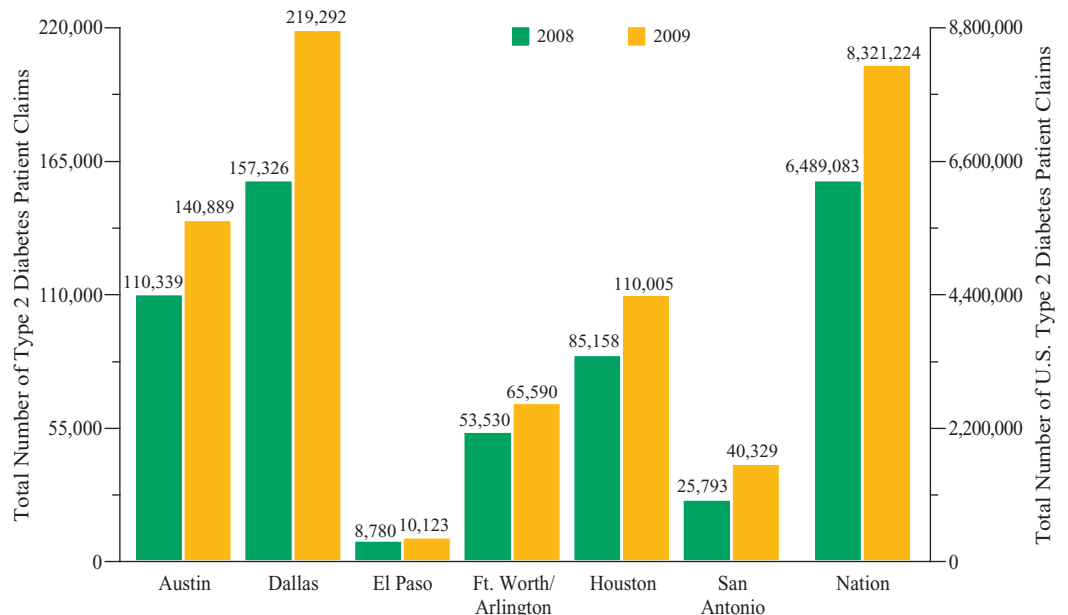
This fifth edition features examples of the kinds of patient-level, disease-

specific data on Type 2 diabetes that can be provided by TBGH using the **Managed Care Digest Series®** as a resource. Its focus on Texas locales allows for heightened scrutiny of community progress with Type 2 diabetes patient populations. Type 2 diabetes is a chronic [lifelong] condition that affects the way the body metabolizes sugar [glucose], making diabetes patients resistant to the effects of the hormone insulin or unable to produce enough insulin to maintain a normal glucose level. TBGH chose Type 2 diabetes 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% to 7% of the U.S. population—have the Type 2 variety.

The data (covering 2008 through 2009) were gathered by SDI, Plymouth Meeting, Pa., a leading provider of innovative health care data products and analytic services. The data provide employers with independent, third-party information against which they can benchmark their own data. Please see the back page for information on the data methodology.

¹ Definition sources: National Institutes of Health and Mayo Foundation for Medical Education and Research.

AI: TOTAL NUMBER OF TYPE 2 DIABETES PATIENTS TRACKED IN THIS REPORT, BY MARKET



Data source: SDI © 2010



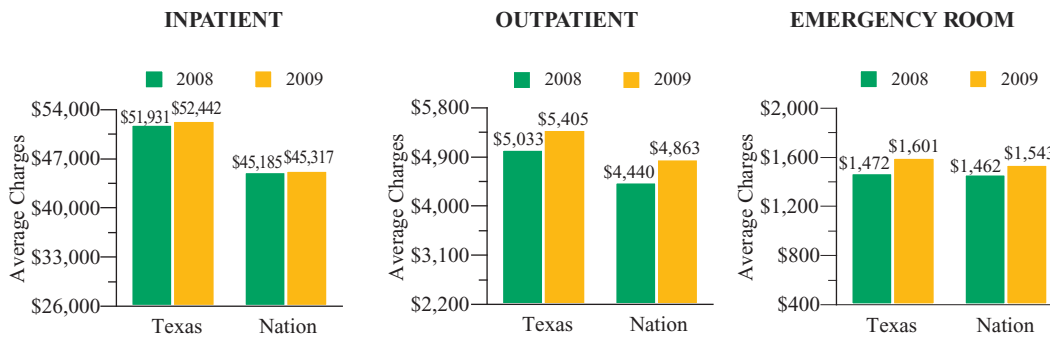
**B1: DEMOGRAPHICS:
AGE AND GENDER¹**

| AGE GROUP | Percentage of Patients | | | | | |
|-----------|------------------------|-------|-------|--------|-------|-------|
| | Texas | | | Nation | | |
| | 2007 | 2008 | 2009 | 2007 | 2008 | 2009 |
| 0–17 | 0.4% | 0.5% | 0.4% | 0.4% | 0.4% | 0.4% |
| 18–35 | 4.4 | 4.2 | 4.1 | 3.4 | 3.2 | 3.1 |
| 36–64 | 56.0 | 55.7 | 54.4 | 49.5 | 48.4 | 47.2 |
| 65–79 | 30.2 | 30.4 | 31.3 | 34.1 | 34.7 | 35.4 |
| 80+ | 9.0 | 9.2 | 9.8 | 12.7 | 13.4 | 13.9 |
| GENDER | | | | | | |
| Male | 40.1% | 40.5% | 40.4% | 44.9% | 45.2% | 45.4% |
| Female | 60.0 | 59.5 | 59.6 | 55.1 | 54.8 | 54.7 |

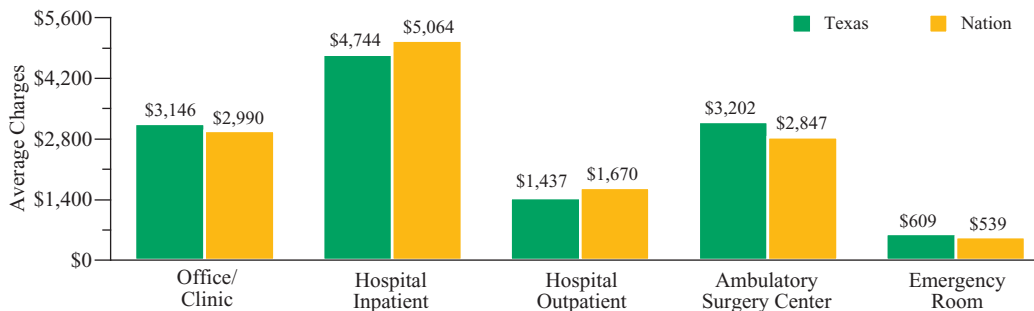
**B2: DEMOGRAPHICS:
COMORBIDITIES AND COMPLICATIONS^{2,3}**

| COMORBIDITIES | Percentage of Patients | | | | | |
|---------------|------------------------|-------|-------|--------|-------|-------|
| | Texas | | | Nation | | |
| | 2007 | 2008 | 2009 | 2007 | 2008 | 2009 |
| 0 | 37.5% | 37.9% | 34.1% | 46.7% | 47.6% | 46.0% |
| 1 | 23.6 | 24.0 | 22.7 | 23.4 | 22.9 | 21.8 |
| 2 | 29.9 | 30.3 | 32.3 | 24.3 | 24.8 | 26.2 |
| >2 | 9.0 | 7.8 | 10.9 | 5.5 | 4.7 | 6.1 |
| COMPLICATIONS | | | | | | |
| 0 | 59.1% | 58.5% | 52.2% | 62.5% | 61.6% | 58.5% |
| 1 | 28.3 | 28.5 | 30.2 | 28.2 | 28.6 | 29.4 |
| 2 | 9.6 | 9.9 | 12.6 | 7.3 | 7.8 | 9.1 |
| >2 | 3.0 | 3.2 | 5.0 | 2.0 | 2.1 | 2.9 |

**B3: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS,
COMMERCIAL INSURANCE PAYERS^{4,5}**



**B4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS,
COMMERCIAL INSURANCE PAYERS, 2009^{5,6}**



COMPLICATION RATES INCREASE FOR TEXAS TYPE 2 PATIENTS

The percentage of patients across the state of Texas who were diagnosed with Type 2 diabetes and had no complications from the disease fell notably in 2009, to 52.2% from 58.5% in 2008 (see table B2). As a result, the gap between the Texas share with no complications and the corresponding national rate (58.5%) increased to 6.3 percentage points. Over the same period, the share of Texas Type 2 diabetes patients with two or more diagnosed complications grew to 17.6% in 2009 from 13.1% the prior year.

Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

³ 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. 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. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

⁵ Includes 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.



TEXAS AND NATION

TEXAS SERVICE UTILIZATION RATES TRAIL THE NATION

Patients diagnosed with Type 2 diabetes in the state of Texas reported lower service utilization rates than their national counterparts in all six utilization categories profiled in 2009 (see graph B5). For example, just 69.7% of Texas Type 2 diabetes patients received at least one A1c test in 2009, nearly four percentage points lower than the corresponding national average of 73.6%.

INSULIN RX FILL RATE IS LOW FOR TEXAS TYPE 2 PATIENTS

In 2009, the share of Texas Type 2 diabetes patients who filled prescriptions for any insulin product (35.0%) trailed the corresponding national average (36.4%). Similarly, patients diagnosed with Type 2 diabetes in Texas were also less likely to fill prescriptions for long-acting insulin pens (6.2% vs. 7.1%) and vials (14.0% vs. 15.4%) than such patients nationally (see table B7). In each of the five non-insulin antidiabetic product categories, Texas Type 2 diabetes patients were less apt to fill prescriptions than their counterparts nationally.

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin

Insulin replacement product with a short duration and onset of action.

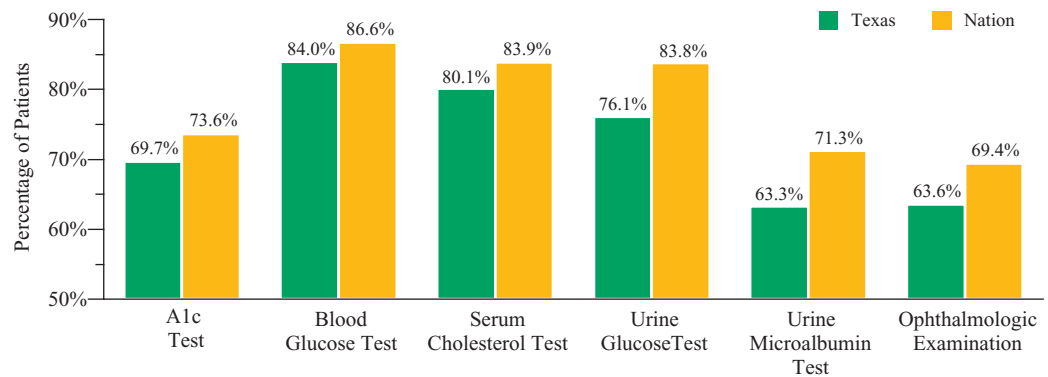
Intermediate-Acting Insulin

Insulin replacement product with an intermediate duration of action.

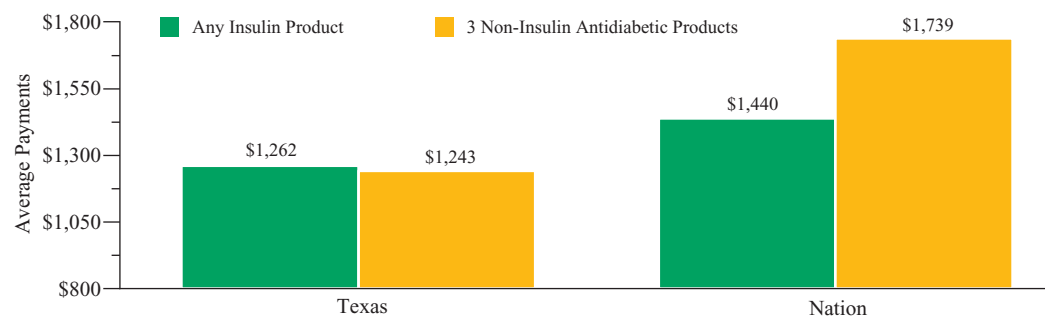
Long-Acting Insulin

Insulin replacement product with a long duration of action.

B5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE, 2009



B6: PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY, 2009



B7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES, 2009

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Texas | 35.0% | 4.4% | 9.9% | 0.3% | 3.2% | 6.2% | 14.0% | 2.3% | 6.6% |
| NATION | 36.4% | 5.4% | 11.7% | 0.4% | 3.6% | 7.1% | 15.4% | 2.5% | 6.3% |

B8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES, 2009

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Texas | \$1,262 | \$906 | \$721 | \$594 | \$410 | \$876 | \$821 | \$1,340 | \$808 |
| NATION | \$1,440 | \$957 | \$845 | \$742 | \$455 | \$947 | \$854 | \$1,446 | \$866 |

B9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES, 2009

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|--------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| Texas | 84.1% | \$509 | 51.5% | \$76 | 33.2% | \$78 | 15.1% | \$1,151 | 7.7% | \$1,010 |
| NATION | 84.6% | \$603 | 55.9% | \$92 | 38.0% | \$89 | 17.0% | \$1,302 | 8.5% | \$1,115 |

Data source: SDI © 2010

Mixed Insulin

Insulin replacement product combining a short-acting and intermediate-acting insulin product.

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

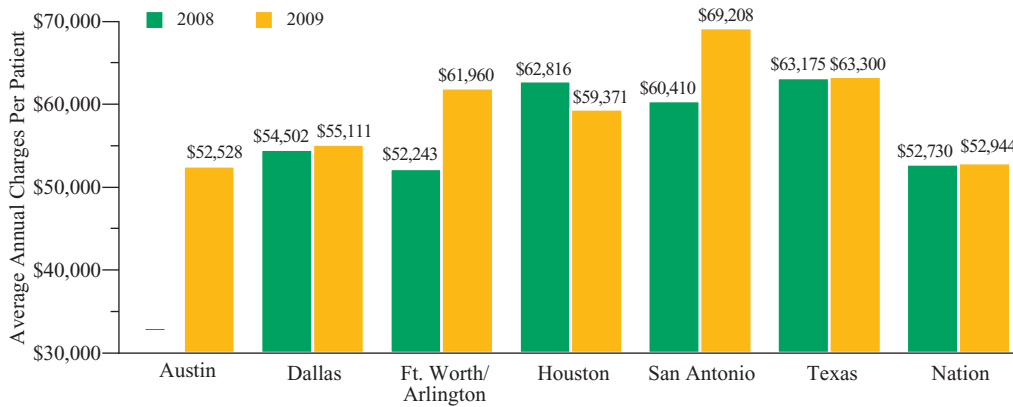
Improve response to insulin in liver, adipose tissue, and skeletal muscle, resulting in decreased production of glucose by the liver and increased peripheral uptake and use of circulating glucose.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors

Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.



C1: HOSPITAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS¹



SAN ANTONIO INPATIENT CHARGES INCREASE SHARPLY

Between 2008 (\$60,410) and 2009 (\$69,208), hospital inpatient charges for Type 2 diabetes patients in San Antonio rose notably (see graph C1). Such charges were highest, by Texas local market, by a substantial margin. During this period, average hospital inpatient charges also rose fractionally for Type 2 diabetes patients across the state of Texas, to \$63,300 in 2009 from \$63,175 the previous year.

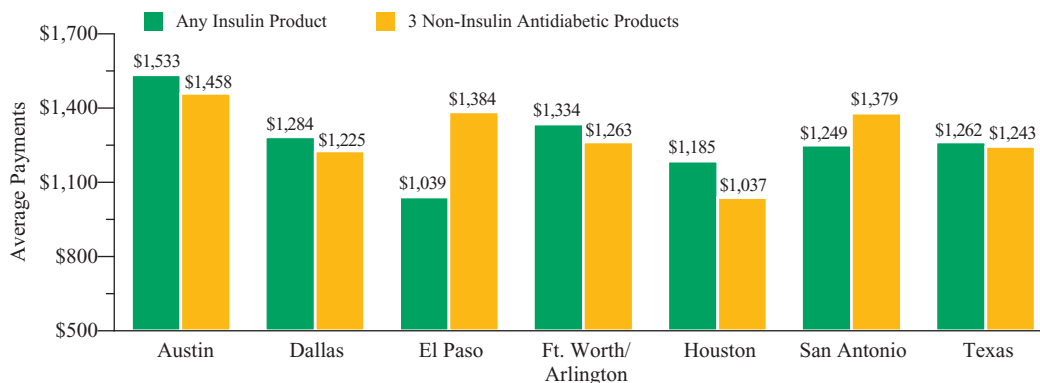
C2: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS²

| MARKET | Hospital Inpatient | | Hospital Outpatient | | Ambulatory Surgery Center | | Emergency Room | | Office/Clinic | |
|---------------------|--------------------|---------|---------------------|---------|---------------------------|---------|----------------|-------|---------------|---------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Austin | \$2,375 | \$2,901 | \$1,575 | \$1,684 | \$4,488 | \$7,005 | \$249 | \$148 | \$2,079 | \$2,179 |
| Dallas | 4,858 | 4,835 | 2,183 | 1,942 | 2,589 | 3,252 | 1,188 | 933 | 6,992 | 6,002 |
| El Paso | 4,822 | 4,347 | 1,605 | 1,300 | 2,816 | 3,451 | 210 | 115 | 3,067 | 4,521 |
| Ft. Worth/Arlington | 4,618 | 2,960 | 1,638 | — | — | 5,083 | 733 | 406 | 1,578 | 1,554 |
| Houston | — | — | 2,209 | 1,262 | 4,553 | 6,744 | 847 | 815 | 2,226 | 2,469 |
| San Antonio | 5,508 | 6,721 | 1,592 | 1,868 | 4,010 | 3,720 | 774 | 824 | 1,955 | 2,345 |
| Texas | 6,442 | 6,777 | 2,036 | 1,557 | 3,061 | 4,562 | 926 | 706 | 3,871 | 3,921 |
| NATION | \$6,570 | \$6,500 | \$2,042 | \$1,931 | \$3,077 | \$4,213 | \$722 | \$646 | \$3,399 | \$3,798 |

TEXAS PROFESSIONAL OP CHARGES ARE RELATIVELY LOW

Of the six Texas markets for which data were available, five (Dallas excepted) reported average professional outpatient charges below the national average of \$1,931 in 2009 (see table C2). Such charges were lowest for patients diagnosed with Type 2 diabetes in the Houston market in 2009, at \$1,262.

C3: PHARMACOTHERAPY: AVERAGE ANNUAL PAYMENTS, BY TYPE OF DRUG THERAPY, 2009³



¹ Hospital charges 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 charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

Data source: SDI © 2010

NOTE: Some hospital and professional charge data were unavailable for the Austin, El Paso, Fort Worth and Houston MSAs.



TEXAS MSA COMPARISONS: A1c LEVELS

HIGH SHARES OF EL PASO/AUSTIN TYPE 2s HAVE A1c LEVEL >9.0%

In 2009, a notable 14.4% of patients diagnosed with Type 2 diabetes in the El Paso market had A1c test results greater than 9.0% on their most recent exam, up from 12.9% in 2008, and the highest such share of the eight markets listed (see table D1). Similarly, the share of patients diagnosed with Type 2 diabetes in Austin who had A1c test results in this highest level range was 13.6%, up from 12.6% the previous year. By comparison, just 12.5% of Type 2 diabetes patients nationally had an A1c level greater than 9.0% in 2009.

NOTABLE SHARE OF FT. WORTH PATIENTS HAS A1c LEVEL ≤7.0%

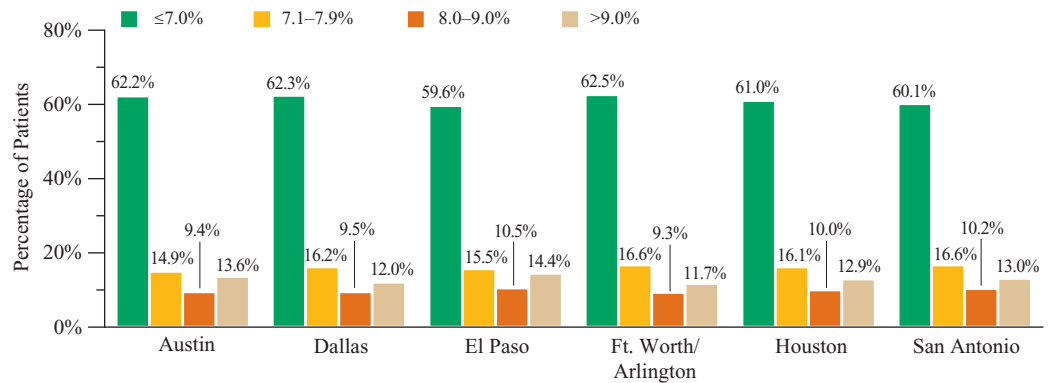
Of patients diagnosed with Type 2 diabetes in the Fort Worth/Arlington market in 2009, 62.5% had an A1c level at or below 7.0% on their most recent test, highest of the seven Texas markets listed. (see table D1). By comparison, just 58.1% of Type 2 diabetes patients nationally had an A1c level less than or equal to 7.0% on their most recent test.

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months.

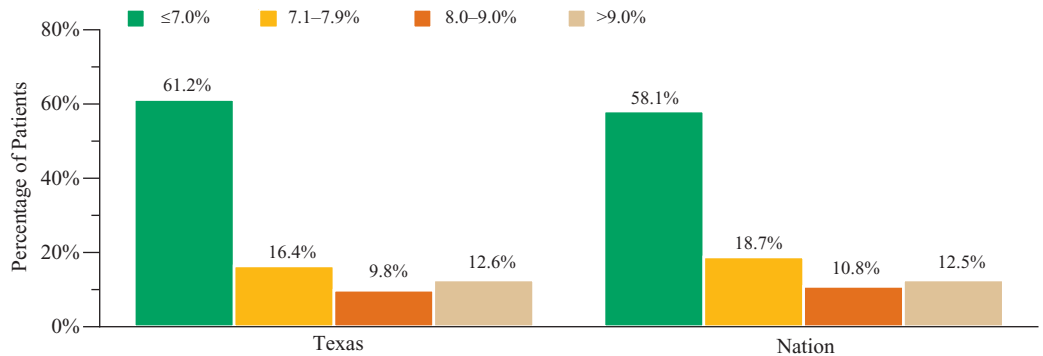
D1: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY A1c LEVEL RANGE

| MARKET | ≤7.0% | | 7.1–7.9% | | 8.0–9.0% | | >9.0% | |
|-------------------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Austin | 63.9% | 62.2% | 14.4% | 14.9% | 9.1% | 9.4% | 12.6% | 13.6% |
| Dallas | 64.8 | 62.3 | 15.3 | 16.2 | 8.9 | 9.5 | 11.0 | 12.0 |
| El Paso | 62.8 | 59.6 | 15.1 | 15.5 | 9.3 | 10.5 | 12.9 | 14.4 |
| Ft. Worth/ Arlington | 63.0 | 62.5 | 15.9 | 16.6 | 9.2 | 9.3 | 11.8 | 11.7 |
| Houston | 63.4 | 61.0 | 15.1 | 16.1 | 9.2 | 10.0 | 12.3 | 12.9 |
| San Antonio | 62.4 | 60.1 | 15.7 | 16.6 | 9.8 | 10.2 | 12.1 | 13.0 |
| Texas | 63.5 | 61.2 | 15.6 | 16.4 | 9.2 | 9.8 | 11.8 | 12.6 |
| NATION | 61.4% | 58.1% | 17.2% | 18.7% | 9.9% | 10.8% | 11.5% | 12.5% |

D2: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY A1c LEVEL RANGE, 2009



D3: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY A1c LEVEL RANGE, 2009



Data source: SDI © 2010



D4: PERSISTENCY, 2009*

| | | New Start Mo. 1 | Mo. 6 | Mo. 12 |
|-------------|---------------------------------|-----------------|-------|--------|
| AUSTIN | Long-Acting Insulin: Pens | 100.0 | 64.6% | 47.7% |
| | Long-Acting Insulin: Vials | 100.0 | 50.0 | 43.5 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 62.3 | 62.3 |
| DALLAS | Long-Acting Insulin: Pens | 100.0% | 54.6% | 48.2% |
| | Long-Acting Insulin: Vials | 100.0 | 52.3 | 42.3 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 60.6 | 45.7 |
| EL PASO | Long-Acting Insulin: Pens | 100.0% | 61.3% | 54.8% |
| | Long-Acting Insulin: Vials | 100.0 | 56.9 | 52.0 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 64.1 | 41.8 |
| FT. WORTH | Long-Acting Insulin: Pens | 100.0% | 57.2% | 46.4% |
| | Long-Acting Insulin: Vials | 100.0 | 54.6 | 50.0 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 61.3 | 48.6 |
| HOUSTON | Long-Acting Insulin: Pens | 100.0% | 55.9% | 42.0% |
| | Long-Acting Insulin: Vials | 100.0 | 53.2 | 43.3 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 64.6 | 51.2 |
| SAN ANTONIO | Long-Acting Insulin: Pens | 100.0% | 63.4% | 57.7% |
| | Long-Acting Insulin: Vials | 100.0 | 59.3 | 47.9 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 56.7 | 43.3 |
| TEXAS | Long-Acting Insulin: Pens | 100.0% | 59.0% | 47.5% |
| | Long-Acting Insulin: Vials | 100.0 | 54.7 | 45.0 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 63.0 | 49.5 |
| NATION | Long-Acting Insulin: Pens | 100.0% | 62.9% | 52.5% |
| | Long-Acting Insulin: Vials | 100.0 | 56.0 | 46.4 |
| | Non-Insulin Antidiabetic Combos | 100.0 | 64.1 | 51.6 |

Data source: SDI © 2010

* Persistency data track only patients who have filled a prescription for each therapeutic class listed.

NOTE: "Persistency" measures whether patients maintain their prescribed therapy. It is calculated by identifying patients who filled a prescription for the reported drug class in the four months prior to the reported year, and then tracking prescription fills for those same patients in each of the months in the current reported year. If a patient fills a prescription in a month they are reported among the patients who have continued or restarted on therapy. Continued means that the patient has filled the drug group in each of the preceding months. Restarted means that the patient did not fill in one or more of the preceding months. Continuing and restarting patients are reported together. Persistency data track patients who are "New-to-Brand", meaning they have not filled a prescription for their cohort product during the six months prior to initiation of therapy on that product.

LONG-ACTING PEN PERSISTENCY IS HIGH IN SAN ANTONIO

At month 12 of treatment, Type 2 diabetes patients in the San Antonio market who filled prescriptions for long-acting insulin pens were most likely, of the seven Texas markets profiled, to maintain their prescribed therapy, at 57.7% (see table D4).

At month 6 of treatment, however, long-acting insulin pen persistency was highest, by Texas market, for Type 2 diabetes patients in Austin (64.6%). At both month 6 and month 12 of treatment, Type 2 diabetes patients across the state of Texas were less likely than such patients nationally to be persistent with their long-acting insulin pen prescription.

EL PASO NON-INSULIN COMBO PERSISTENCY RATES ARE VERY LOW

At month 12, El Paso Type 2 diabetes patients who filled a prescription for non-insulin antidiabetic combinations were less apt to maintain their prescribed therapy than their counterparts in each of the other six Texas markets listed (see table D4). By comparison, Type 2 diabetes patients in the Austin market who filled prescriptions for non-insulin antidiabetic combinations were most likely to be persistent with their prescribed therapy at month 12, at 62.3%.



NATIONAL MSA COMPARISONS: USE OF SERVICES

SERVICE UTILIZATION RATES ARE LOW FOR TYPE 2s IN FT. WORTH

In three of four service utilization categories (A1c test excepted), Type 2 diabetes patients in the Fort Worth/Arlington market reported the lowest percentages among the six local markets profiled (see table E1). For example, just 61.9% of Type 2 diabetes patients in Fort Worth/Arlington had at least one ophthalmologic exam in 2009, lowest of the six local markets, and more than seven percentage points below the national average (69.4%) for this category.

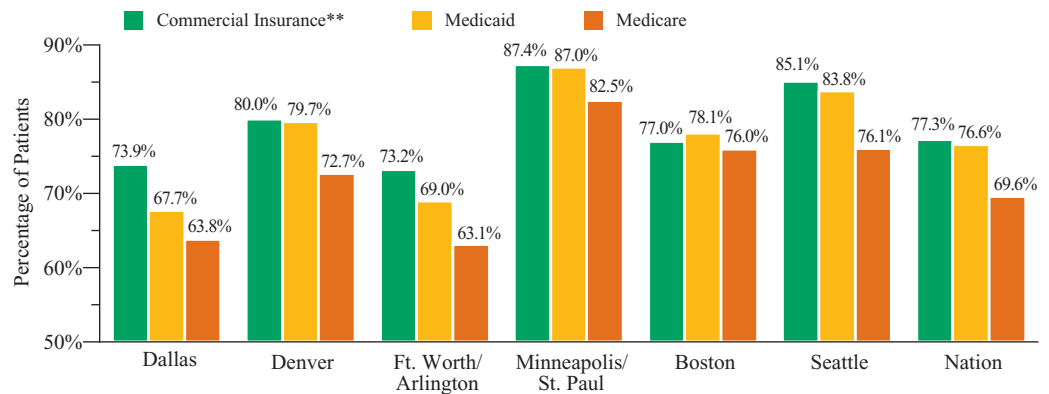
DALLAS TYPE 2 PATIENTS REPORT LOW A1c TEST RATES

In 2009, just 69.0% of patients diagnosed with Type 2 diabetes in the Dallas market received at least one A1c test, up slightly from 67.3% in 2008, but still the lowest share of the six local markets listed (see table E1). Dallas Type 2 diabetes patients with commercial insurance coverage (73.9%) and Medicaid (67.7%) were also least likely, compared with the same payer types in other markets, to receive an A1c test in calendar-year 2009 (see graph E2).

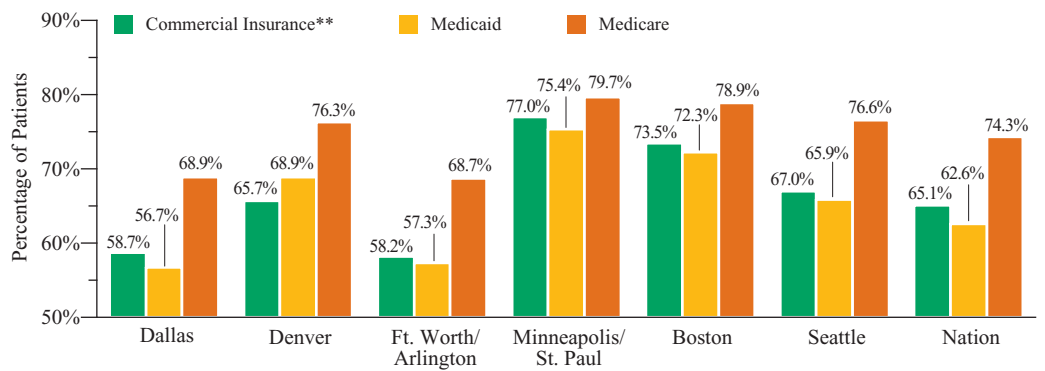
E1: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE

| MARKET | A1c Test* | | Serum Cholesterol Test | | Ophthalmologic Exam | | Urine Microalbumin Test | |
|----------------------|--------------|--------------|------------------------|--------------|---------------------|--------------|-------------------------|--------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | 67.3% | 69.0% | 79.1% | 80.1% | 63.3% | 63.4% | 62.8% | 64.2% |
| Denver | 76.9 | 77.2 | 84.3 | 84.2 | 70.5 | 69.8 | 72.7 | 73.4 |
| Ft. Worth/Arlington | 69.4 | 69.4 | 78.5 | 79.3 | 61.5 | 61.9 | 63.5 | 63.9 |
| Minneapolis/St. Paul | 86.0 | 85.5 | 87.5 | 88.2 | 77.6 | 77.9 | 82.3 | 82.4 |
| Boston | 74.9 | 76.5 | 89.8 | 90.5 | 75.6 | 75.8 | 82.6 | 83.0 |
| Seattle | 81.7 | 81.5 | 84.4 | 84.6 | 70.3 | 70.7 | 76.2 | 75.9 |
| NATION | 73.8% | 73.6% | 83.9% | 83.9% | 69.4% | 69.4% | 71.1% | 71.3% |

E2: PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING A1c TESTS, BY PAYER, 2009



E3: PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING OPHTHALMOLOGIC EXAMS, BY PAYER, 2009



Data source: SDI © 2010

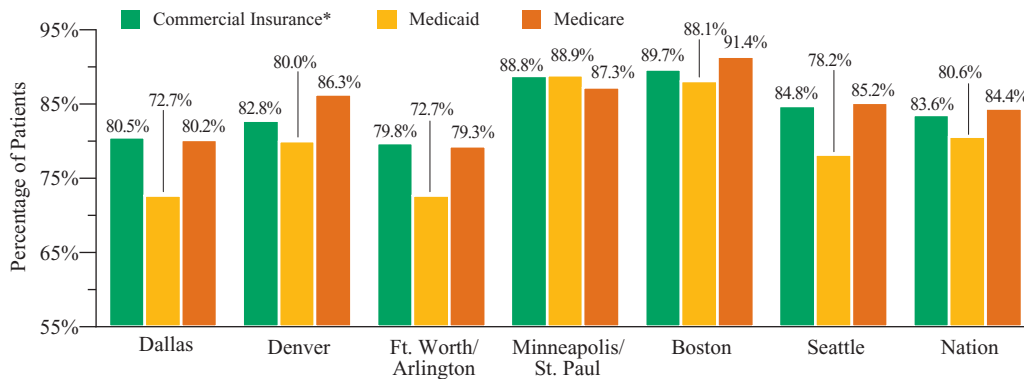
* The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

** Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.

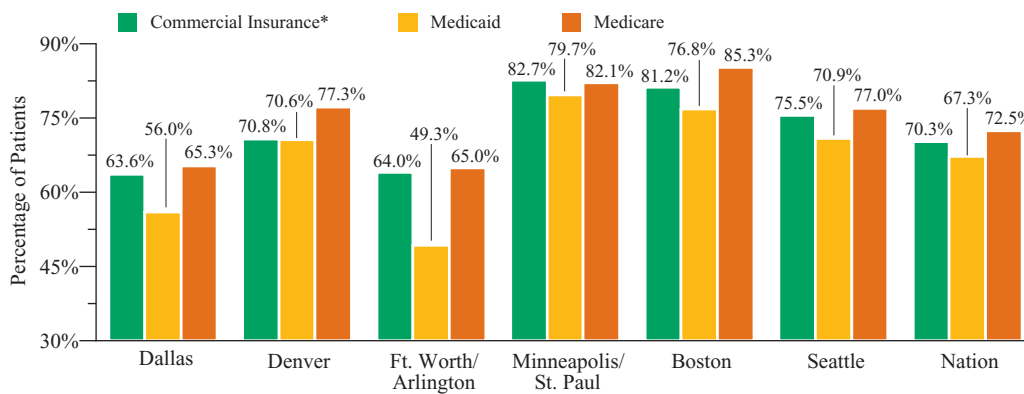
NOTE: The Seattle MSA also includes Bellevue and Everett, WA.



E4: PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING SERUM CHOLESTEROL TESTS, BY PAYER, 2009*



E5: PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING URINE MICROALBUMIN TESTS, BY PAYER, 2009*



E6: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY A1c LEVEL RANGE

| MARKET | ≤7.0% | | 7.1–7.9% | | 8.0–9.0% | | >9.0% | |
|----------------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | 64.8% | 62.3% | 15.3% | 16.2% | 8.9% | 9.5% | 11.0% | 12.0% |
| Denver | 63.3 | 60.9 | 16.0 | 17.5 | 9.5 | 10.3 | 11.3 | 11.4 |
| Ft. Worth/Arlington | 63.0 | 62.5 | 15.9 | 16.6 | 9.2 | 9.3 | 11.8 | 11.7 |
| Minneapolis/St. Paul | 67.1 | 65.0 | 13.8 | 14.8 | 8.3 | 8.7 | 10.8 | 11.6 |
| Boston | 66.7 | 63.2 | 14.6 | 15.9 | 8.6 | 9.5 | 10.2 | 11.4 |
| Seattle | 66.1 | 63.5 | 14.3 | 15.5 | 8.6 | 8.9 | 11.0 | 12.1 |
| NATION | 61.4% | 58.1% | 17.2% | 18.7% | 9.9% | 10.8% | 11.5% | 12.5% |

DALLAS/FT. WORTH MEDICAID TEST SHARES ARE LOW

Of the six local markets profiled, Type 2 diabetes patients with Medicaid coverage in the Dallas and Fort Worth/Arlington markets reported the lowest serum cholesterol and urine microalbumin test rates in 2009 (see graphs E4 and E5). For example, just 49.3% of Type 2 diabetes patients in Fort Worth/Arlington with Medicaid coverage and 56.0% of such patients in Dallas received a urine microalbumin test. By comparison, at least 70% of Type 2 diabetes patients with Medicaid coverage in each of the other four local markets received such tests.

FORT WORTH PATIENT SHARE WITH HIGHEST A1c LEVELS DIPS

The percentage of Type 2 diabetes patients in the Fort Worth/Arlington market with an A1c level greater than 9.0% in their most recent test fell to 11.7% in 2009 from 11.8% in 2008, the only market to report a decline in this measure over this time (see table E6). Of the six local markets listed, Boston and Denver reported the lowest percentages of Type 2 diabetes patients with A1c levels greater than 9.0% in 2009, at 11.4%.

Data source: SDI © 2010

* Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months.



NATIONAL MSA COMPARISONS: HOSPITAL CHARGES

DALLAS/FT. WORTH INPATIENT CHARGES TOP U.S. AVERAGE

Between 2008 and 2009, inpatient facility charges grew in all five local markets for which comparative data were available, most notably in the Fort Worth/Arlington market (to \$61,960 from \$52,243). Average inpatient facility charges in both the Dallas (\$55,111) and Fort Worth markets exceeded the corresponding national mark of \$52,944 (see table F1).

DALLAS ER CHARGES REMAIN BELOW THE NATIONAL MARK

In spite of a slight rise in average annual emergency room charges generated in the care of Dallas Type 2 patients between 2008 (\$1,581) and 2009 (\$1,695), such charges fell well below the nationwide average of \$1,948 (see table F1). Of the five local markets studied in 2009, only Type 2 diabetes patients in Denver recorded lower emergency room charges than Dallas, at \$995.

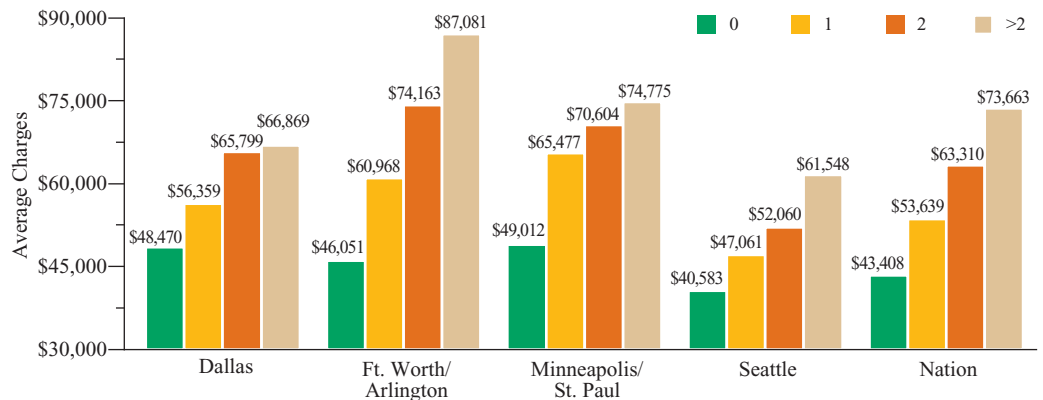
* Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

** 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

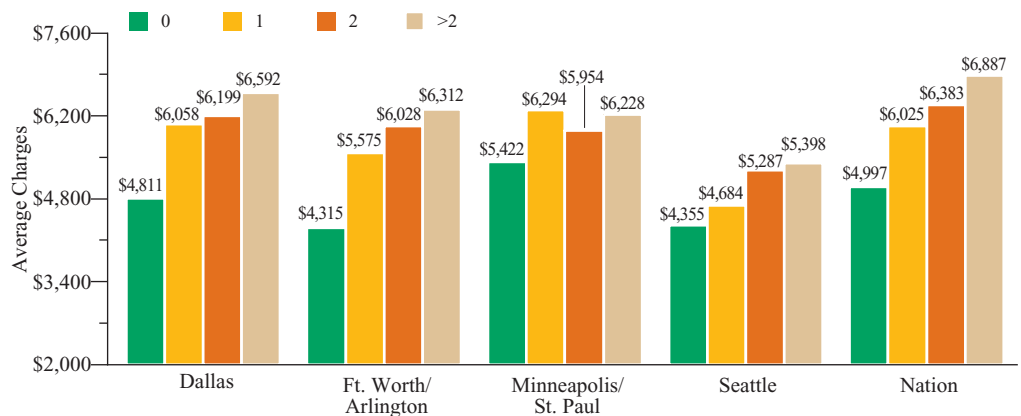
F1: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS*

| MARKET | Hospital Inpatient | | Hospital Outpatient | | Emergency Room | |
|--------------------------|--------------------|-----------------|---------------------|----------------|----------------|----------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | \$54,502 | \$55,111 | \$5,689 | \$5,515 | \$1,581 | \$1,695 |
| Denver | — | 99,806 | 2,816 | 5,700 | 714 | 995 |
| Ft. Worth/ Arlington | 52,243 | 61,960 | 4,580 | 5,171 | 1,463 | 1,870 |
| Minneapolis/ St. Paul | 58,209 | 58,791 | 5,406 | 5,816 | 2,120 | 2,338 |
| Seattle | 39,032 | 45,739 | 4,267 | 4,643 | 2,798 | 2,937 |
| NATION | \$52,730 | \$52,944 | \$5,196 | \$5,656 | \$1,854 | \$1,948 |

F2: HOSPITAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, 2009**



F3: HOSPITAL OUTPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, 2009**



NOTE: Hospital charge data were unavailable for the Boston MSA. Some hospital charge data were unavailable for the Denver MSA.

Data source: SDI © 2010



F4: HOSPITAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

| MARKET | Commercial Insurance** | | Medicaid | | Medicare | |
|--------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | \$46,356 | \$44,951 | \$50,829 | \$38,846 | \$56,559 | \$57,278 |
| Ft. Worth/ Arlington | 42,631 | 51,301 | 52,479 | 52,320 | 53,129 | 58,152 |
| Minneapolis/ St. Paul | 46,420 | 47,194 | 56,366 | 54,128 | 58,050 | 55,716 |
| Seattle | 32,759 | 37,258 | 39,709 | 46,399 | 38,193 | 44,731 |
| NATION | \$45,185 | \$45,317 | \$49,015 | \$47,550 | \$50,420 | \$49,511 |

MEDICARE INPATIENT CHARGES RISE FOR TYPE 2s IN DALLAS

After declining moderately between 2007 (\$58,997) and 2008 (\$56,559), hospital inpatient charges generated by Type 2 diabetes patients in Dallas with Medicare coverage jumped slightly in 2009, to \$57,278 (see table F4). By contrast, national averages for this metric fell slightly between 2008 (\$50,420) and 2009 (\$49,511). Of the four local markets listed, only Seattle, at \$44,731, reported such charges below the national average in 2009.

OP COMMERCIAL CHARGES ARE LOW IN DALLAS/FT. WORTH

Type 2 diabetes patients covered by commercial insurance in the Dallas (to \$4,607 from \$4,369) and Fort Worth (to \$4,604 from \$3,961) markets experienced slight gains in average annual outpatient charges between 2008 and 2009 (see table F5). Although such charges grew modestly for Type 2 diabetes patients in Seattle (to \$3,890 in 2009 from \$3,609 in 2008), such charges were lowest of the five local markets profiled by a wide margin.

F5: HOSPITAL OUTPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

| MARKET | Commercial Insurance** | | Medicaid | | Medicare | |
|--------------------------|------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | \$4,369 | \$4,607 | \$5,470 | \$5,262 | \$7,472 | \$6,587 |
| Denver | 1,627 | 4,813 | 5,312 | 9,494 | — | 3,812 |
| Ft. Worth/ Arlington | 3,961 | 4,604 | 4,035 | 4,680 | 5,691 | 5,951 |
| Minneapolis/ St. Paul | 4,888 | 5,248 | 3,823 | 4,811 | 5,750 | 6,096 |
| Seattle | 3,609 | 3,890 | 4,897 | 5,804 | 5,002 | 5,287 |
| NATION | \$4,440 | \$4,863 | \$4,711 | \$5,381 | \$5,804 | \$6,138 |

F6: HOSPITAL EMERGENCY ROOM CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

| MARKET | Commercial Insurance** | | Medicaid | | Medicare | |
|--------------------------|------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Dallas | \$1,150 | \$1,273 | \$1,770 | \$1,870 | \$1,868 | \$1,937 |
| Denver | — | 860 | — | 1,122 | — | — |
| Ft. Worth/ Arlington | 1,191 | 1,402 | 1,809 | 1,947 | 1,591 | 2,133 |
| Minneapolis/ St. Paul | 1,660 | 1,820 | 2,210 | 2,263 | 2,334 | 2,497 |
| Seattle | 2,067 | 2,167 | 3,746 | 3,867 | 3,159 | 3,191 |
| NATION | \$1,462 | \$1,543 | \$1,964 | \$2,114 | \$2,026 | \$2,073 |

Data source: SDI © 2010

NOTE: Some hospital charge data were unavailable for the Boston and Denver MSAs.

* Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

** Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.



AUSTIN

**G1: DEMOGRAPHICS:
AGE AND GENDER¹**

| AGE GROUP | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | Austin | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.3% | 0.3% | 0.3% | 0.4% |
| 18-35 | 6.1 | 5.6 | 5.7 | 4.1 |
| 36-64 | 68.9 | 68.1 | 67.4 | 54.4 |
| 65-79 | 20.3 | 21.1 | 21.5 | 31.3 |
| 80+ | 4.5 | 4.8 | 5.2 | 9.8 |
| GENDER | | | | |
| Male | 36.9% | 37.1% | 37.0% | 40.4% |
| Female | 63.1 | 62.9 | 63.0 | 59.6 |

**G2: DEMOGRAPHICS:
COMORBIDITIES AND COMPLICATIONS^{2,3}**

| COMORBIDITIES | Percentage of Patients | | | |
|----------------------|------------------------|-------|-------|-------|
| | Austin | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 28.8% | 28.8% | 25.9% | 34.1% |
| 1 | 26.7 | 26.5 | 24.4 | 22.7 |
| 2 | 35.2 | 36.1 | 37.3 | 32.3 |
| >2 | 9.3 | 8.6 | 12.4 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 62.7% | 62.1% | 55.0% | 52.2% |
| 1 | 26.5 | 26.6 | 28.6 | 30.2 |
| 2 | 8.3 | 8.6 | 11.8 | 12.6 |
| >2 | 2.5 | 2.7 | 4.6 | 5.0 |

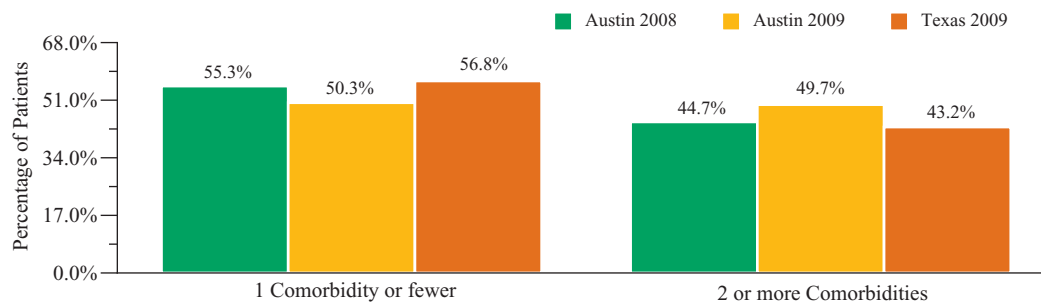
SHARE OF AUSTIN TYPE 2s WITH 2+ COMORBIDS GROWS

Between 2008 (44.7%) and 2009 (49.7%), Austin experienced a notable increase in its share of Type 2 diabetes patients with two or more diagnosed comorbidities. Further, Austin reported a higher share of these patients than the Texas average of 43.2% (see graph G3). Austin Type 2 diabetes patients were also more likely to be diagnosed with two or more complications in 2009 (16.4%) than they were in 2008 (11.3%) (see table G2).

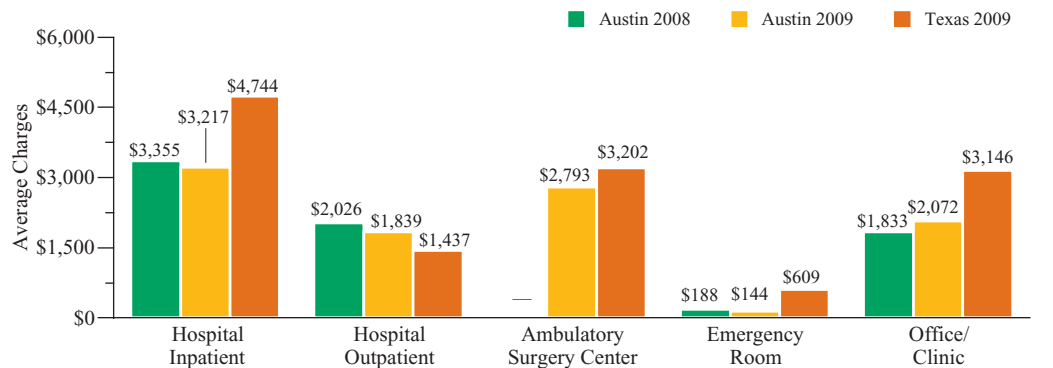
PROVIDER CHARGES FALL FOR AUSTIN TYPE 2 PATIENTS

Average annual provider charges per Austin Type 2 diabetes patient dropped between 2008 and 2009 in three of four settings for which data were available (office/clinic excepted). For example, professional outpatient charges were \$1,839 in Austin in 2009, down from \$2,026 the year before (see graph G4).

G3: DEMOGRAPHICS: COMORBIDITIES³



G4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

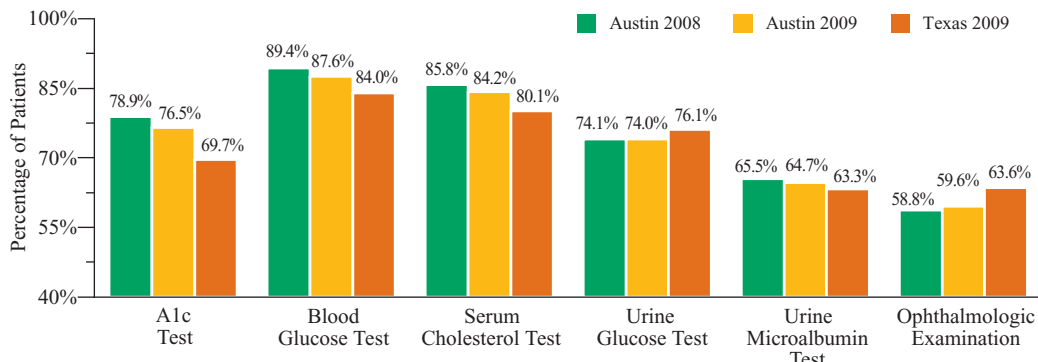
³ A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes. Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.

⁴ Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.

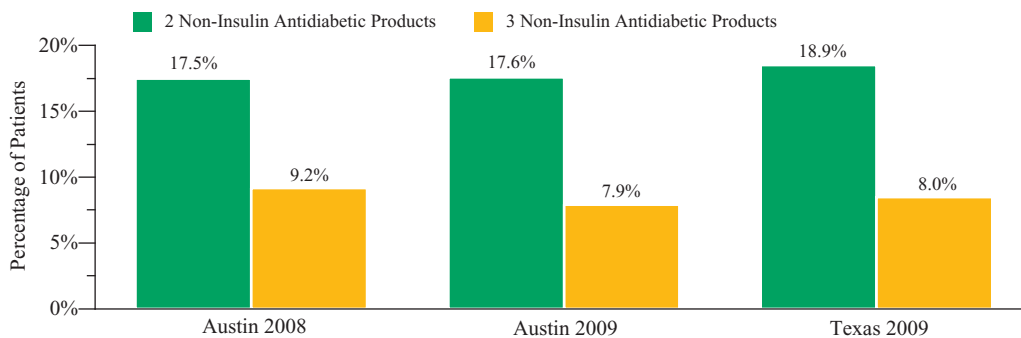
⁵ Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



G5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



G6: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS, BY TYPE OF DRUG THERAPY



G7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|-------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Austin 2008 | 35.1% | 6.3% | 9.6% | 0.2% | 2.0% | 7.6% | 14.1% | 1.7% | 4.1% |
| Austin 2009 | 34.8 | 7.9 | 9.5 | — | 1.3 | 9.6 | 12.8 | 1.5 | 3.2 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3% | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

G8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|-------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Austin 2008 | \$1,121 | \$864 | \$638 | \$379 | \$308 | \$741 | \$689 | \$946 | \$615 |
| Austin 2009 | 1,533 | 1,030 | 956 | — | 483 | 924 | 933 | 1,072 | 820 |
| Texas 2009 | 1,262 | 906 | 721 | 594 | 410 | 876 | 821 | 1,340 | 808 |

G9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|-------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| Austin 2008 | 82.1% | \$497 | 45.5% | \$79 | 28.2% | \$81 | 19.2% | \$972 | 8.2% | \$776 |
| Austin 2009 | 82.3 | 586 | 50.8 | 73 | 29.0 | 72 | 16.8 | 1,249 | 8.2 | 1,041 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010

LOWER SHARE OF AUSTIN PATIENTS MEASURE A1c LEVELS

Although Austin Type 2 diabetes patients were more apt than their Texas counterparts to receive A1c (76.5%), blood glucose (87.6%) serum cholesterol (84.2%) and urine microalbumin (64.7%) tests in 2009, the shares of Austin patients receiving these tests represented a decline from the shares reported in 2008. Compared to Texas averages, lower shares of Austin Type 2 diabetes patients received urine glucose tests and eye exams (see graph G5).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin

Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin

Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin

Insulin replacement product with a long duration of action.

Mixed Insulin

Insulin replacement product combining a short-acting and intermediate-acting insulin product.

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors

Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.



DALLAS

H1: DEMOGRAPHICS: AGE AND GENDER¹

| AGE GROUP | Percentage of Patients | | | |
|-----------|------------------------|-------|-------|-------|
| | Dallas | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.4% | 0.5% | 0.5% | 0.4% |
| 18-35 | 4.2 | 4.1 | 3.9 | 4.1 |
| 36-64 | 54.2 | 53.8 | 53.4 | 54.4 |
| 65-79 | 31.8 | 32.3 | 32.6 | 31.3 |
| 80+ | 9.4 | 9.3 | 9.6 | 9.8 |
| GENDER | | | | |
| Male | 38.5% | 39.5% | 40.2% | 40.4% |
| Female | 61.5 | 60.6 | 59.8 | 59.6 |

H2: DEMOGRAPHICS: COMORBIDITIES AND COMPLICATIONS^{2,3}

| COMORBIDITIES | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | Dallas | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 39.6% | 38.4% | 32.0% | 34.1% |
| 1 | 22.6 | 23.5 | 22.4 | 22.7 |
| 2 | 28.0 | 29.2 | 33.0 | 32.3 |
| >2 | 9.8 | 8.9 | 12.6 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 57.7% | 56.7% | 49.7% | 52.2% |
| 1 | 28.4 | 28.8 | 30.5 | 30.2 |
| 2 | 10.4 | 10.9 | 13.8 | 12.6 |
| >2 | 3.5 | 3.6 | 6.0 | 5.0 |

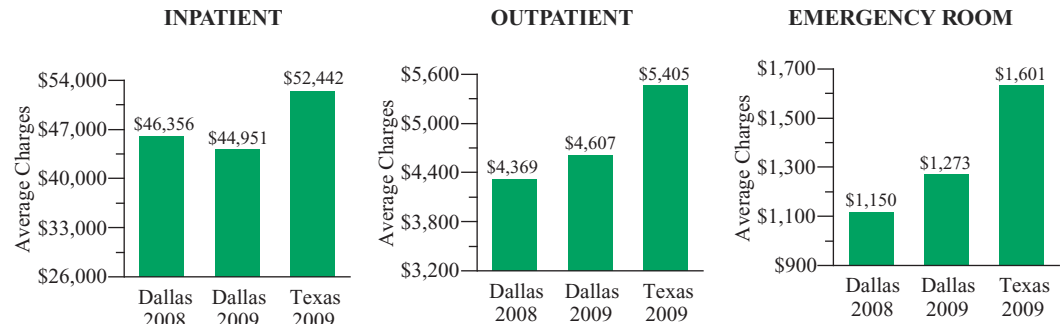
SHARE OF DALLAS TYPE 2 PATIENTS 65+ YEARS OLD GROWS

In 2009, 42.2% of Type 2 diabetes patients in Dallas were age 65 and older, up from 41.6% in 2008. This share was modestly higher than the Texas state average of 41.1% (see table H1). Dallas reported a significant rise in the percentages of Type 2 diabetes patients with two or more comorbidities (to 45.6% from 38.1%) and two or more complications (to 19.8% from 14.5%) between 2008 and 2009 (see table H2).

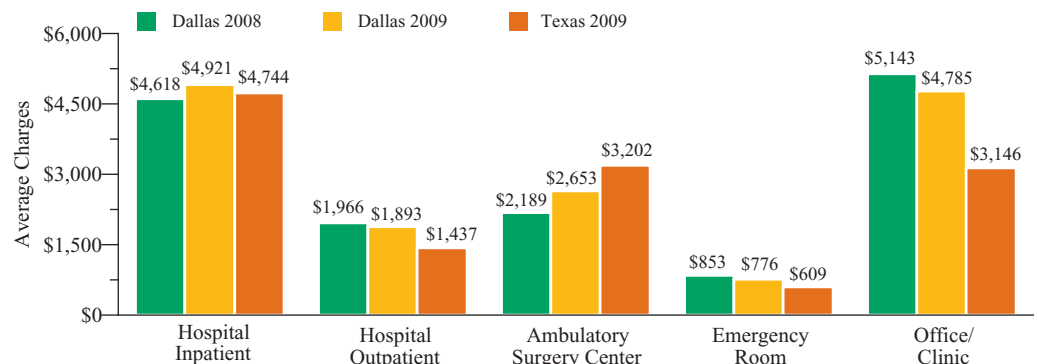
DALLAS TYPE 2 INPATIENT FACILITY CHARGES DECLINE

Average facility charges for the treatment of Dallas Type 2 diabetes inpatients with commercial payers fell in 2009, to \$44,951 from \$46,356 in 2008 (see graph H3). In 2009, facility charges for the treatment of Dallas Type 2 diabetes inpatients with commercial payers were notably less than corresponding state averages, regardless of hospital setting.

H3: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



H4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}

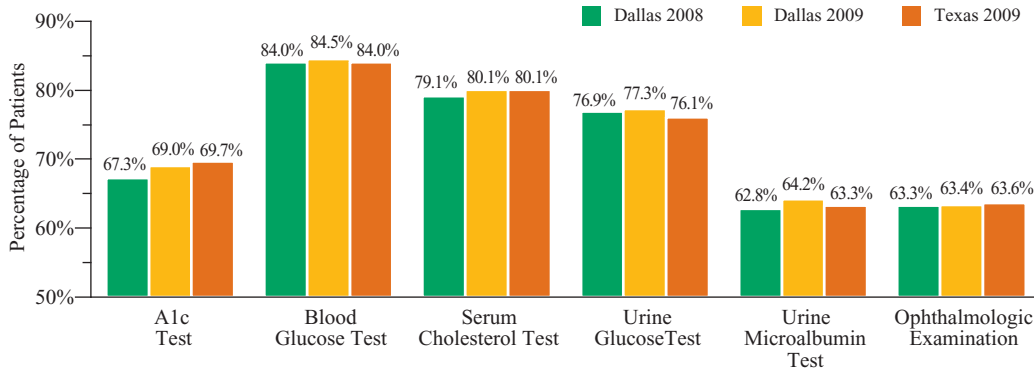


Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
³ 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. 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. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.
⁵ Includes 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.



H5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



SMALLER SHARE OF DALLAS TYPE 2s FILL INSULIN RXs

The share of Dallas Type 2 diabetes patients who filled prescriptions for any insulin product dipped slightly between 2008 (33.8%) and 2009 (31.7%), placing Dallas below the Texas average of 33.7% (see table H7). In contrast, Dallas recorded higher percentages of Type 2 diabetes patients who filled non-insulin antidiabetic prescriptions than the state average (84.4% vs. 84.1% for Texas) in 2009 (see table H9).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin

Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin

Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin

Insulin replacement product with a long duration of action.

Mixed Insulin

Insulin replacement product combining a short-acting and intermediate-acting insulin product.

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.

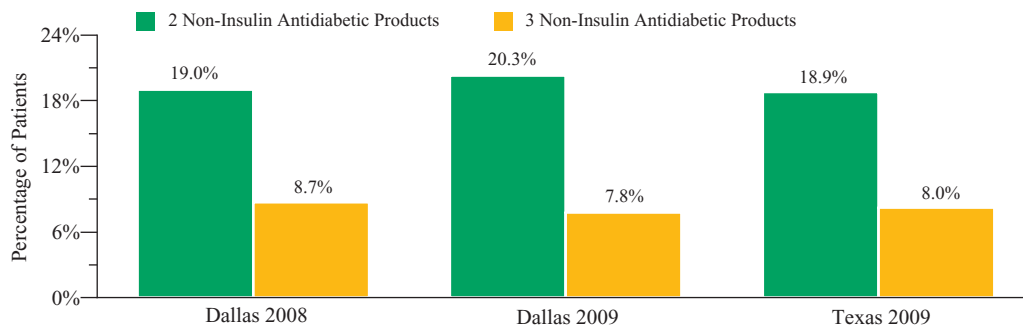
Insulin Sensitizing Agents

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors

Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.

H6: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES



H7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|-------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Dallas 2008 | 33.8% | 4.6% | 9.7% | 0.3% | 3.2% | 5.9% | 11.6% | 2.7% | 7.4% |
| Dallas 2009 | 31.7 | 4.9 | 8.9 | 0.3 | 2.7 | 7.1 | 10.5 | 2.5 | 6.5 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3 | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

H8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|-------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Dallas 2008 | \$1,052 | \$747 | \$564 | \$645 | \$365 | \$739 | \$710 | \$1,179 | \$666 |
| Dallas 2009 | 1,284 | 909 | 703 | 672 | 409 | 920 | 849 | 1,423 | 784 |
| Texas 2009 | 1,262 | 906 | 721 | 594 | 410 | 876 | 821 | 1,340 | 808 |

H9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|-------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| Dallas 2008 | 82.7% | \$451 | 51.4% | \$73 | 32.8% | \$75 | 15.4% | \$1,017 | 7.1% | \$807 |
| Dallas 2009 | 84.4 | 472 | 55.4 | 71 | 33.4 | 75 | 13.9 | 1,129 | 7.3 | 971 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010



I1: DEMOGRAPHICS: AGE AND GENDER¹

| AGE GROUP | Percentage of Patients | | | |
|-----------|------------------------|-------|-------|-------|
| | El Paso | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.6% | 0.5% | 0.7% | 0.4% |
| 18-35 | 5.9 | 5.2 | 5.3 | 4.1 |
| 36-64 | 54.5 | 57.7 | 58.8 | 54.4 |
| 65-79 | 29.5 | 28.5 | 28.8 | 31.3 |
| 80 | 9.5 | 8.2 | 6.5 | 9.8 |
| GENDER | | | | |
| Male | 41.8% | 39.2% | 36.3% | 40.4% |
| Female | 58.2 | 60.8 | 63.7 | 59.6 |

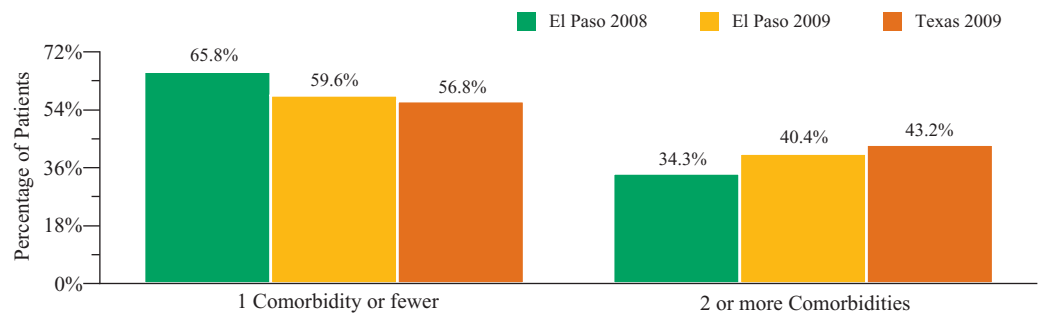
I2: DEMOGRAPHICS: COMORBIDITIES AND COMPLICATIONS^{2,3}

| COMORBIDITIES | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | El Paso | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 39.4% | 40.8% | 35.1% | 34.1% |
| 1 | 26.1 | 25.0 | 24.5 | 22.7 |
| 2 | 27.7 | 28.4 | 32.4 | 32.3 |
| >2 | 6.8 | 5.9 | 8.0 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 65.2% | 63.2% | 56.8% | 52.2% |
| 1 | 24.9 | 25.7 | 28.8 | 30.2 |
| 2 | 7.9 | 8.3 | 10.8 | 12.6 |
| >2 | 2.0 | 2.8 | 3.6 | 5.0 |

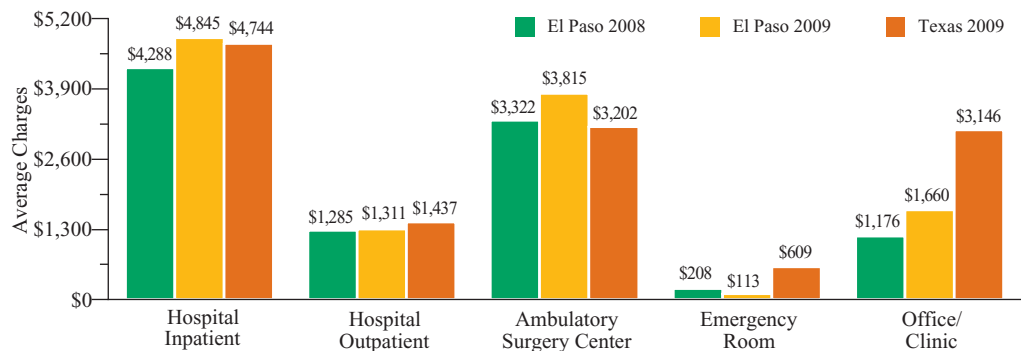
EL PASO TYPE 2 PATIENTS ARE LIKELY OF WORKING AGE

Nearly two out of three (64.1%) El Paso Type 2 diabetes patients were between the ages of 18 and 64 in 2009. This share represents a 1.9 percentage-point growth from 2008 levels (62.2%) and exceeds the corresponding Texas average of 58.5% by a considerable margin (see table I1). The shares of El Paso Type 2 diabetes patients with multiple comorbidities (to 40.4% from 34.3% in 2008) and multiple complications (to 14.4% from 11.1%) also grew in this timeframe (see table I2 and graph I3). These demographic shifts coincided with increased provider charges, which grew notably across four of five settings studied (emergency room charges excepted) between 2008 and 2009 (see graph I4).

I3: DEMOGRAPHICS: COMORBIDITIES³



I4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

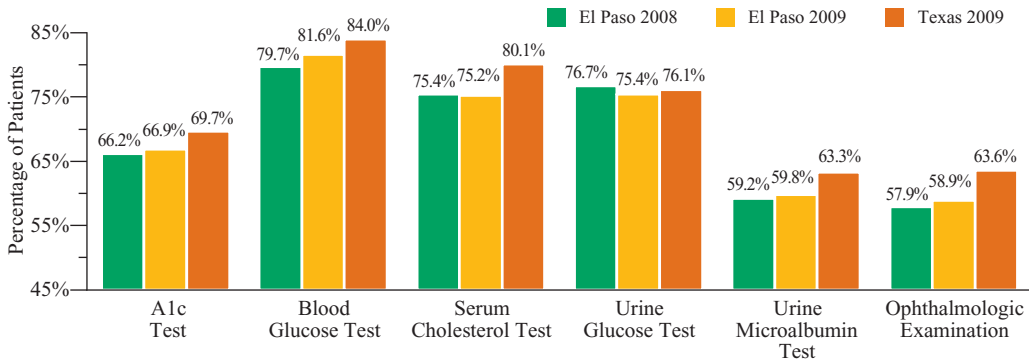
³ A comorbidity is a condition a Type 2 diabetes patient may also have, which is not directly related to the diabetes. Comorbidities were narrowed down to a subset of conditions which are typically present in patients with Type 2 diabetes. Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.

⁴ Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.

⁵ Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



15: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



EL PASO SERVICE UTILIZATION RATES ARE RELATIVELY LOW
Compared to Type 2 patients across the state of Texas, such patients in the El Paso market were much less likely to receive all five diabetes-related utilization services profiled. For instance, 80.1% of Texas Type 2 diabetes patients received at least one serum cholesterol test in 2009, while just 75.2% of patients diagnosed with Type 2 diabetes in the El Paso market received such tests (see graph I5).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin

Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin

Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin

Insulin replacement product with a long duration of action.

Mixed Insulin

Insulin replacement product combining a short-acting and intermediate-acting insulin product.

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.

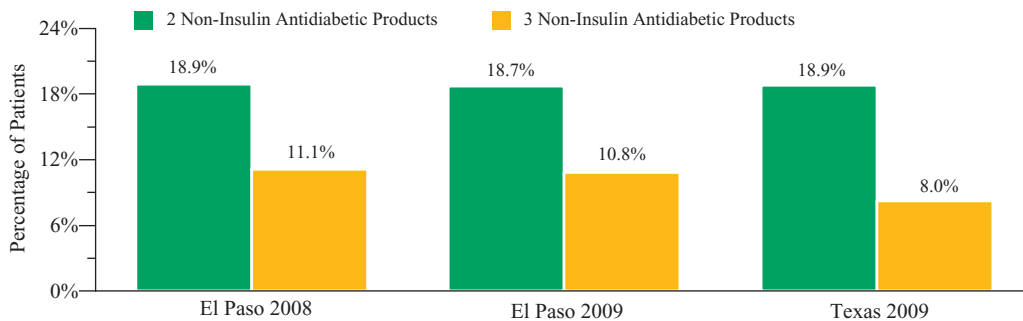
Insulin Sensitizing Agents

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors

Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.

16: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES



17: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| El Paso 2008 | 32.7% | 3.4% | 7.5% | — | 2.1% | 5.8% | 14.7% | 2.2% | 8.1% |
| El Paso 2009 | 33.2 | 4.3 | 8.0 | — | 2.0 | 8.5 | 14.3 | 2.2 | 7.4 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3% | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

18: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| El Paso 2008 | \$918 | \$678 | \$498 | — | \$289 | \$747 | \$646 | \$1,101 | \$558 |
| El Paso 2009 | 1,039 | 801 | 493 | — | 367 | 834 | 687 | 1,381 | 548 |
| Texas 2009 | 1,262 | 906 | 721 | \$594 | 410 | 876 | 821 | 1,340 | 808 |

19: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|--------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| El Paso 2008 | 85.9% | \$508 | 50.4% | \$86 | 33.3% | \$82 | 17.8% | \$939 | 9.3% | \$889 |
| El Paso 2009 | 85.4 | 561 | 53.5 | 83 | 35.6 | 79 | 16.4 | 1,116 | 9.7 | 1,091 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010



FT. WORTH/ARLINGTON

**J1: DEMOGRAPHICS:
AGE AND GENDER¹**

| AGE GROUP | Percentage of Patients | | | |
|-----------|------------------------|-------|-------|-------|
| | Ft. Worth/Arlington | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.4% | 0.6% | 0.6% | 0.4% |
| 18-35 | 4.9 | 5.0 | 4.3 | 4.1 |
| 36-64 | 59.3 | 60.8 | 57.4 | 54.4 |
| 65-79 | 27.5 | 26.0 | 29.3 | 31.3 |
| 80+ | 7.9 | 7.7 | 8.5 | 9.8 |
| GENDER | | | | |
| Male | 41.1% | 41.7% | 39.9% | 40.4% |
| Female | 58.9 | 58.3 | 60.2 | 59.6 |

**J2: DEMOGRAPHICS:
COMORBIDITIES AND COMPLICATIONS^{2,3}**

| COMORBIDITIES | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | Ft. Worth/Arlington | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 29.2% | 30.9% | 27.6% | 34.1% |
| 1 | 25.2 | 25.1 | 22.6 | 22.7 |
| 2 | 35.0 | 34.6 | 36.1 | 32.3 |
| >2 | 10.7 | 9.4 | 13.8 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 55.2% | 56.3% | 47.5% | 52.2% |
| 1 | 29.1 | 28.2 | 31.0 | 30.2 |
| 2 | 11.5 | 11.5 | 14.9 | 12.6 |
| >2 | 4.2 | 4.1 | 6.7 | 5.0 |

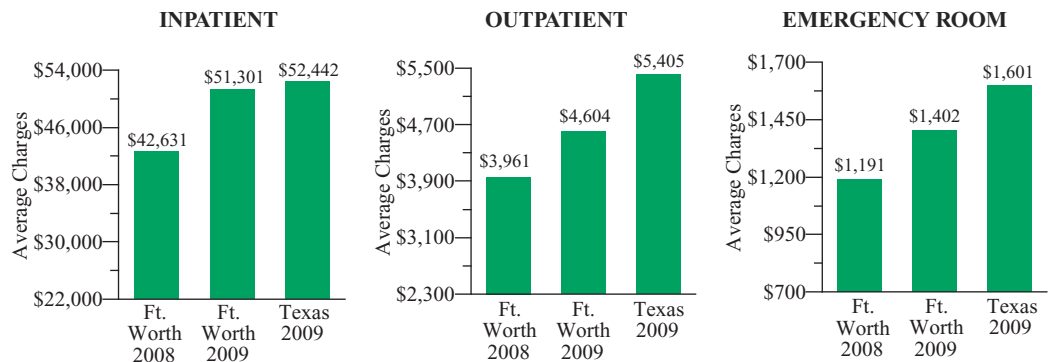
SHARE OF FT. WORTH TYPE 2 PATIENTS 65+ YEARS OF AGE RISES

After falling slightly between 2007 (35.4%) and 2008 (33.7%), the share of Fort Worth Type 2 diabetes patients age 65 and older increased notably in 2009, to 37.8% (see table J1). The share of Type 2 diabetes patients with multiple complications also expanded in the Fort Worth market, to 21.6% in 2009 from 15.6% the year before (see table J2).

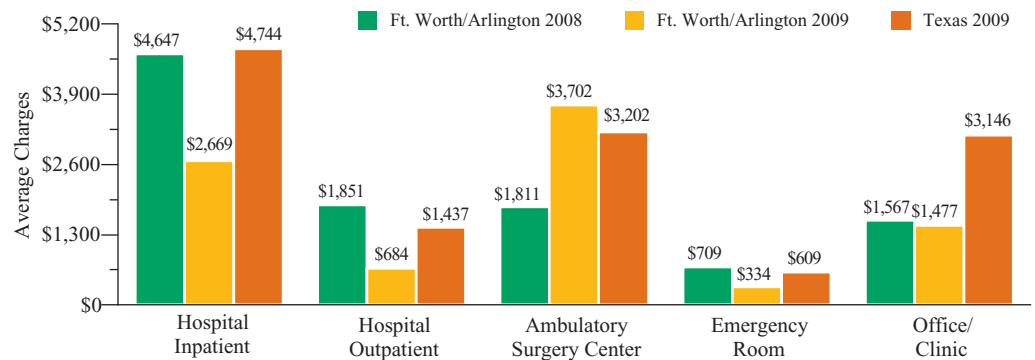
FT. WORTH FACILITY CHARGES CLIMB ACROSS ALL SETTINGS

Facility charges generated in the care of Fort Worth Type 2 patients rose between 2008 and 2009, regardless of setting (see graph J3). For example, hospital inpatient charges for Type 2 diabetes patients in Fort Worth grew to \$51,301 from \$42,631 the previous year (see graph J4).

**J3: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS,
COMMERCIAL INSURANCE PAYERS^{4,5}**



**J4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS,
COMMERCIAL INSURANCE PAYERS^{5,6}**

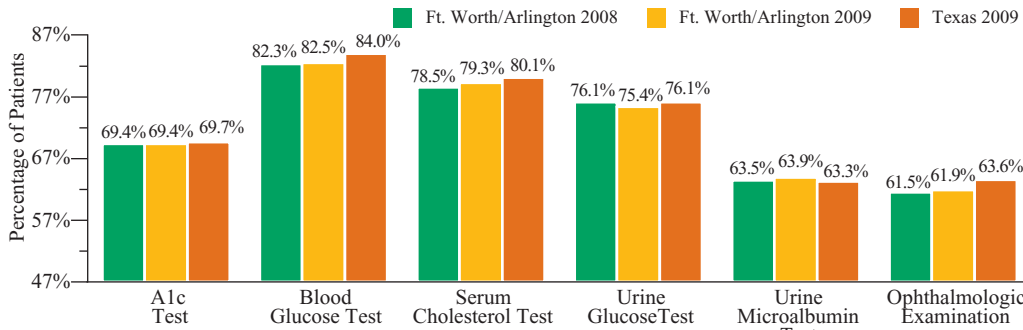


Data source: SDI © 2010

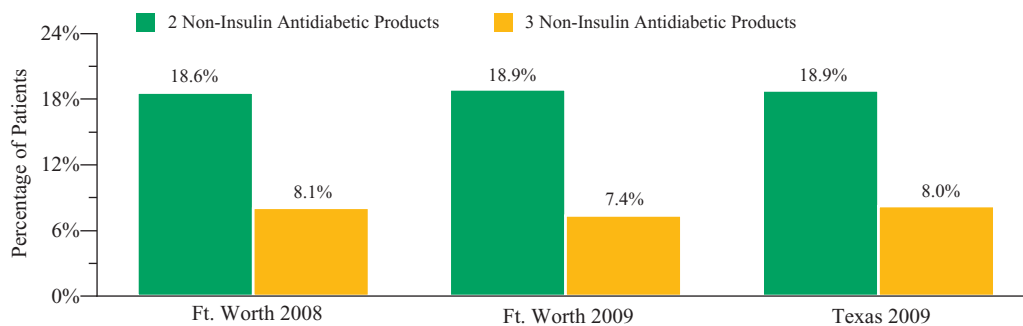
- On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.
- A complication is defined as a patient condition caused by the Type 2 diabetes of the patient. These conditions are a direct result of having Type 2 diabetes. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.
- 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. Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.
- Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.
- Includes HMOs, PPOs, point-of-service plans and exclusive provider organizations.
- Professional charges are those generated by the providers delivering care to Type 2 diabetes patients in various settings.



J5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



J6: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES



J7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|----------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Ft. Worth 2008 | 33.4% | 4.7% | 10.3% | 0.1% | 2.5% | 6.2% | 14.0% | 1.9% | 5.4% |
| Ft. Worth 2009 | 32.1 | 5.1 | 10.4 | 0.1 | 2.2 | 7.8 | 12.9 | 1.5 | 4.6 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3 | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

J8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|----------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Ft. Worth 2008 | \$1,107 | \$906 | \$626 | \$489 | \$388 | \$750 | \$749 | \$1,137 | \$632 |
| Ft. Worth 2009 | 1,334 | 1,022 | 743 | 457 | 429 | 905 | 881 | 1,514 | 782 |
| Texas 2009 | 1,262 | 906 | 721 | 594 | 410 | 876 | 821 | 1,340 | 808 |

J9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|----------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| Ft. Worth 2008 | 82.8% | \$469 | 49.5% | \$76 | 32.7% | \$74 | 16.1% | \$1,019 | 7.6% | \$838 |
| Ft. Worth 2009 | 83.8 | 485 | 53.5 | 78 | 33.7 | 76 | 13.1 | 1,172 | 7.6 | 1,051 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010

INSULIN FILL RATE DECLINES IN FORT WORTH MARKET

In 2009, the percentage of Fort Worth Type 2 diabetes patients who filled prescriptions for any insulin product dipped to 32.1% from 33.4% in 2008 (see table J7). The share of such patients who filled non-insulin antidiabetic products, however, rose to 83.8% from 82.8% over this period. A four percentage-point growth in the share of Fort Worth patients who filled biguanide prescriptions helped boost this average (see table J9).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin

Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin

Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin

Insulin replacement product with a long duration of action.

Mixed Insulin

Insulin replacement product combining a short-acting and intermediate-acting insulin product.

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors

Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.



HOUSTON

**K1: DEMOGRAPHICS:
AGE AND GENDER¹**

| AGE GROUP | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | Houston | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.4% | 0.4% | 0.4% | 0.4% |
| 18-35 | 5.0 | 4.7 | 4.2 | 4.1 |
| 36-64 | 59.6 | 59.0 | 55.5 | 54.4 |
| 65-79 | 26.6 | 26.9 | 29.3 | 31.3 |
| 80+ | 8.5 | 9.0 | 10.6 | 9.8 |
| GENDER | | | | |
| Male | 37.6% | 38.1% | 37.8% | 40.4% |
| Female | 62.5 | 61.9 | 62.2 | 59.6 |

**K2: DEMOGRAPHICS:
COMORBIDITIES AND COMPLICATIONS^{2,3}**

| COMORBIDITIES | Percentage of Patients | | | |
|----------------------|------------------------|-------|-------|-------|
| | Houston | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 38.2% | 37.5% | 34.3% | 34.1% |
| 1 | 23.3 | 23.9 | 22.5 | 22.7 |
| 2 | 28.6 | 29.4 | 30.8 | 32.3 |
| >2 | 10.0 | 9.2 | 12.4 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 57.5% | 55.9% | 49.2% | 52.2% |
| 1 | 29.3 | 30.1 | 31.5 | 30.2 |
| 2 | 10.2 | 10.6 | 13.7 | 12.6 |
| >2 | 3.1 | 3.4 | 5.7 | 5.0 |

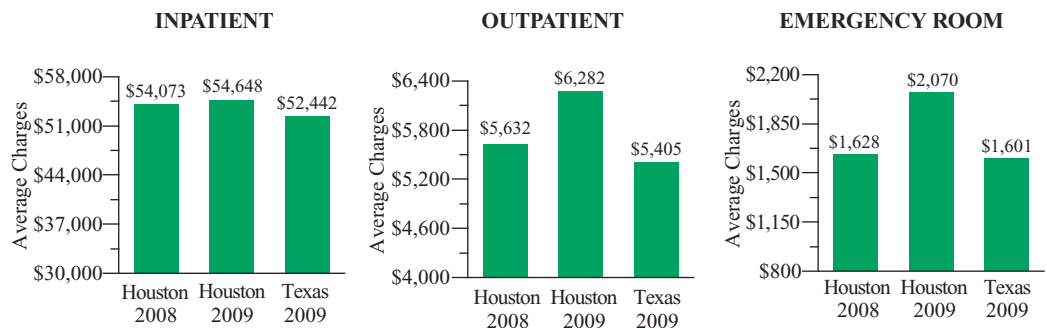
TYPE 2 PATIENT SHARE IN HOUSTON WITH 2+ COMORBIDITIES RISES

Between 2007 (38.6%) and 2009 (43.2%) the share of Houston Type 2 diabetes patients with multiple comorbidities increased nearly five percentage points. The share of Houston Type 2 diabetes patients with two or more complications also rose during this time (to 19.4% in 2009 from 13.3% in 2007), topping the Texas state average for this measure (17.6%) by a significant margin (see table K2).

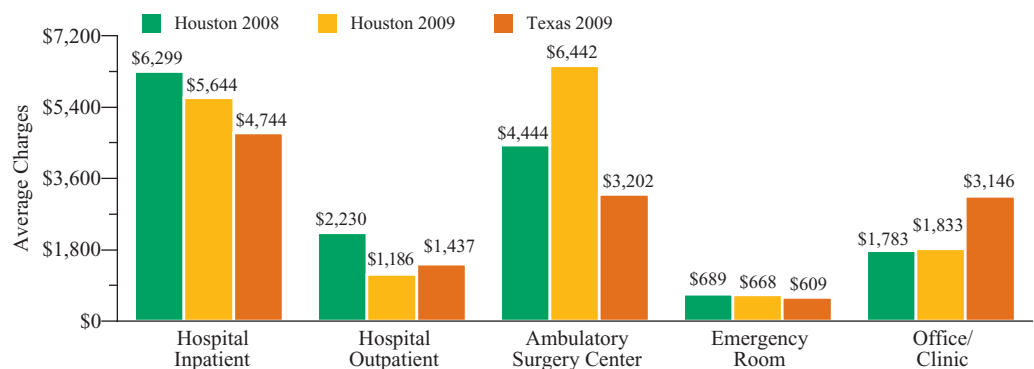
FACILITY CHARGES GROW FOR COMM'L PAYERS IN HOUSTON

Average annual facility charges per Houston Type 2 diabetes patient increased between 2008 and 2009 in all three settings studied. This growth was especially notable for facility charges generated in the emergency room setting, to \$2,070 in 2009 from \$1,628 the prior year. (see graph K3).

K3: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



K4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}



Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

³ 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. Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.

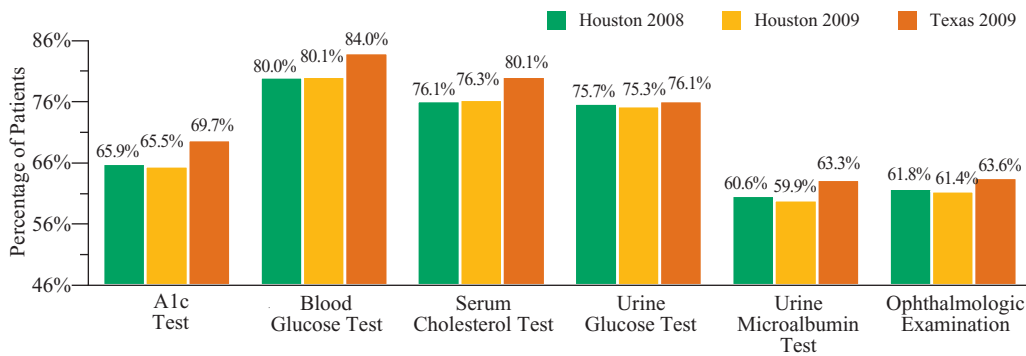
⁴ Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

⁵ Includes 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.



K5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



SERVICE UTILIZATION RATES ARE LOW FOR HOUSTON TYPE 2s

In 2009, Houston Type 2 diabetes patients were less apt than their Texas counterparts to receive all six diabetes-related services studied. For example, just 65.5% of Houston Type 2 diabetes patients received at least one A1c test in 2009, versus 69.7% of such patients across Texas. Notable gaps also occurred for Houston Type 2 diabetes patients who received blood glucose (80.1% vs. 84.0%) and serum cholesterol (76.3% vs. 80.1%) tests (59.9% vs. 63.3%) (see graph K5).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin
Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin
Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin
Insulin replacement product with a long duration of action.

Mixed Insulin
Insulin replacement product combining a short-acting and intermediate-acting insulin product.

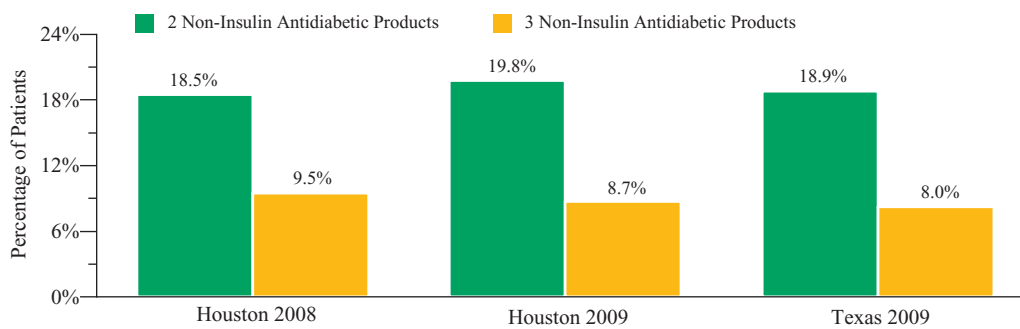
Biguanides
Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors
Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.

K6: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES



K7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Houston 2008 | 33.8% | 4.6% | 9.0% | 0.3% | 3.5% | 6.8% | 12.9% | 2.1% | 5.1% |
| Houston 2009 | 31.2 | 4.6 | 8.1 | 0.3 | 2.8 | 8.0 | 11.4 | 2.0 | 4.6 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3 | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

K8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|--------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| Houston 2008 | \$1,017 | \$721 | \$584 | \$528 | \$332 | \$691 | \$661 | \$1,006 | \$649 |
| Houston 2009 | 1,185 | 825 | 780 | 540 | 383 | 799 | 759 | 1,231 | 754 |
| Texas 2009 | 1,262 | 906 | 721 | 594 | 410 | 876 | 821 | 1,340 | 808 |

K9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|--------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| Houston 2008 | 84.4% | \$434 | 50.5% | \$80 | 33.0% | \$77 | 15.4% | \$920 | 7.3% | \$776 |
| Houston 2009 | 86.0 | 459 | 54.9 | 82 | 34.3 | 84 | 13.7 | 1,066 | 6.9 | 948 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010



SAN ANTONIO

L1: DEMOGRAPHICS: AGE AND GENDER¹

| AGE GROUP | Percentage of Patients | | | |
|---------------|------------------------|-------|-------|-------|
| | San Antonio | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0-17 | 0.5% | 0.3% | 0.4% | 0.4% |
| 18-35 | 4.1 | 3.0 | 3.2 | 4.1 |
| 36-64 | 51.3 | 50.6 | 51.1 | 54.4 |
| 65-79 | 32.9 | 34.2 | 33.8 | 31.3 |
| 80+ | 11.3 | 11.9 | 11.5 | 9.8 |
| GENDER | | | | |
| Male | 39.0% | 40.8% | 40.6% | 40.4% |
| Female | 61.1 | 59.2 | 59.4 | 59.6 |

L2: DEMOGRAPHICS: COMORBIDITIES AND COMPLICATIONS^{2,3}

| COMORBIDITIES | Percentage of Patients | | | |
|----------------------|------------------------|-------|-------|-------|
| | San Antonio | | | Texas |
| | 2007 | 2008 | 2009 | 2009 |
| 0 | 38.7% | 42.1% | 37.5% | 34.1% |
| 1 | 23.7 | 24.0 | 22.2 | 22.7 |
| 2 | 29.0 | 26.5 | 29.3 | 32.3 |
| >2 | 8.6 | 7.4 | 11.1 | 10.9 |
| COMPLICATIONS | | | | |
| 0 | 54.5% | 51.2% | 47.7% | 52.2% |
| 1 | 30.9 | 32.9 | 33.0 | 30.2 |
| 2 | 11.3 | 12.2 | 13.8 | 12.6 |
| >2 | 3.3 | 3.8 | 5.4 | 5.0 |

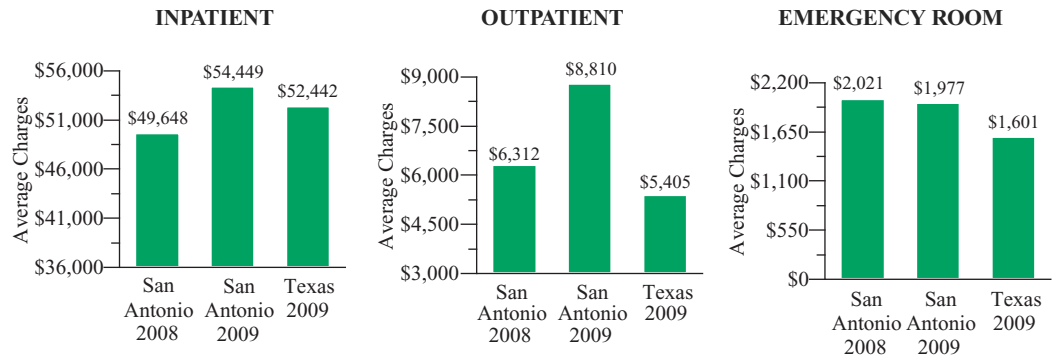
SAN ANTONIO SHARE OF TYPE 2 PATIENTS AGE 65+ INCREASES

The share of San Antonio Type 2 diabetes patients who were over the age of 64 shrank slightly between 2008 (46.1%) and 2009 (45.3%) (see table L1). Over the same period, the percentage of Type 2 patients in the San Antonio market with two or more diagnosed complications continued to rise (to 19.2% from 16.0%), again exceeding the Texas average of 17.6% (see table L2).

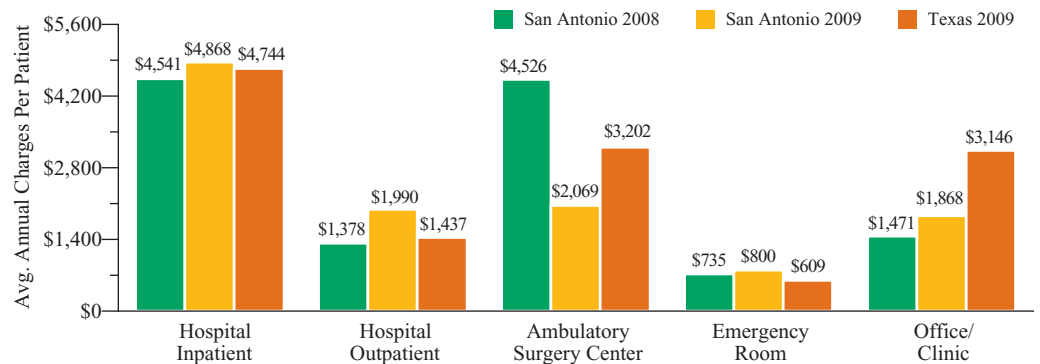
SAN ANTONIO TYPE 2 INPATIENT CHARGES, COMPLICATIONS RISE

A rise in the share of San Antonio Type 2 diabetes patients with multiple complications coincided with higher average annual facility and professional charges in both inpatient and outpatient settings. For example, average inpatient facility charges per San Antonio Type 2 diabetes patient per year were \$54,449, a notable increase from the 2008 average of \$49,648 (see graph L3).

L3: HOSPITAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{4,5}



L4: PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, COMMERCIAL INSURANCE PAYERS^{5,6}



Data source: SDI © 2010

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 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. Complications of Type 2 diabetes include, but are not limited to, coronary artery disease, hypoglycemia, nephropathy, neuropathy and retinopathy.

³ 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. Comorbidities of Type 2 diabetes include, but are not limited to, congestive heart failure, coronary artery disease, dysmetabolic syndrome, hyperlipidemia, hypertension and obesity.

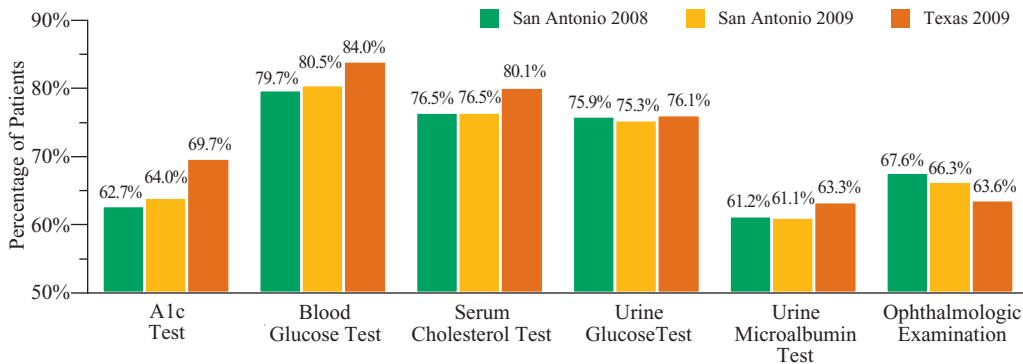
⁴ Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care. Facility charge data include charges for all services rendered, including prevention and charges associated with the treatment of other diseases. The data also reflect the average amounts charged in Type 2 diabetes patient claims, not the amount the claims paid.

⁵ Includes 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.



L5: UTILIZATION: PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE



SAN ANTONIO INSULIN RX FILL RATE RISES, TOPS TEXAS AVERAGE

Compared to their Texas counterparts (33.7%), Type 2 diabetes patients in the San Antonio market were more likely to fill prescriptions for an insulin product in 2009, at 37.5% (see table L7). While 83.2% of San Antonio Type 2 diabetes patients filled non-insulin antidiabetic prescriptions in 2009 (a slight increase from 82.3% in 2008), this share still fell just shy of the Texas average of 84.1% (see table L9).

NOTE: The A1c test measures how much glucose has been in the blood during the past 2–3 months. Figures reflect the percentage of Type 2 diabetes patients who have had at least one A1c test in a given year.

Short-Acting Insulin
Insulin replacement product with a short duration and onset of action.

Intermediate-Acting Insulin
Insulin replacement product with an intermediate duration of action.

Long-Acting Insulin
Insulin replacement product with a long duration of action.

Mixed Insulin
Insulin replacement product combining a short-acting and intermediate-acting insulin product.

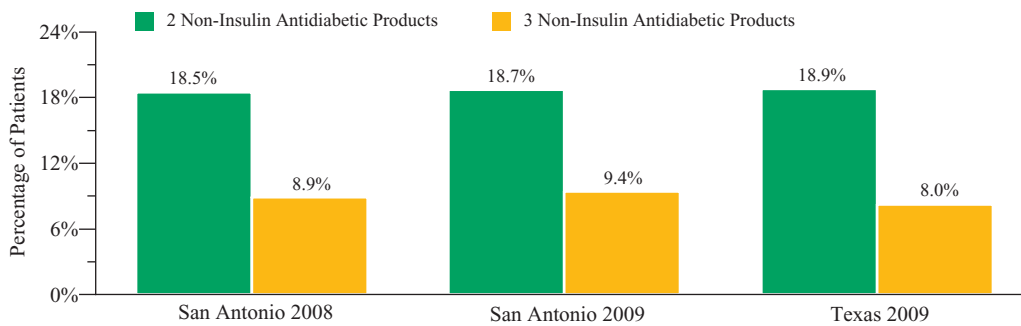
Biguanides
Improve insulin sensitivity; reduce the production of glucose by the liver, decrease intestinal absorption of glucose, and increase the peripheral uptake and use of circulating glucose.

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.

Dipeptidyl Peptidase 4 (DPP-4) Inhibitors
Inhibit DPP-4 enzymes and slow inactivation of incretin hormones, helping to regulate glucose homeostasis through increased insulin release and decreased glucagon levels.

L6: PHARMACOTHERAPY: % OF TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES



L7: PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| S.A. 2008 | 36.6% | 4.8% | 8.5% | 0.6% | 3.2% | 7.4% | 15.1% | 2.7% | 6.7% |
| S.A. 2009 | 37.5 | 5.2 | 9.7 | 0.4 | 3.2 | 10.2 | 16.0 | 2.7 | 6.7 |
| Texas 2009 | 33.7 | 4.8 | 9.4 | 0.3 | 2.8 | 7.7 | 13.0 | 2.2 | 6.1 |

L8: AVERAGE PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES

| | Any Insulin Product | Short-Acting Insulin | | Intermediate-Acting Insulin | | Long-Acting Insulin | | Mixed Insulin | |
|------------|---------------------|----------------------|-------|-----------------------------|-------|---------------------|-------|---------------|-------|
| | | Pens | Vials | Pens | Vials | Pens | Vials | Pens | Vials |
| S.A. 2008 | \$966 | \$761 | \$524 | \$414 | \$335 | \$656 | \$624 | \$1,085 | \$656 |
| S.A. 2009 | 1,249 | 965 | 701 | 551 | 386 | 869 | 797 | 1,193 | 871 |
| Texas 2009 | 1,262 | 906 | 721 | 594 | 410 | 876 | 821 | 1,340 | 808 |

L9: % OF AND AVG. PAYMENTS FOR TYPE 2 DIABETES PATIENTS USING NON-INSULIN THERAPIES

| | Any Non-Insulin Antidiabetic Product | | Biguanides | | Sulfonylureas | | Insulin Sensitizing Agents | | DPP-4 Inhibitors | |
|------------|--------------------------------------|------------|------------|------------|---------------|------------|----------------------------|------------|------------------|------------|
| | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs | % of Pat. | Avg. Costs |
| S.A. 2008 | 82.3% | \$445 | 46.0% | \$86 | 34.0% | \$72 | 18.8% | \$891 | 6.5% | \$740 |
| S.A. 2009 | 83.2 | 573 | 50.1 | 80 | 37.0 | 76 | 20.8 | 1,225 | 7.4 | 966 |
| Texas 2009 | 84.1 | 509 | 51.5 | 76 | 33.2 | 78 | 15.1 | 1,151 | 7.7 | 1,010 |

Data source: SDI © 2010



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2009 ADA/EASD RECOMMENDATIONS

Consensus Statement: Strategies for the Management of Type 2 Diabetes Mellitus

| | | | |
|---------------|--|--|--|
| STEP 1 | At diagnosis: Lifestyle + Metformin | Reinforce lifestyle interventions at every visit and check A1c every 3 months until A1c is <7% and then at least every 6 months. | |
| STEP 2 | Tier 1: Well-validated core therapies | Lifestyle + Metformin + Basal Insulin Lifestyle + Metformin + Sulfonylurea | |
| | Tier 2: Less well-validated therapies | Lifestyle + Metformin + Pioglitazone Lifestyle + Metformin + GLP-1 agonist | Lifestyle + Metformin + Pioglitazone + Sulfonylurea Lifestyle + Metformin + Basal Insulin |
| STEP 3 | Lifestyle + Metformin + Intensive Insulin | | |

The 2009 American Diabetes Association (ADA)/European Association for the Study of Diabetes (EASD) consensus statement recommends timely use of insulin, as one approach, for patients who are not at their A1c goal. The ADA and EASD also recommend, as one approach, earlier addition of insulin in patients who do not meet glycemic goals after lifestyle intervention and metformin for 2 to 3 months.¹ To access the ADA’s website for the latest ADA/EASD consensus statement and information on diabetes management, visit www.diabetes.org.

¹ Nathan DM, Buse JB, Ferrannini E, et al. Medical management of hyperglycemia in type 2 diabetes: a consensus algorithm for the initiation and adjustment of therapy. *Diabetes Care*. 2009;32(1): 193–203.

Important Safety Information for Insulin: The most common side effect of insulin is hypoglycemia, which can be serious. Other possible side effects include injection site reactions and allergic reactions, including itching and rash. Monitor blood glucose in all patients treated with insulin.

DATA METHODOLOGY

SDI generates data for this **Managed Care Digest Series®** newsletter using health care professional and institutional insurance claims, representing more than 8.3 million unique patients nationally in 2009 with a range of Type 2 diabetes diagnoses (250.00–250.92). Data from physicians of all specialties and from all hospital types are included. These data are derived exclusively from medical (and prescription) claims, not population management based sources.

SDI also gathers data on prescription activity from the National Council for Prescription Drug Programs (NCPDP). Data for all disease states collected 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 SDI 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, SDI 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 SDI 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.