
From: Killion, Mark
To: Jennifer Altier
Sent: 7/10/2012 12:17:33 PM
Subject: third e-mail
Attachments: Kadian Training Meeting Somerset (October 2011).pptx; Marketing Presentation Formatted.pptx

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Managed Markets

2011 KADIAN[®] Training Meeting

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Agenda

- LAO Managed Markets Overview
 - LAO Formulary Status for Top US Health Plans, Commercial and Med Part D
 - Co-Pay Trends
- Coverage Status: 2011 versus 2012
 - Changes in Commercial Coverage
 - Changes in Medicare Part D Coverage
- Territory Expansion
- Managed Care Focus
 - Retain Key Accounts & Maximize Performance
 - Strategic Targeting of Plans
- New Business Opportunities
- Overcoming Managed Care Obstacles
- Managed Markets Summary

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LAO Managed Markets Overview

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LAO Formulary Status for Top 25 US Commercial Health Plans



US Health Plans Ranked by Total Medical Enrollment*

COMPANY	Enrollment
1 UnitedHealth Group	32,824,278
2 WellPoint, Inc.	28,812,895
3 Aetna, Inc.	18,140,023
4 Health Care Service Corporation	12,277,678
5 CIGNA HealthCare, Inc.	11,443,392
6 Kaiser Permanente	8,755,013
7 Humana, Inc.	8,334,800
8 Health Net, Inc.	5,560,000
9 Blue Cross Blue Shield of Michigan	4,338,022
10 Highmark, Inc.	4,214,412
11 Independence Blue Cross	3,760,448
12 Blue Cross and Blue Shield of Alabama	3,483,493
13 CareFirst BlueCross BlueShield	3,330,217
14 Coventry Health Care, Inc.	3,286,000
15 BlueCross BlueShield of Tennessee	3,117,310
16 Medical Mutual of Ohio	2,961,566
17 Blue Shield of California	2,927,548
18 Horizon Blue Cross Blue Shield	2,872,783
19 Blue Cross Blue Shield of Massachusetts	2,836,106
20 Blue Cross and Blue Shield of Florida, Inc.	2,807,374
21 EmblemHealth, Inc.	2,605,427
22 Blue Cross Blue Shield of North Carolina	2,479,409
23 Blue Cross and Blue Shield of Minnesota	2,478,000
24 Regence Group, The	2,174,156
25 AMERIGROUP Corporation	1,933,000
Top 25 Total Enrollment	177,753,350

FORMULARY STATUS						
KADIAN	AVINZA	EMBEDA	EXALGO	MS CONTIN	OPANA ER	OXYCONTIN
NC	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2	Tier 2
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 2	Tier 3	Tier 2	Tier 3	Tier 3	Tier 2	Tier 2
Tier 2	Tier 3	Tier 3	Tier 3	Tier 4	Tier 5	Tier 6
Tier 2	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
NC	NC	NC	NC	Tier 2	NC	NC
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 2	Tier 2
Tier 2	Tier 2	Tier 3	Tier 3	Tier 3	Tier 2	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	NC	Tier 3	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2	Tier 3
Tier 3	Tier 2	Tier 3	NC	Tier 3	Tier 2	Tier 2
Tier 3	Tier 2	Tier 2	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 2	NC	NC	N/A	NC	NC	Tier 2
NC	NC	NC	NC	Tier 3	NC	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
NC	Tier 2	NC	NC	NC	NC	Tier 2

Kadian® has formulary coverage in 85% of the Top 25 US Commercial Health Plans

Total medical enrollment includes fully insured and-known self-insured (ASO) medical membership in commercial and public sector health plans.
Health plans consolidated by parent organizations where applicable. JVs and affiliates included in largest parent entity.
Source: AIS's Directory of Health Plans: 2011
Formulary Status information taken from Fingertip Formulary March 2011

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LAO Formulary Status for Top 25 Medicare Part D Plans



US Health Plans Ranked by Total Medical Enrollment*

COMPANY	Enrollment
1 UnitedHealth Group	32,824,278
2 WellPoint, Inc.	28,812,895
3 Aetna, Inc.	18,140,023
4 Health Care Service Corporation	12,277,678
5 CIGNA HealthCare, Inc.	11,443,392
6 Kaiser Permanente	8,755,013
7 Humana, Inc.	8,334,800
8 Health Net, Inc.	5,560,000
9 Blue Cross Blue Shield of Michigan	4,338,022
10 Highmark, Inc.	4,214,412
11 Independence Blue Cross	3,760,448
12 Blue Cross and Blue Shield of Alabama	3,483,493
13 CareFirst BlueCross BlueShield	3,330,217
14 Coventry Health Care, Inc.	3,286,000
15 BlueCross BlueShield of Tennessee	3,117,310
16 Medical Mutual of Ohio	2,961,566
17 Blue Shield of California	2,927,548
18 Horizon Blue Cross Blue Shield	2,872,783
19 Blue Cross Blue Shield of Massachusetts	2,836,106
20 Blue Cross and Blue Shield of Florida, Inc.	2,807,374
21 EmblemHealth, Inc.	2,605,427
22 Blue Cross Blue Shield of North Carolina	2,479,409
23 Blue Cross and Blue Shield of Minnesota	2,478,000
24 Regence Group, The	2,174,156
25 AMERIGROUP Corporation	1,933,000
Top 25 Total Enrollment	177,753,350

FORMULARY STATUS

KADIAN	AVINZA	EMBEDA	EXALGO	MS CONTIN	OPANA ER	OXYCONTIN
NC	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2	Tier 2
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 2	Tier 3	Tier 2	Tier 3	Tier 3	Tier 2	Tier 2
Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 4	Tier 5
Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 4	Tier 5
Tier 2	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
NC	NC	NC	NC	Tier 2	NC	NC
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 2	Tier 2
Tier 2	Tier 2	Tier 3	Tier 3	Tier 3	Tier 2	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	NC	Tier 3	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 2	NC	NC	N/A	NC	NC	Tier 2
NC	NC	NC	NC	Tier 3	NC	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 2	Tier 3	Tier 3	Tier 3	Tier 3	Tier 2
Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3	Tier 3
NC	Tier 2	NC	NC	NC	NC	Tier 2

Kadian® has formulary coverage for 6,919,590 or 77% of lives in the Top 25 Medicare Advantage Plans

*Total medical enrollment includes fully insured and-known self-insured (ASO) medical membership in commercial and public sector health plans. Health plans consolidated by parent organizations where applicable. JVs and affiliates included in largest parent entity. Source: AIS's Directory of Health Plans: 2011 Formulary Status information taken from Fingertip Formulary March 2011

KADIAN[®] Formulary Status Changes Effective 3Q11



Commercial Plans

Plan	Formulary Status	Formulary Change
Blue Cross Blue Shield of SC (BlueChoice HealthPlan)	Tier 3	T3/PA
Inland Empire Health Plan HMO-Medicaid	On Formulary	On Formulary/PA
Itasca Medical Care (IMCare)	Tier 2	NF/PA
Mail Handlers Benefit Plan	Tier 3	T2
MedImpact MedCare National Formulary	Tier 2/PA	T3
Viva Health Alabama	Tier 3	T2
West Virginia Public Employee Insurance Agency	Tier 3	T3 SE
Blue Cross Blue Shield of Delaware	T3/PA	T3
Blue Cross of Northeastern Pennsylvania	Tier 3/PA/SE	T3/SE
First Priority Health Pennsylvania Three Tier	Tier 3/PA/SE	T3/SE
Lovelace Health Systems	Tier 2	None
Nebraska State Medicaid	PDL	None
SelectMed	Tier 3/SE	None
The Health Plan	Tier 3	None

Medicare Part D Plans

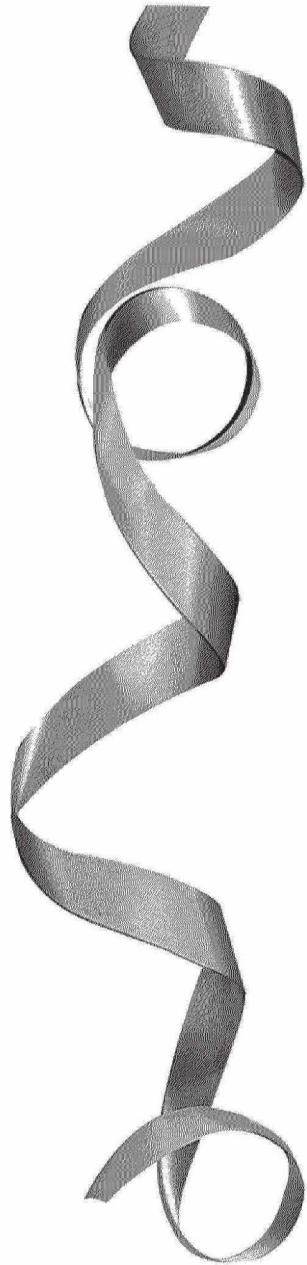
Plan	Formulary Status	Formulary Change
AmeriHealth Advantage	Tier 3	Tier 2

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*Source: MediMedia July 2011

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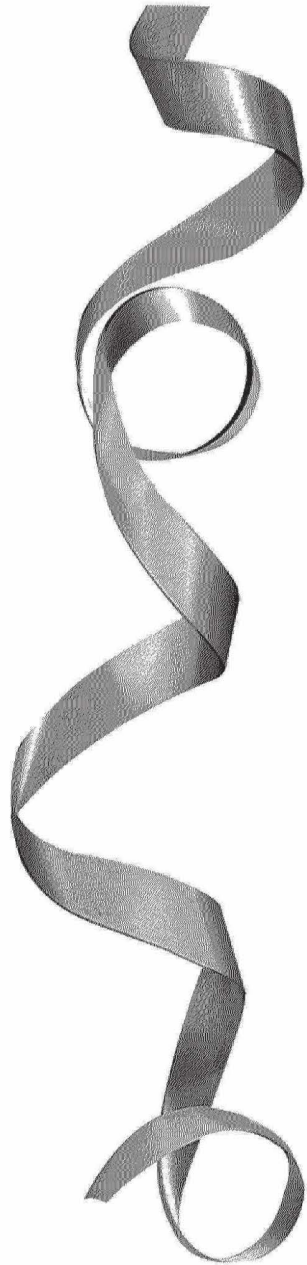


1Q11 KADIAN® Co-Pay Amounts



ALL CLAIMS		
Patient Pay	1Q11 Approved Claims	% of Patients
0	13331	27.1%
\$1-10	20051	40.7%
\$11-20	2863	5.8%
\$21-50	3537	7.2%
\$31-50	2679	5.4%
\$41-50	2486	5.0%
\$51-60	937	1.9%
\$61-70	390	0.8%
\$71-80	528	1.1%
\$81-90	277	0.6%
\$91-100	329	0.7%
\$101-150	533	1.1%
\$151-200	296	0.6%
\$201+	1009	2.0%
	49246	100.0%

91.3% of Approved Claims in 1Q11 would have a \$0 out of pocket cost for patients when a KADIAN® co-pay card is used.*



1Q11 KADIAN® Co-Pay Amounts



COMMERCIAL CLAIMS

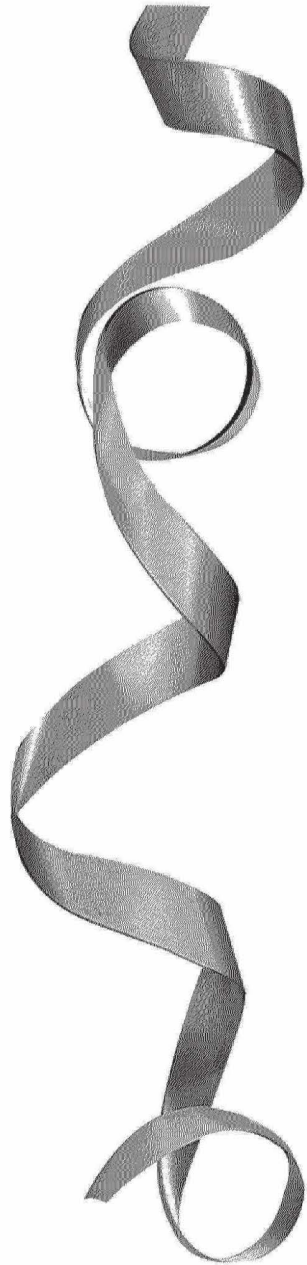
Patient Pay	1Q11 Approved Claims	% of Patients
0	7941	27.0%
\$1-10	7355	25.0%
\$11-20	2708	9.2%
\$21-50	3433	11.7%
\$31-50	2384	8.1%
\$41-50	1990	6.8%
\$51-60	898	3.1%
\$61-70	332	1.1%
\$71-80	450	1.5%
\$81-90	221	0.8%
\$91-100	311	1.1%
\$101-150	438	1.5%
\$151-200	209	0.7%
\$201+	768	2.6%
	29438	100.0%

87.7% of Approved Commercial Claims in 1Q11 would have a \$0 out of pocket cost for patients when a KADIAN® co-pay card is used.*

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Source: 1Q11 Wolters Kluwer Kadian
Market Landscape database



1Q11 KADIAN[®] Co-Pay Amounts



MEDICARE PART D CLAIMS

Patient Pay	1Q11 Approved Claims	% of Patients
0	546	5.04%
\$1-10	8894	82.08%
\$11-20	139	1.28%
\$21-50	95	0.88%
\$31-50	289	2.67%
\$41-50	485	4.48%
\$51-60	26	0.24%
\$61-70	53	0.49%
\$71-80	72	0.66%
\$81-90	49	0.45%
\$91-100	13	0.12%
\$101-150	60	0.55%
\$151-200	32	0.30%
\$201+	83	0.77%
	10836	100.00%

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Source: 1Q11 Wolters Kluwer Kadian
Market Landscape database

Coverage Status: 2011 versus 2012

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1st Half 2011 Results



- KADIAN[®] is once again on Tier Two as a preferred brand with Community CCRx (Universal American)
- KADIAN[®] is once again a preferred brand for patients covered by CIGNA Medicare Part D, and continues to be a preferred brand on the Commercial CIGNA plan
- KADIAN[®], in addition to being a preferred brand for patients with Envision HealthCare Part D coverage, is now a preferred brand for Envision Commercial plans patients as well.

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Coverage Status 2011 versus 2012 : Commercial Contracts

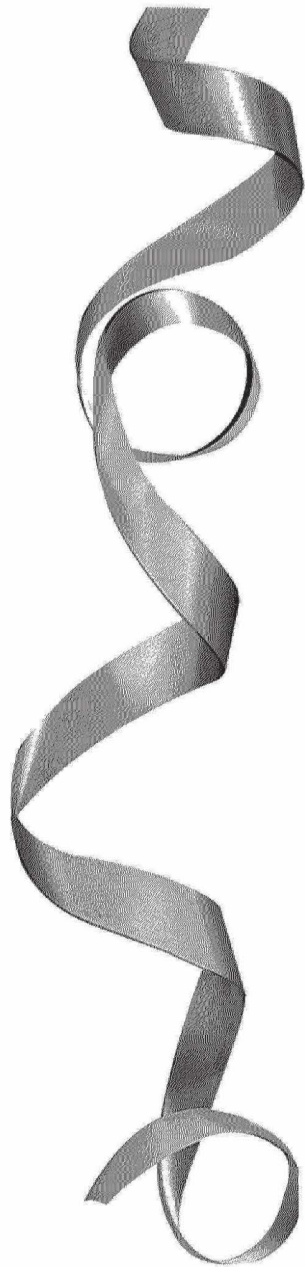


2011	2012
Aetna	No change
Amerihealth Mercy	No change
Capital Blue Cross	No change
CVS Caremark/Caremark PCS	No change
CIGNA	No change
Coventry	No change
*Envision Rx	NEW AGREEMENT
Harvard Pilgrim Health Care	No change
Health Net	No change
Horizon NJ Health	No change
Physicians Plus	No change
Prime Therapeutics	No change
ProCare Rx	No change
Select Health Care	Terminated

- *Envision Rx started a new Commercial agreement that was effective 04.01.2011
- 12 of 13 Commercial agreements continue through 2012
- Select Health Care was terminated after 1Q11

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Coverage Status 2011 vs. 2012: Medicare Part D



2011	2012
Aetna	Terminated
Amerihealth Mercy	No change
Capital Blue Cross	No change
Caremark Part D	No change
CIGNA	No change
Envision	No change
Humana	No change
Medco Health Solutions	No change
Prime Therapeutics	No change
ProCare Rx	Terminated
Regence Group	No change
Rx Solutions	No change
Universal American (Member Health)	No change

- 11 of 13 Medicare Part D agreements will continue through 2012
- CIGNA & Universal American have KADIAN® as preferred on formulary status effective 04.01.11
- Aetna was terminated effective 01.01.11
- ProCare Rx was terminated effective 07.01.11

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Kadian[®] Territory Expansion

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Kadian[®] Territory Expansion

- New Territories
 - Arizona, California, Florida, Pennsylvania & Tennessee
 - 1Q11 Kadian[®] Commercial & Medicare Part D TRx's
 - 1Q11 Morphine Sulfate
 - Top 5 Commercial & Medicare Part D TRx's
 - Kadian[®] Formulary Coverage

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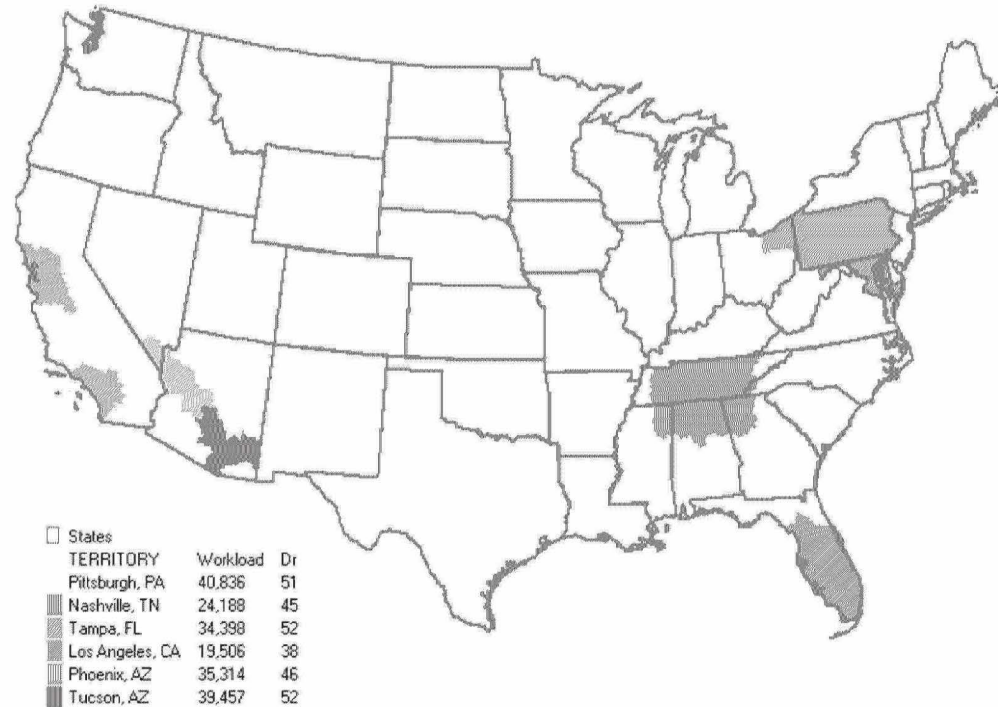
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Kadian[®] Territory Expansion



- **New Territories**
 - Arizona
 - Phoenix
 - Tucson
 - California
 - Los Angeles
 - Florida
 - Tampa
 - Pennsylvania
 - Pittsburgh
 - Tennessee
 - Nashville



1Q11 AZ Commercial Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRx's	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		44	100.0%	4.04%
CIGNA HEALTHCARE		24	94.4%	2.20%
HEALTH NET Total		6		0.55%
HUMANA HEALTH PLAN		20	100.0%	1.83%
NO NATIONAL PAYER	BCBS AL	1	100.0%	0.09%
	BCBS AZ	75	92.3%	6.88%
	BCBS MI	6	100.0%	0.55%
	EXCELLUS HEALTH PLAN	3	100.0%	0.28%
	HEALTH CARE SERVICES CORPORATION F	3	100.0%	0.28%
	NO REGIONAL AVAILABLE	795	96.4%	72.94%
	TRICARE MILITARY HEALTH SVC SYS		84	95.2%
UNITED HEALTH GROUP	NO REGIONAL AVAILABLE	9	28.6%	0.83%
	SIERRA HEALTH	3		0.28%
	WELLPOINT	12	100.0%	1.10%
WELLPOINT	EMPIRE BCBS	3		0.28%
	NO REGIONAL AVAILABLE	2		0.18%
	ARIZONA COMMERCIAL CLAIMS TOTAL	1,090	95.3%	100.00%

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Source: 1Q11 Wolters Kluwer Kadian Market Landscape database

1Q11 AZ Medicare Part D Kadian® Claims

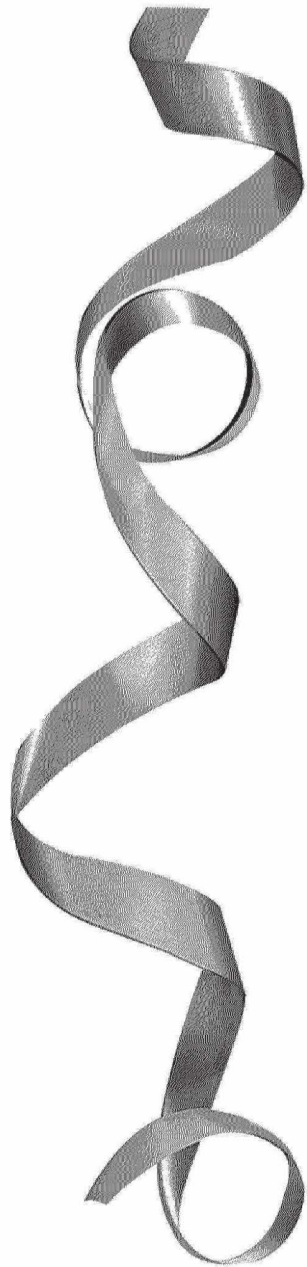


NATIONAL PAYER	REGIONAL PAYER	TRx	APPROVAL RATE	% OF TOTAL CLAIMS
ABRAZO HEALTH CARE		11	100.00%	6.18%
CIGNA HEALTHCARE		1	66.67%	0.56%
COVENTRY HEALTH CARE		8	83.33%	4.49%
HEALTH NET		9	100.00%	5.06%
HUMANA HEALTH PLAN		20	88.89%	11.24%
MEDCO MEDICARE PRESCRIPTION PLAN		4	50.00%	2.25%
MERCY HEALTH PLANS		1		0.56%
NO NATIONAL PAYER	BCBS MI	5	100.00%	2.81%
	NO REGIONAL AVAILABLE	17		9.55%
RX AMERICA			66.67%	
SCAN HEALTH PLAN		4	100.00%	2.25%
SILVERSCRIPT		4	66.67%	2.25%
UNITED HEALTH GROUP		91	93.90%	51.12%
UNIVERSAL AMERICAN CORP		3	0.00%	1.69%
ARIZONA MEDICARE PART D CLAIMS TOTAL		178	88.02%	100.00%

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Source: 1Q11 Wolters Kluwer Kadian Market Landscape database



Kadian® Territory Expansion Commercial Formulary Coverage

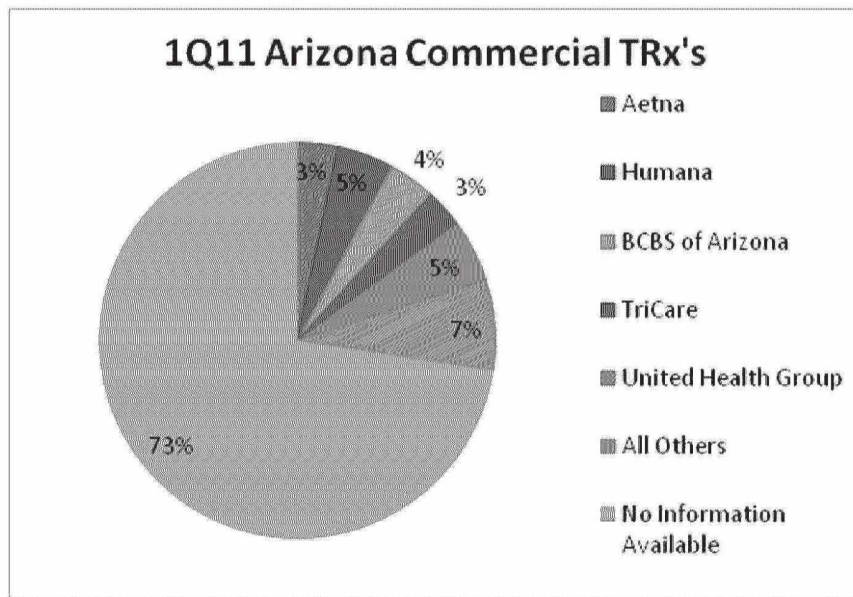


Arizona

Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

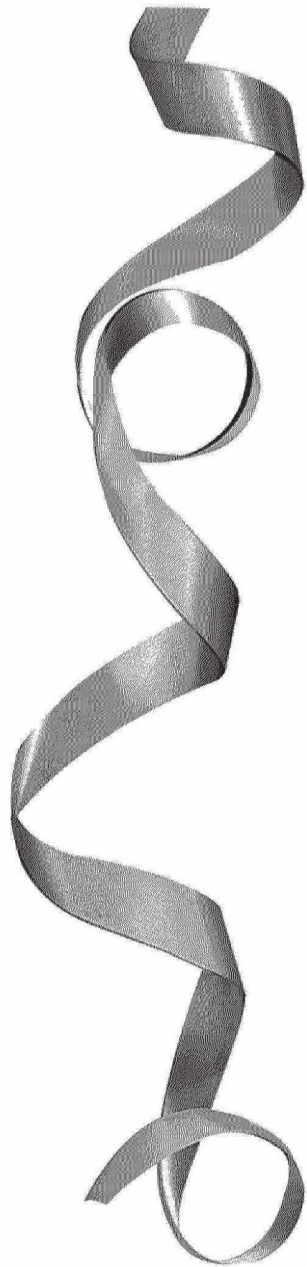
- United Health Group 1,345
- Humana** 1,207
- BCBS of Arizona** 1,012
- Aetna** 862
- TriCare** 816

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:

-The **All Other** category includes National Health Plans & small Regional Plans
 -The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)



Kadian® Territory Expansion Medicare Part D Formulary Coverage

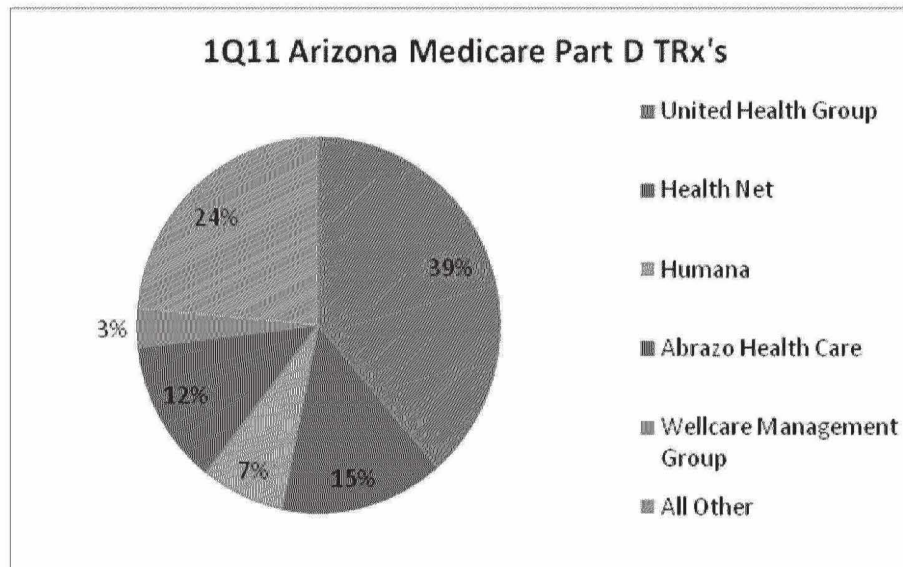


Arizona

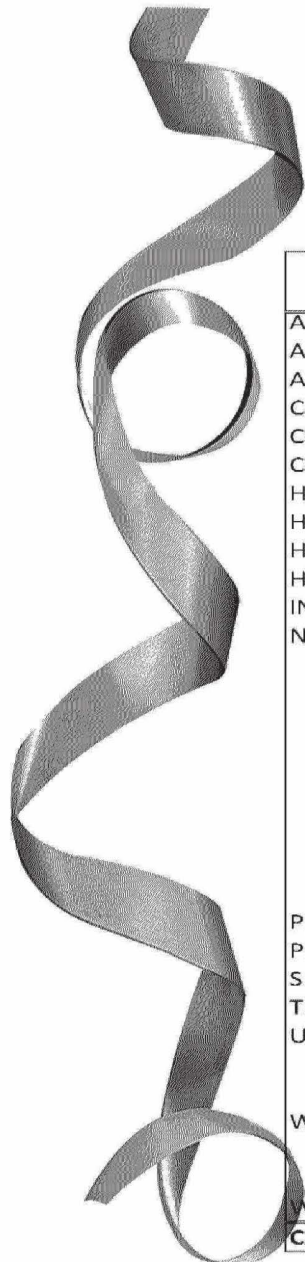
Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- United Health Group** 6,479
- Health Net** 2,446
- Abrazo Health Care** 2,105
- Humana** 1,235
- Wellcare 547

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:
-The **All Other** category includes National Health Plans & small Regional Plans



1Q11 CA Commercial Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRx's	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE	NO REGIONAL AVAILABLE	203	84.1%	
AETNA US HEALTHCARE		203	84.1%	2.75%
AMERIGROUP		3		0.04%
CIGNA HEALTHCARE		63	85.2%	0.85%
COMMUNITY HEALTH GROUP		4	0.0%	0.05%
COVENTRY HEALTH CARE		4		0.05%
HEALTH NET		220	100.0%	2.98%
HEALTH PLAN OF SAN MATEO		9	88.9%	0.12%
HIGHMARK BCBS		4	100.0%	0.05%
HUMANA HEALTH PLAN		41	100.0%	0.56%
INLAND EMPIRE HEALTH PLAN		14	94.7%	0.19%
NO NATIONAL AVAILABLE	BCBS AZ	5	75.0%	0.07%
	BCBS KS	5	100.0%	0.07%
	BCBS MN	1	100.0%	0.01%
	BCBS MT	12		0.16%
	BCBS SC	12	0.0%	0.16%
	BS CA	238	91.8%	3.22%
	CAREFIRST BCBS	1		0.01%
	HEALTH CARE SERVICES CORPORATION HCSC	13	90.9%	0.18%
	NO REGIONAL AVAILABLE	5,917	90.0%	80.13%
	REGENCE GROUP	11		0.15%
PREMERA		12	100.0%	0.16%
PROVIDENCE HEALTH PLAN		1		0.01%
SHARP HEALTH PLAN		2		0.03%
TRICARE MILITARY HEALTH SVC SYS		304	94.5%	4.12%
UNITED HEALTH GROUP	HEALTH NET OF THE NORTHEAST	2		0.03%
	NO REGIONAL AVAILABLE	14	23.1%	0.19%
	PACIFICARE	28	90.0%	0.38%
WELLPOINT	ANTHEM	210	88.2%	2.84%
	LUMENOS	4	100.0%	0.05%
	UNICARE	1		0.01%
WESTERN HEALTH ADVANTAGE		26	81.3%	0.35%
CALIFORNIA COMMERCIAL CLAIMS TOTAL		7,384	89.5%	100.00%

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Source: 1Q11 Wolters Kluwer Kadian Market Landscape database

1Q11 CA Medicare Part D Kadian® Claims

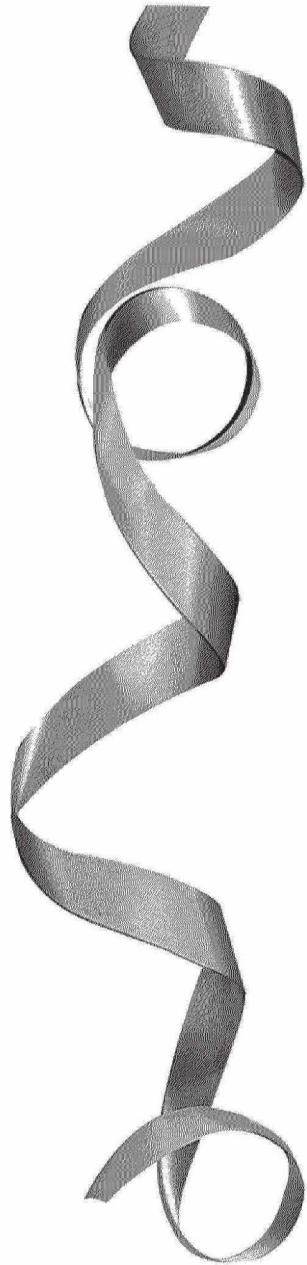


NATIONAL PAYER	REGIONAL PAYER	TRx's	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		24	100.0%	0.73%
ARCADIAN HEALTH PLAN		1	66.7%	0.03%
CIGNA HEALTHCARE		3		0.09%
CONTRA COSTA HEALTH PLAN		4		0.12%
COVENTRY HEALTH CARE		108	86.6%	3.28%
ENVISIONRX OPTIONS PLUS		11	100.0%	0.33%
HEALTH NET		541	93.9%	16.43%
HEALTHSPRING	BRAVO HEALTH	194	62.9%	5.89%
HUMANA HEALTH PLAN		283	86.3%	8.59%
INDEPENDENCE BC EAST	AMERIHEALTH	1		0.03%
INLAND EMPIRE HEALTH PLAN		2	100.0%	0.06%
INTER VALLEY HEALTH PLAN		4		0.12%
MEDCO MEDICARE PRESCRIPTION PLAN		12	75.0%	0.36%
MOLINA HEALTHCARE		1	100.0%	0.03%
	BS CA	27	92.9%	0.82%
	NO REGIONAL AVAILABLE	701	87.0%	21.29%
RX AMERICA		573	87.6%	17.40%
SCAN HEALTH PLAN		8	50.0%	0.24%
SILVERSCRIPT		19	100.0%	0.58%
UNITED AMERICAN INSURANCE COMPANY		9	80.0%	0.27%
UNITED HEALTH GROUP		493	88.7%	14.97%
UNIVERSAL AMERICAN CORP		22	85.7%	0.67%
WELLCARE MANAGEMENT GROUP		140	64.6%	4.25%
WELLPOINT	ANTHEM	112	78.9%	3.40%
CALIFORNIA MEDICARE PART D CLAIMS TOTAL		3,293	84.1%	100.00%

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Source: 1Q11 Wolters Kluwer Kadian Market Landscape database



Kadian® Territory Expansion Commercial Formulary Coverage

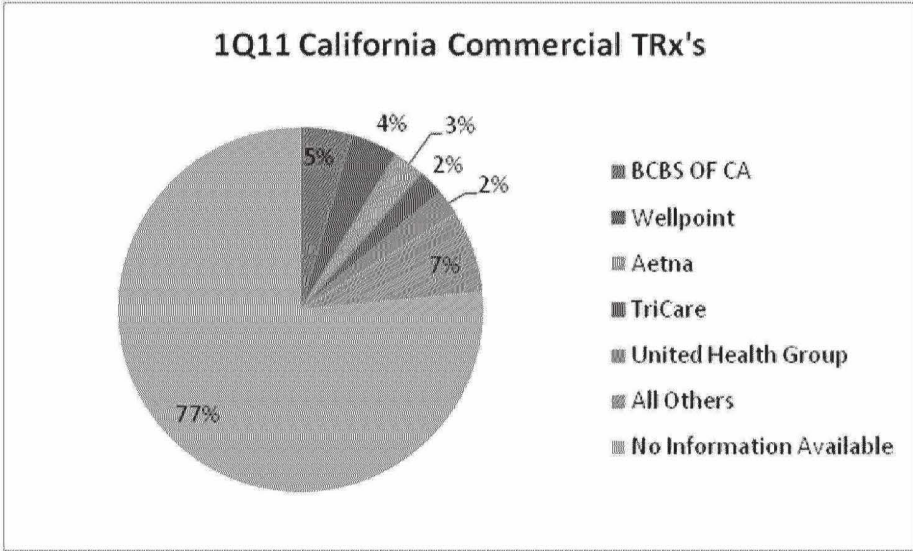


California

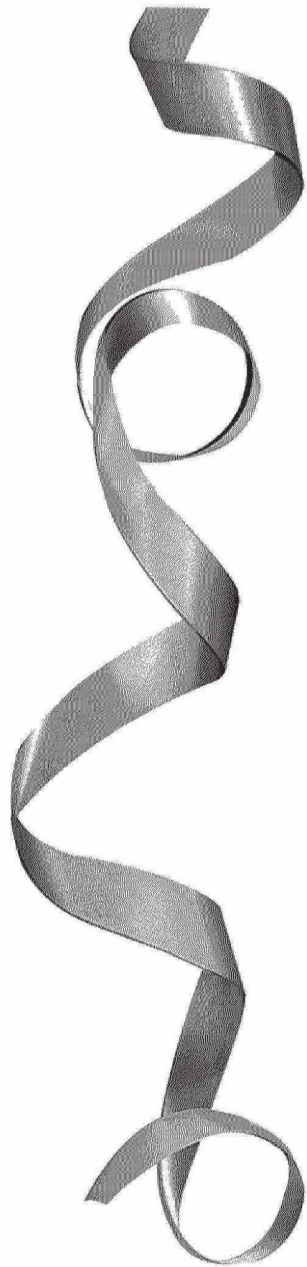
Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- BCBS of CA** 2,771
- Wellpoint (Anthem)** 2,565
- Aetna** 1,706
- TriCare** 1,412
- United Health Group 1,376

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:
-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)



Kadian® Territory Expansion Medicare Part D Formulary Coverage

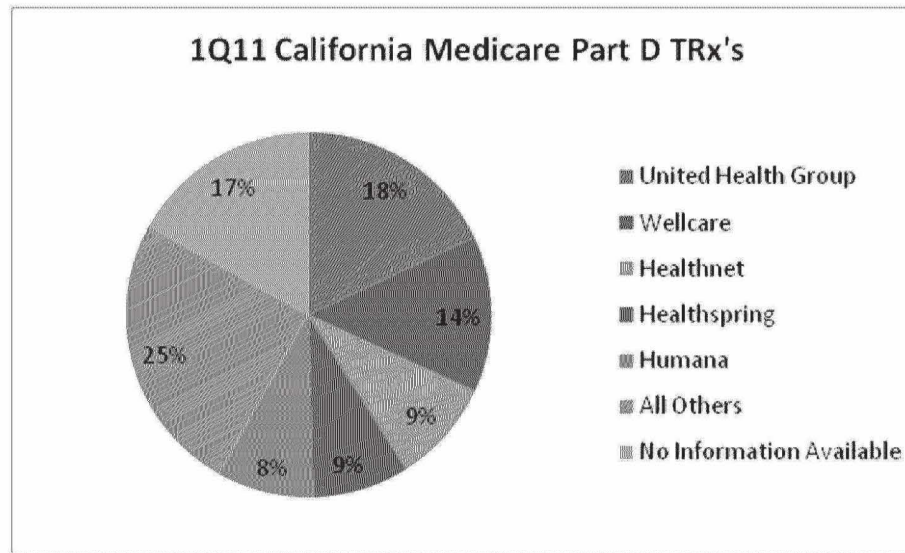


California

Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- United Health Group** 6,660
- Wellcare 5,096
- Healthnet** 3,381
- Healthspring 3,177
- Humana** 3,144

****Kadian® has formulary coverage for 3 of the 5 plans!!****



Notes:

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-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)

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1Q11 FL Commercial Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRx's	APPROVAL RATE	TOTAL CLAIMS
AETNA US HEALTHCARE		209	91.7%	4.68%
AVMED HEALTH PLANS		96	97.8%	2.15%
BCBS FL		341	93.0%	7.64%
CAPITAL HEALTH PLAN		6	100.0%	0.13%
CIGNA HEALTHCARE		126	98.9%	2.82%
COVENTRY HEALTH CARE		56	97.4%	1.25%
EMBLEMHEALTH	GROUP HEALTH INCORPORATED	1	100.0%	0.02%
HEALTH FIRST HEALTH PLAN		2	100.0%	0.04%
HIGHMARK BCBS	MOUNTAIN STATE BCBS	2	100.0%	0.04%
	NO REGIONAL AVAILABLE	10	100.0%	0.22%
HUMANA HEALTH PLAN		284	94.3%	6.36%
MERCYCARE HEALTH PLANS		3		0.07%
NO NATIONAL AVAILABLE	BCBS AL	12	66.7%	0.27%
	BCBS MA	3	100.0%	0.07%
	BCBS MI	15	94.4%	0.34%
	BCBS NC	4	100.0%	0.09%
	BCBS RI	4	100.0%	0.09%
	BCBS TN	1		0.02%
	BS CA	1		0.02%
	CAREFIRST BCBS	1	50.0%	0.02%
	EXCELLUS HEALTH PLAN	3	100.0%	0.07%
	HEALTH CARE SERVICES CORPORATION HCSC	34	90.9%	0.76%
	HORIZON BCBS NJ	4		0.09%
	NO REGIONAL AVAILABLE	2,736	95.2%	61.30%
	REGENCE GROUP	3	100.0%	0.07%
PREMERA		2	100.0%	0.04%
SPECTRUM PRIORITY HEALTH		6	100.0%	0.13%
TOTAL HEALTH CARE PLAN		8	96.7%	0.18%
TRICARE MILITARY HEALTH SVC SYS		379	96.9%	8.49%
UNITED HEALTH GROUP	GOLDEN RULE	4	100.0%	0.09%
	NO REGIONAL AVAILABLE	79	68.9%	1.77%
	PACIFICARE	3		0.07%
WELLMARK		8	100.0%	0.18%
WELLPOINT	ANTHEM	2	100.0%	0.04%
	EMPIRE BCBS	1	100.0%	0.02%
	NO REGIONAL AVAILABLE	10		0.22%
	UNICARE	4		0.09%
FLORIDA TOTAL COMMERCIAL CLAIMS		4,463	94.3%	100.00%

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1Q11 FL Medicare Part D Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRX'S	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		10		0.54%
AMERIGROUP		4		0.21%
AVMED HEALTH PLANS		13	100.0%	0.70%
BCBS FL		19	50.0%	1.02%
CIGNA HEALTHCARE		23	90.0%	1.23%
COVENTRY HEALTH CARE		98	95.8%	5.26%
ENVISIONRX OPTIONS PLUS		29	100.0%	1.56%
HEALTH NET		102	98.3%	5.47%
HUMANA HEALTH PLAN		208	92.3%	11.16%
MEDCO MEDICARE PRESCRIPTION PLAN		5	50.0%	0.27%
NO NATIONAL AVAILABLE	BCBS MI	1	100.0%	0.05%
	NO REGIONAL AVAILABL	466	82.6%	25.00%
QUALITY HEALTH PLANS		10	100.0%	0.54%
RX AMERICA		332	89.0%	17.81%
SILVERSCRIPT		25	75.0%	1.34%
UNITED AMERICAN INSURANCE COMPANY		9	100.0%	0.48%
UNITED HEALTH GROUP		356	96.2%	19.10%
UNIVERSAL AMERICAN CORP		131	78.7%	7.03%
UNIVERSAL HEALTH CARE		7	100.0%	0.38%
WELLCARE MANAGEMENT GROUP		13	100.0%	0.70%
WELLPOINT	ANTHEM	2	100.0%	0.11%
	UNICARE	1	0.0%	0.05%
FLORIDA MEDICARE PART D CLAIMS TOTAL		1,864	91.5%	100.0%

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Kadian® Territory Expansion Commercial Formulary Coverage

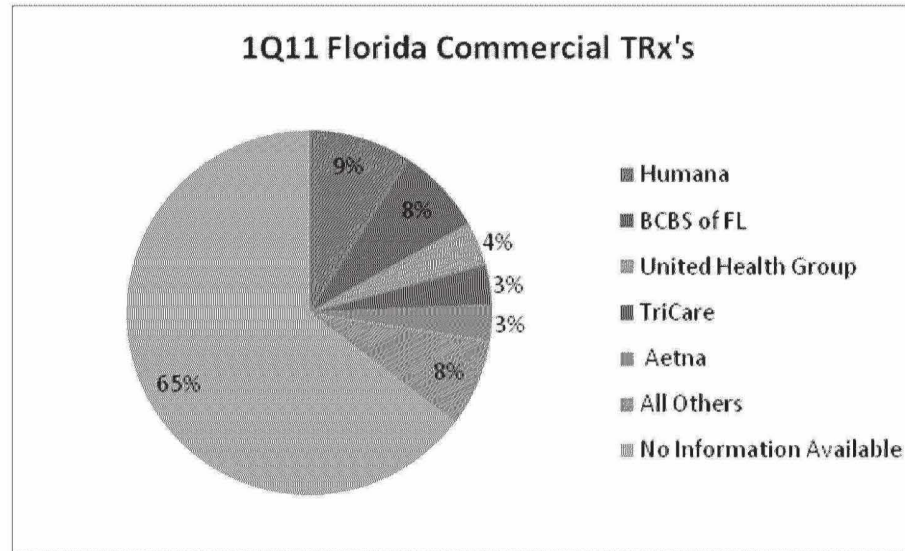


Florida

Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

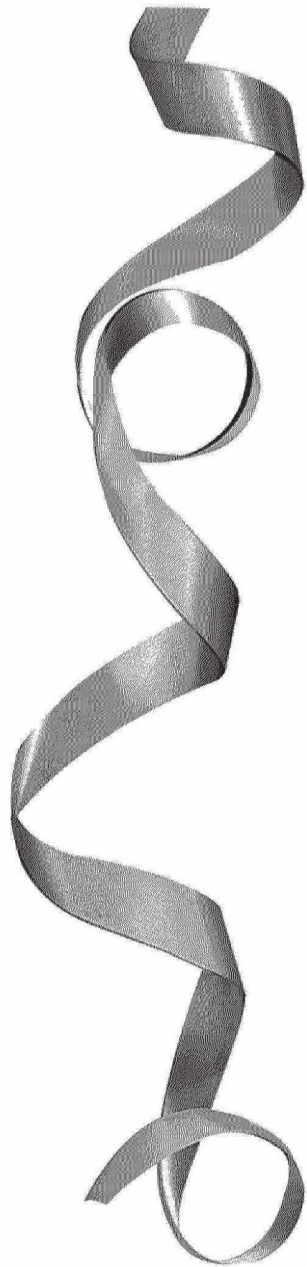
- Humana** 4,267
- BCBS of Florida** 3,597
- United Health Group 1,777
- TriCare** 1,668
- Aetna** 1,458

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:

-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)



Kadian® Territory Expansion Medicare Part D Formulary Coverage

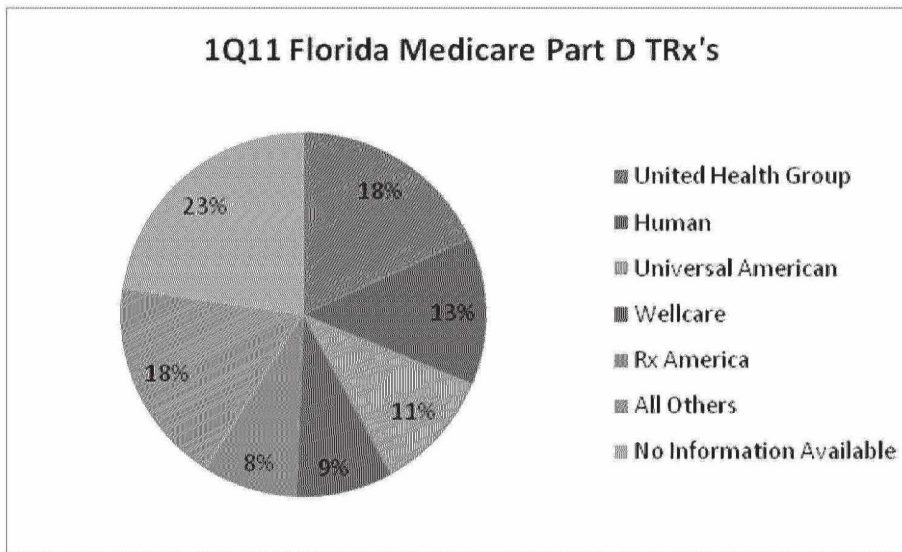


Florida

Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- United Health Group** 4,886
- Humana** 3,512
- Universal American** 2,894
- Wellcare 2,333
- Rx America** 2,232

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:

-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)

1Q11 PA Commercial Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRxs	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		197	84.8%	5.58%
BCBS FL		4		0.11%
CAPITAL BC PA CENTRAL		24	94.1%	0.68%
CIGNA HEALTHCARE		10	83.3%	0.28%
COVENTRY HEALTH CARE	HEALTHAMERICA	58	82.9%	1.64%
GEISINGER HEALTH SYSTEM		4	33.3%	0.11%
HARVARD PILGRIM HEALTHCARE		4		0.11%
HEALTH NET		2		0.06%
HIGHMARK BCBS		100	80.3%	2.83%
HUMANA HEALTH PLAN		3		0.08%
INDEPENDENCE BC EAST		43	86.1%	1.22%
MEDICAL MUTUAL		1		0.03%
MVP HEALTH CARE PREFERRED CARE		4		0.11%
NO NATIONAL AVAILABLE	BC PA NE	12	0.0%	0.34%
	BCBS AL	3	100.0%	0.08%
	BCBS MA	1	100.0%	0.03%
	BCBS MI	1	100.0%	0.03%
	BCBS MN	4	100.0%	0.11%
	BS CA	2		0.06%
	EXCELLUS HEALTH PLAN	5		0.14%
	HEALTH CARE SERVICES CORPORATION HCSC	12	100.0%	0.34%
	HORIZON BCBS NJ	14		0.40%
	NO REGIONAL AVAILABLE	2,944	86.2%	83.38%
TRICARE MILITARY HEALTH SVC SYS		59	94.7%	1.67%
UNITED HEALTH GROUP	NO REGIONAL AVAILABLE	5	0.0%	0.14%
	PACIFICARE	2		0.06%
UPMC HEALTH PLAN		5	60.0%	0.14%
WELLPOINT	ANTHEM	3		0.08%
	UNICARE	5		0.14%
PENNSYLVANIA COMMERCIAL CLAIMS TOTAL		3,531	85.2%	100.00%

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1Q11 PA Medicare Part D Kadian® Claims

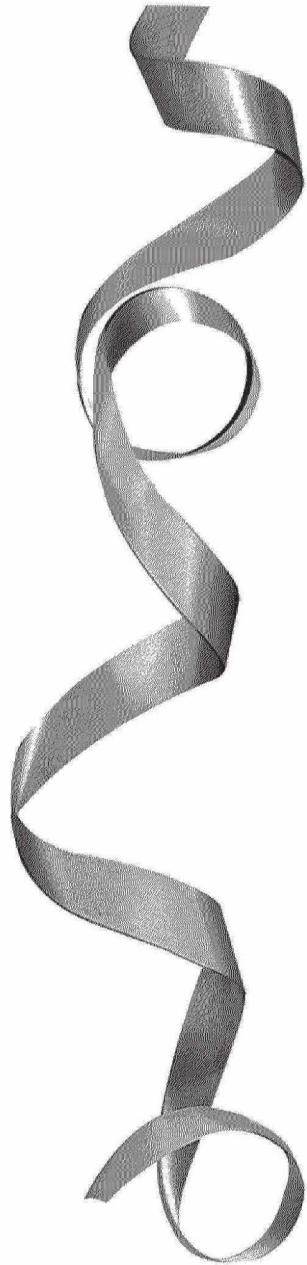


NATIONAL PAYER	REGIONAL PAYER	TRx	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		27	100.0%	2.09%
CIGNA HEALTHCARE		58	85.4%	4.50%
COVENTRY HEALTH CARE		39	88.5%	3.02%
ENVISIONRX OPTIONS PLUS		4	100.0%	0.31%
GATEWAY HEALTH PLAN		2	0.0%	0.16%
GEISINGER HEALTH SYSTEM		1		0.08%
HEALTH NET		13	88.9%	1.01%
HEALTHFIRST		2		0.16%
HEALTHSPRING	BRAVO HEALTH	22	82.4%	1.71%
HIGHMARK BCBS		84	90.2%	6.51%
HUMANA HEALTH PLAN		101	97.5%	7.83%
INDEPENDENCE BC EAST	AMERIHEALTH	19	65.2%	1.47%
	NO REGIONAL AVAILABLE	7	16.7%	0.54%
MEDCO MEDICARE PRESCRIPTION PLAN		3		0.23%
NO NATIONAL AVAILABLE		282	61.5%	21.86%
RX AMERICA		106	90.8%	8.22%
SILVERSCRIPT		91	84.6%	7.05%
STERLING MEDICARE RX		3		0.23%
UNITED AMERICAN INSURANCE COMPANY		1		0.08%
UNITED HEALTH GROUP	NO REGIONAL AVAILABLE	310	89.0%	24.03%
	UNISON HEALTH PLAN	2	83.3%	0.16%
UNIVERSAL AMERICAN CORP		83	73.7%	6.43%
UPMC HEALTH PLAN		15	86.7%	1.16%
WELLCARE MANAGEMENT GROUP		9	85.7%	0.70%
WELLMARK		1		0.08%
WELLPOINT	UNICARE	5	66.7%	0.39%
PENNSYLVANIA TOTAL MEDICARE PART D CLAIMS		1,290	85.1%	100.00%

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Kadian® Territory Expansion Commercial Formulary Coverage

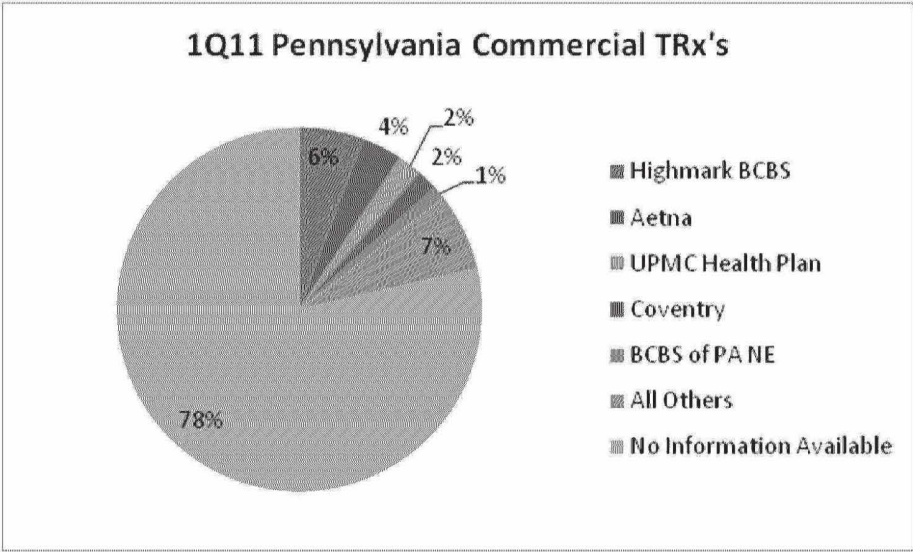


Pennsylvania

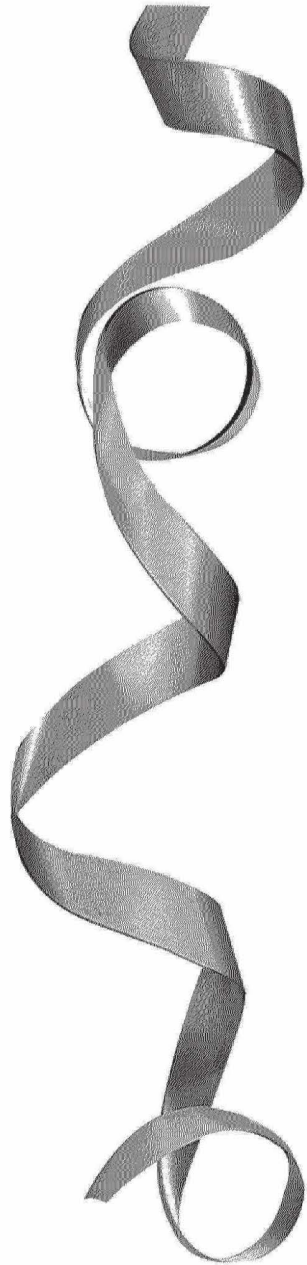
Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- Highmark** 1,912
- Aetna** 1,205
- UPMC Health Plan 712
- Coventry** 636
- BCBS of PA NE** 372

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:
-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)



Kadian® Territory Expansion Medicare Part D Formulary Coverage

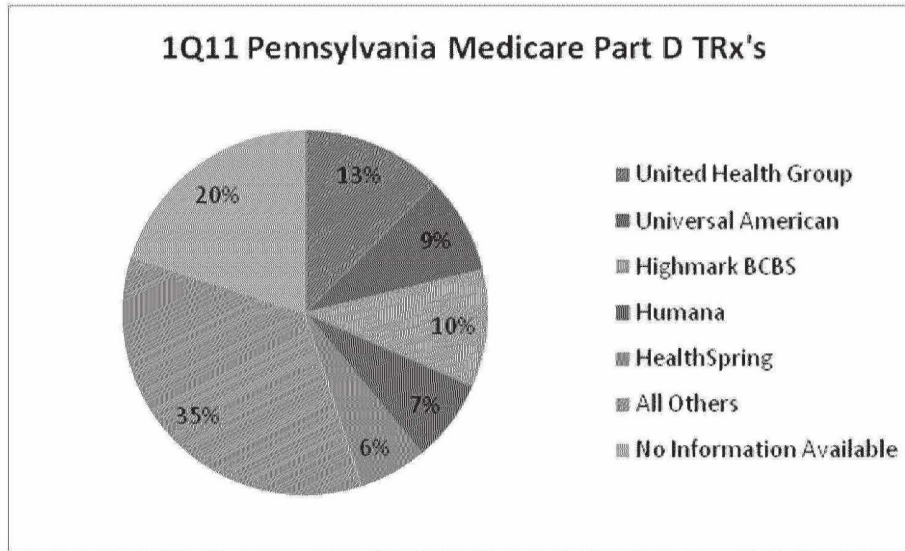


Pennsylvania

Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

- United Health Group** 2,168
- Universal American** 1,494
- Highmark BCBS** 1,793
- Humana** 1,283
- HealthSpring 1,026

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:

-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)

1Q11 TN Commercial Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRx's	APPROVAL RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		41	88.2%	1.09%
BCBS FL		17		0.45%
CIGNA HEALTHCARE		70	96.1%	1.86%
COVENTRY HEALTH CARE		7	83.3%	0.19%
DEAN HEALTH SYSTEM		5		0.13%
GEISINGER HEALTH SYSTEM		18		0.48%
HIGHMARK BCBS		10	100.0%	0.27%
HUMANA HEALTH PLAN	CARITEN HEALTHCARE	1		0.03%
	NO REGIONAL AVAILABLE	248	93.9%	6.59%
INDEPENDENCE BC EAST		2		0.05%
MEDICA HEALTH SYSTEM		1		0.03%
NO NATIONAL AVAILABLE	BCBS AL	7	100.0%	0.19%
	BCBS LA	1	100.0%	0.03%
	BCBS MI	5	100.0%	0.13%
	BCBS MO KANSAS CITY	3	100.0%	0.08%
	BCBS MS	5	100.0%	0.13%
	BCBS SC	1	100.0%	0.03%
	BCBS TN	42	94.1%	1.12%
	CAREFIRST BCBS	5		0.13%
	EXCELLUS HEALTH PLAN	4	100.0%	0.11%
	HEALTH CARE SERVICES CORPORATION	11	100.0%	0.29%
	NO REGIONAL AVAILABLE	3,042	92.9%	80.80%
TRICARE MILITARY HEALTH SVC SYS		183	92.6%	4.86%
UNITED HEALTH GROUP	NO REGIONAL AVAILABLE	9	50.0%	0.24%
	UNITED HEALTHCARE RIVER VALLEY	4	50.0%	0.11%
WELLPOINT	ANTHEM	3		0.08%
	UNICARE	20		0.53%
TENNESSEE COMMERCIAL CLAIMS TOTAL		3,765	92.6%	100.00%

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1Q11 TN Medicare Part D Kadian® Claims



NATIONAL PAYER	REGIONAL PAYER	TRx	APPROVA L RATE	% OF TOTAL CLAIMS
AETNA US HEALTHCARE		6		0.37%
CIGNA HEALTHCARE		73	74.5%	4.55%
COVENTRY HEALTH CARE		142	93.2%	8.85%
ENVISIONRX OPTIONS PLUS		24	100.0%	1.50%
HEALTH NET		10	100.0%	0.62%
HEALTHSPRING		5	45.5%	0.31%
HUMANA HEALTH PLAN		103	92.9%	6.42%
MEDCO MEDICARE PRESCRIPTION PLAN		1		0.06%
NO NATIONAL AVAILABLE	BCBS AL	43	100.0%	2.68%
	BCBS MA	2		0.12%
	BCBS MI	2	100.0%	0.12%
	BCBS TN	56	92.9%	3.49%
	NO REGIONAL AVAILABLE	328	90.0%	0.12%
ODS HEALTH PLANS		2		0.12%
RX AMERICA		62	94.0%	3.87%
SILVERSCRIPT		83	91.8%	5.17%
STERLING MEDICARE RX		1	100.0%	0.06%
UNITED AMERICAN INSURANCE COMPANY		11	100.0%	0.69%
UNITED HEALTH GROUP	NO REGIONAL AVAILABLE	362	95.7%	22.57%
	UNITED HEALTHCARE RIVER VALLEY	55	86.1%	3.43%
UNIVERSAL AMERICAN CORP		82	63.9%	5.11%
WELLCARE MANAGEMENT GROUP		17	80.0%	1.06%
WELLPOINT	UNICARE	2	100.0%	0.12%
WINDSOR HEALTH PLAN Total		132	81.4%	8.23%
TENNESSEE MEDICARE PART D TOTAL CLAIMS		1,604	87.6%	100.00%

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Kadian® Territory Expansion Commercial Formulary Coverage

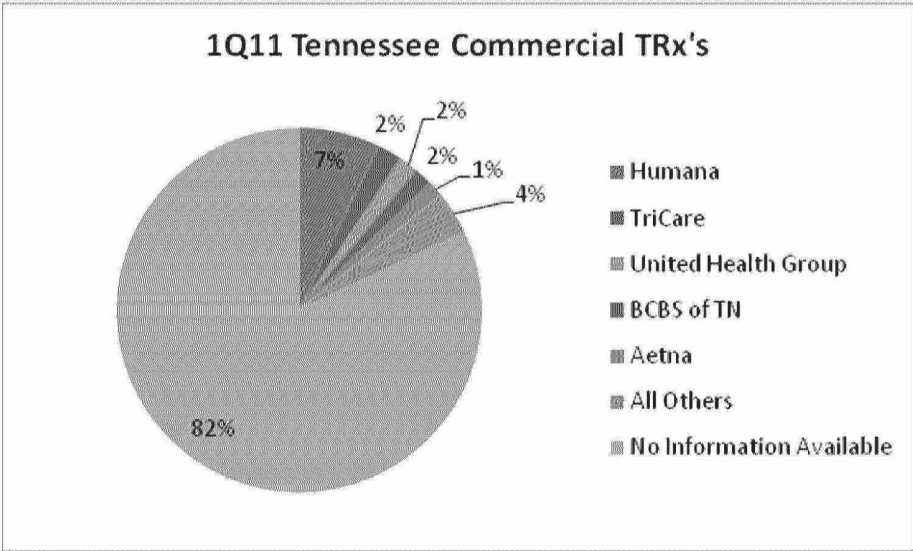


Tennessee

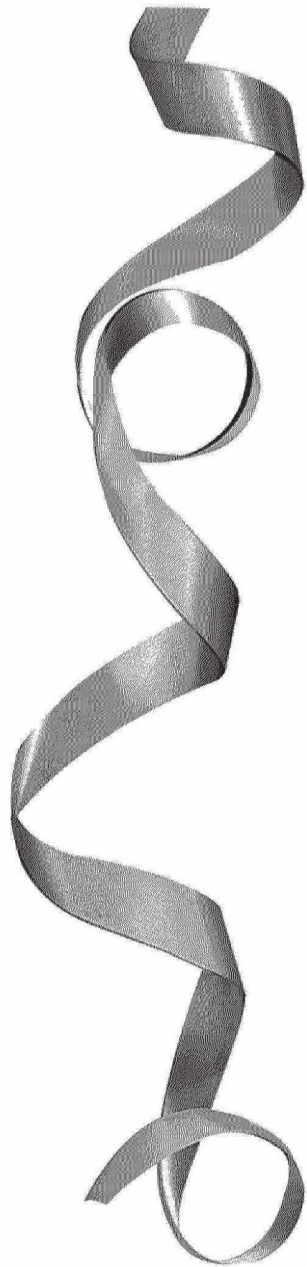
Top 5 Health Plans for Morphine Sulfate TRx's in 1Q11*

• Humana**	2,389
• TriCare**	721
• United Health Group	567
• BCBS of TN**	548
• Aetna**	444

****Kadian® has formulary coverage for 4 of the 5 plans!!****



Notes:
-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)



Kadian® Territory Expansion Medicare Part D Formulary Coverage

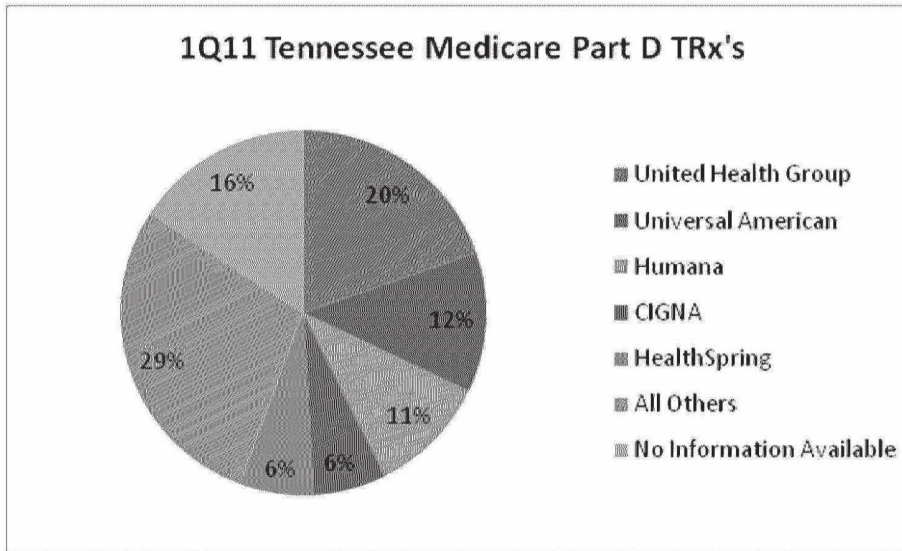


Tennessee

Top 5 Health Plans for Morphine Sulfate TRX's in 1Q11*

- United Health Group** 3,241
- Universal American** 2,032
- Humana** 1,740
- CIGNA** 1,078
- HealthSpring 1,066

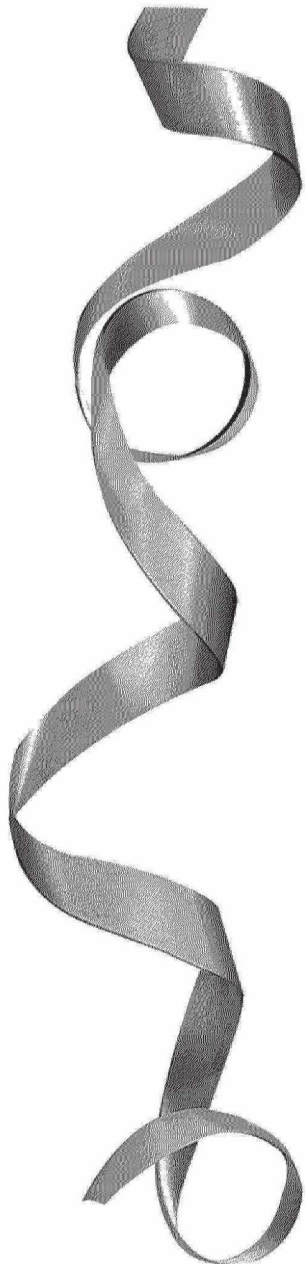
****Kadian® has formulary coverage for 4 of the 5 plans!!****

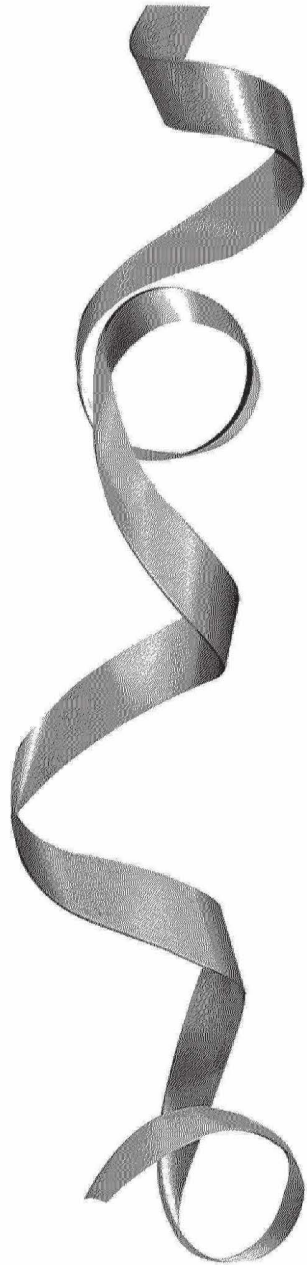


Notes:

-The **All Other** category includes National Health Plans & small Regional Plans
-The **No Information Available** category represents plans that are not linked to a National or Regional plan. (eg. Assistance Programs or Employer Groups)

Managed Care Focus





Managed Care Focus



- Retention of Key Accounts and Maximizing Current Performance
 - Close monitoring and collaboration in conjunction with rebate payments
 - Schedule calls to review results and maximized results
 - Dual ownership of responsibility to support performance
 - Evaluate current programs to add additional lives and formulary coverage
 - New Plan Structure-Market Share Driven
 - Currently pay for access
 - Evaluating pay for performance-market share driven

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Managed Care Focus

- Strategic Targeting of Plans
 - WK data
 - Detailed data available but field input is needed
 - Identify Plans where we can extend into Commercial or Medicare Part D based on having one of the two
 - Identifying Potential New Business
 - Who are our ideal candidates?
 - What benefits can we expect?
 - Working with RBD's & ABM 's
 - Feedback

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Contract Pull Through is Required



- Although a contract is in place, the sales for KADIAN® have not followed:
 - Universal American

Gross Sales	
2Q10	2Q11
\$ 2,382,946.07	\$ 1,010,588.61
Total TRx's	
2Q10	2Q11
5576	2054

Top 10 States for Universal American TRx's in 2010*:

STATE	TRX'S
TN	1191
PA	1069
FL	1001
OH	851
WI	766
TX	697
NY	578
MI	577
OK	480
MO	431

****THE TOP 10 STATES
MADE UP 59.29% OF
THE TOTAL UNIVERSAL
AMERICAN TR'S IN
2010****

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**Source: Wolters Kluwer Kadian Market Landscape
database*

Overcoming Managed Care Obstacles

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Overcoming Managed Care Obstacles

- Patients
 - Continued increase in price sensitivity
 - Addressing
 - Strong formulary coverage
 - Co-pay cards
 - Next line of therapy if/when generics fail
- Payers
 - Continued shifting costs to patients
 - Formulary controls intensify (ex. United Health Care)
- Health Care Providers
 - Formulary uncertainty (Formulary Compass)
 - Evidence in value based prescribing
 - Prior Authorizations

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Managed Markets Summary



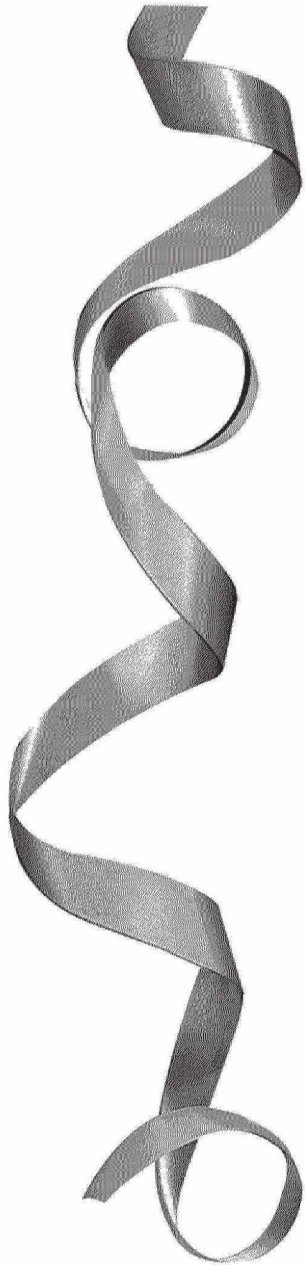
- Overall status is positive
 - Commercial & Medicare Part D contracts continue into 2012
- 93.5%* of KADIAN® prescriptions being filled at the pharmacy are paid
- Continue to evaluate plans where we can gain meaningful access and market share
- Managed markets will continue to support KADIAN® sales growth
- Need field input on where KADIAN® lacks formulary coverage and scripts are being lost

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*Source: RelayHealth April 2011

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Questions?

“Putting It All Together”

2011 KADIAN[®] National Sales Meeting



KADI1020-3



KADI1020-3

Marketing Overview

Jennifer Altier



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Agenda

- Promotional Tactics
 - Current
 - New
- Market Research Results
- Objection Handling

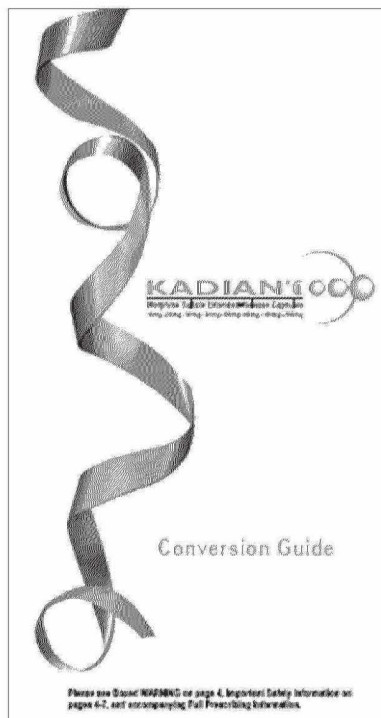
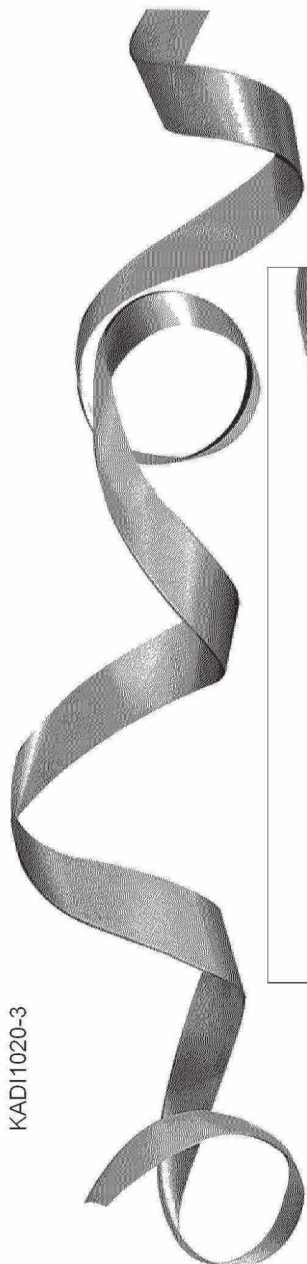
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Current Tactics



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New Resources



Rx only

KADIAN
Morphine Sulfate
Extended-Release Capsules
10mg - 20mg - 30mg - 50mg - 60mg - 80mg - 100mg - 200mg

KADIAN® helps reduce costs for your patients

KADIAN® has formulary coverage for 93% of patients in the top 25 US Health Plans.*

The KADIAN® Co-Pay Assistance Program saves patients up to \$50 towards prescriptions for KADIAN®.

Co-Pay Card may be used twice each month.

To learn more about formulary coverage in your area or for Co-Pay Assistance Cards, contact your KADIAN® representative.

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KADI1014

*AIS Directory of Health Plans: 2010, Fingertip Formulary, October 2010, and Data on File at Actavis Elizabeth LLC.
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Printed in USA

WARNING:
KADIAN® contains morphine sulfate, an opioid agonist and a Schedule II controlled substance, with an abuse liability similar to other opioid analgesics. KADIAN® can be abused in a manner similar to other opioid agonists, legal or illicit. This should be considered when prescribing or dispensing KADIAN® in situations where the physician or pharmacist is concerned about an increased risk of misuse, abuse or diversion.

KADIAN® capsules are an extended-release oral formulation of morphine sulfate indicated for the management of moderate to severe pain when a continuous, around-the-clock opioid analgesic is needed for an extended period of time.

KADIAN® Capsules are NOT for use as a prn analgesic. KADIAN® 100 mg and 200 mg Capsules ARE FOR USE IN OPIOID-TOLERANT PATIENTS ONLY. Ingestion of these capsules or of the pellets within the capsules may cause fatal respiratory depression when administered to patients not already tolerant to high doses of opioids.

KADIAN® CAPSULES ARE TO BE SWALLOWED WHOLE OR THE CONTENTS OF THE CAPSULES SPRINKLED ON APPLE SAUCE. THE PELLETS IN THE CAPSULES ARE NOT TO BE CHEWED, CRUSHED, OR DISSOLVED DUE TO THE RISK OF RAPID RELEASE AND ABSORPTION OF A POTENTIALLY FATAL DOSE OF MORPHINE.

Please see attached Full Prescribing Information, including Boxed WARNING.

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5

ACTAVIS0413285

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Shelf Talker



- Designed to hang in sample closets
- Companion piece to co-pay cards
- Highlights favorable formulary status and co-pay assistance program

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Exhibit Panels



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The KADIAN® Co-Pay Assistance Program saves patients up to \$80 towards prescriptions for KADIAN®.

To learn more about formulary coverage in your area or for Co-Pay Assistance Cards, contact your KADIAN® representative.

INDICATIONS
KADIAN® capsules are an extended-release oral formulation of morphine for management of moderate to severe pain that is continuous in nature and requires for an ongoing period of time.

Warnings
KADIAN® capsules contain oxycodone, an opioid agonist, and hydrocodone, a partial opioid agonist. KADIAN® may be abused to produce euphoria or a condition known as "high" or "rush" by crushing KADIAN® capsules and inhaling the powder or snorting the powder. Abuse may lead to addiction, abuse, or death.

Contraindications
KADIAN® capsules are contraindicated in patients with acute or chronic respiratory depression or severe asthma. Do not use KADIAN® capsules in patients with acute or chronic respiratory depression or severe asthma.

Warnings
KADIAN® capsules may cause drowsiness, dizziness, and impaired judgment. Patients should avoid driving or operating machinery until they are no longer affected by the medication.

Warnings
KADIAN® capsules may cause respiratory depression, which may be fatal. Patients should be monitored for respiratory depression, especially during the first 24 hours of treatment.

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Dosing flexibility with KADIAN®



- Dosing flexibility: the need of any individual patient
- Flexibility in dose of 10 mg
- Dose up to 200 mg
- In accordance with American Pain Society guidelines about low total opioid

As a capsule

Capsule can be used as a capsule

Oral tube dosing

Oral tube dosing is the preferred method for patients who have difficulty swallowing

Oral tube dosing

Oral tube dosing is the preferred method for patients who have difficulty swallowing

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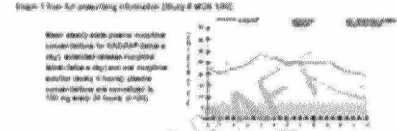
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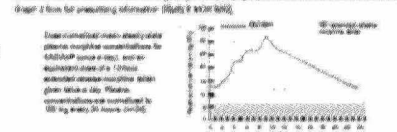
Mean Steady State Plasma Levels

Graph 1 from the prescribing information (Study # M201101)



Dose Normalized Mean Steady State Plasma Levels

Graph 2 from the prescribing information (Study # M201101)



INDICATIONS
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Warnings
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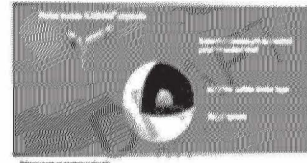
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Reliable morphine delivery



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Exhibit Panels



- Multiple panels designed for table top displays at HCP conventions
- Panels scheduled to be available in Spring 2011
- A set of panels will be created for each region and managed by a selected ABM



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Co-Pay Cards & Carrier



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KADIAN
Morphine Sulfate
Extended-Release Capsules

Save up to
\$50
toward your
KADIAN
prescriptions.

Please see boxed **WARNING** on page 2, Important Safety Information on pages 2-7, and accompanying Full Prescribing Information.
For questions about this program, please call the Help Desk at 1-877-637-4629.

Save up to
\$50 toward your
KADIAN
prescriptions.

Please read accompanying Full Prescribing Information.

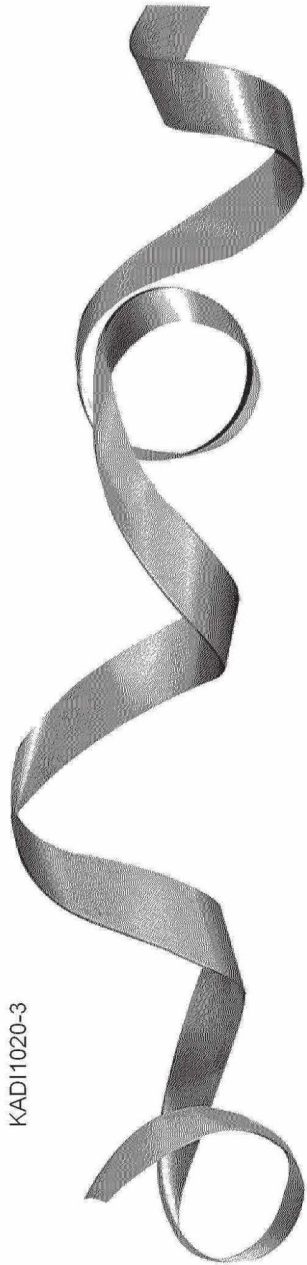
KADIAN
Morphine Sulfate Extended-Release Capsules

For more information about KADIAN, please visit www.KADIAN.com or call 1-877-637-4629

Bin #: 004682	RxPCN: CN
Group #:	ID #:



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Co-Pay Card Carrier



- Will be available in Q1 2011
- Co-pay cards attached to brochure
- Stands will be provided with the carriers

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Key Promotional Messages

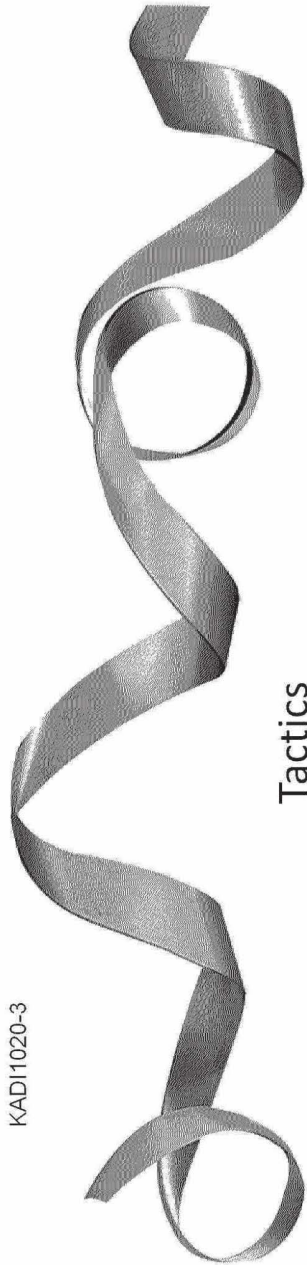


- Flexible Dosing/Multiple Dosing Strengths
 - Detail Aid
 - Dosing Guide
- Safety (Switching)
 - Conversion Guide
- Access/Financial Benefits
 - Co-Pay Cards
 - MediMedia FormTrak on Demand templates
 - Shelf Talker

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Putting it all Together in 2011

KADIAN®



Targets

	New/Low Decile Targets (Dosing)	Splitters (Switching)	Loyalists (Access)
Detail Aid	✓		
Dosing Guide	✓		
Conversion Guide	✓	✓	
Co-Pay Cards/Carriers	✓	✓	✓
Shelf-Talker	✓	✓	✓
Form Trak on Demand	✓	✓	✓

Tactics



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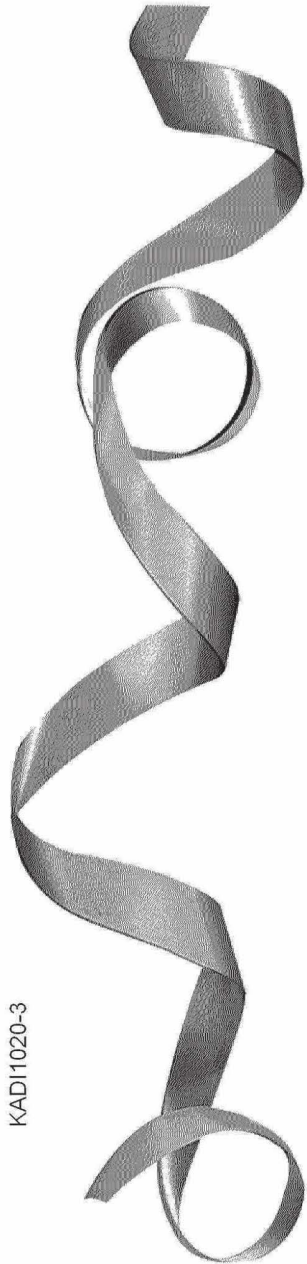
Promotional “Do’s”

- DO discuss safety considerations associated with KADIAN[®] with prescribers during sales calls
 - KADIAN[®] has a Boxed Warning and is associated with a number of serious risks, many of which are potentially fatal
- DO communicate the full indication for KADIAN[®] during discussions with prescribers



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Promotional “Do’s”



- DO discuss KADIAN[®] product features described in the PI, including:
 - KADIAN[®] contains morphine as its active ingredient and has a long history of safety and efficacy when used as indicated
 - KADIAN[®] contains morphine sulfate, an opioid agonist and a Schedule II controlled substance, with an abuse liability similar to other opioid analgesics.
 - KADIAN[®] can be abused in a manner similar to other opioid agonists, legal or illicit. This should be considered when prescribing or dispensing KADIAN[®] in situations where the physician or pharmacist is concerned about an increased risk of misuse, abuse or diversion.
- KADIAN[®] has a well known side effect profile
 - The most frequent less severe adverse events include drowsiness, dizziness, constipation and nausea



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Promotional “Do’s”



- DO discuss marketing and patient support programs, reimbursement status and product availability
 - KADIAN® has a generous co-pay assistance program. Its \$50 co-pay card significantly reduces the patient’s out-of-pocket expenses
 - KADIAN® has excellent managed care coverage with most plans at second or third tier
 - KADIAN® is in a preferred position on many state public aid programs
 - KADIAN® is stocked in pharmacies nationwide



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Promotional “Don’ts”



- **DO NOT** make comparative product claims
 - Do not say or imply that KADIAN[®] is safer or more effective than another drug
- **DO NOT** make unsubstantiated efficacy claims
 - We do not have substantial evidence to demonstrate that the level of pain reduction experienced by patients on KADIAN[®] therapy corresponds with a positive impact on a patient’s work, physical and mental functioning, daily activities, or enjoyment of life

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Market Research Results

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Background



- Telephone interviews with pain medicine specialists were conducted from December 10-24, 2010.
 - N=29 physicians were interviewed from three categories identified by Actavis: Loyalists N=10, Competitors N=9 and Spreaders N=10.



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Key Findings



- Physicians prefer to write branded products but the pre-authorization process is cumbersome and coverage is minimal- ultimately patients can't afford these meds because they can't get them covered or approved.
 - Many physicians are forced to write generics to lower costs or in an effort to avoid the cumbersome, time-consuming pre-authorization process.



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Key Findings, cont'd



- Most doctors believe that branded LAO's have
 - Fewer side effects than generics
 - Are less likely to be abused or diverted vs. generics
 - Typically more efficacious than generics
- Most physicians' #1 concern with LAOs is the potential for abuse & diversion
- Efficacy and safety are the most important product characteristics to physicians



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Key Findings, cont'd



- Oxycontin® overwhelmingly has the most potential for abuse.
 - The new formulation of Oxycontin® is *perceived* to be better but physicians are still learning about it. Many physicians have experienced low efficacy and undesirable side effects from the new formulation and have low confidence in this med's efficacy.
 - Some physicians are unaware there is a new formulation. Many do not know whether patients are using the new formulation or the old one until the patient complains it is not working.

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Key Findings, cont'd

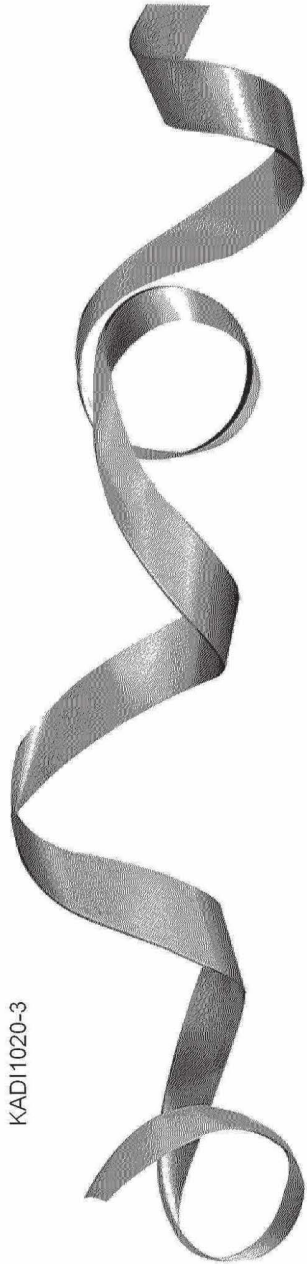


- All doctors are concerned with safety, abuse potential and diversion. Most feel that Embeda® is tamper-resistant and the safest LAO on the market. However, they also believe it is difficult to get approved and typically not affordable.
- There is general confusion regarding who represents KADIAN®. Many doctors believe that their Embeda®/ Avinza® representatives were formerly their KADIAN® reps, or that they are one in the same.

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Key Findings, cont'd: Issues for KADIAN®



- HCPs are not receiving a clear KADIAN® message
 - Most respondents have not seen a representative in over a year. Those that *have* seen a KADIAN® representative have only discussed co-pay cards
- Some physicians know KADIAN® is well-covered in their area while others don't even know if KADIAN® is still on the market.
- Some physicians think that KADIAN® is gone, because their former KADIAN® reps are now selling Embeda® and Avinza®.



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Key Findings, cont'd

Satisfaction with KADIAN®



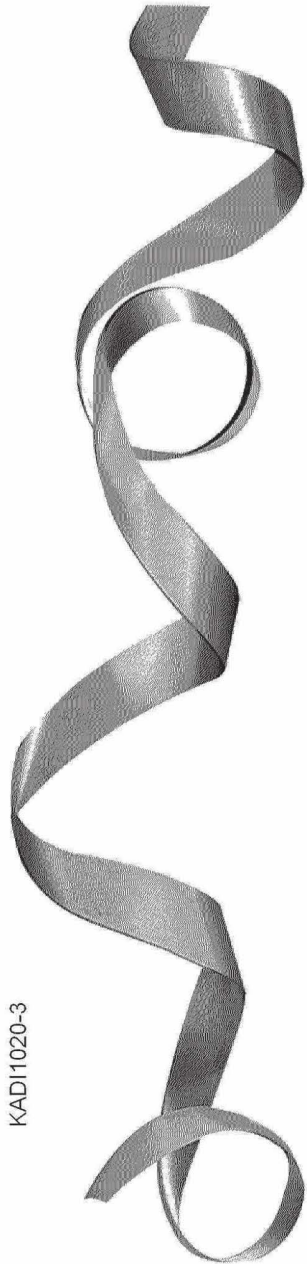
- Physicians are somewhat satisfied (4.79 out of 7) with KADIAN® because:
 - Most physicians believe KADIAN® is a safe, efficacious, “clean” drug but the newer drugs with abuse deterrent properties are more desirable and safer.
 - KADIAN® was marketed as a QD medication but most physicians agree that it really is a BID medication. Some physicians noted that psychologically, some patients don't think they can take a LAO QD and need an extra pill a day.



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Key Findings, cont'd Experience with KADIAN[®]



- When they do prescribe it, most physicians have had a good experience with KADIAN[®] and are comfortable with it. It has been around for a long time and is considered one of the safer LAOs on the market.
- Physicians are refilling KADIAN[®] prescriptions, but they are not starting *new* patients on KADIAN[®].
- Other products (Embeda[®], Avinza[®], Exalgo[®], Oxycontin[®]) are marketing heavily while KADIAN[®] relationships with physicians and staff has diminished.
 - However, KADIAN[®] is more accessible / has better coverage than the newer branded products, and often is used as a replacement when a newer product is unaffordable or not covered.



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Opportunities for KADIAN[®]



- Increase share of voice for KADIAN[®]
- Focus KADIAN[®] message
- Leverage new Oxycontin[®] formulation to convert current Oxycontin[®] patients to KADIAN[®]

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Increase Share of Voice



- Expanded sales force creates increased market presence
 - Revitalize KADIAN[®]'s presence in the market through increased sales calls and reminders that KADIAN[®] is still available



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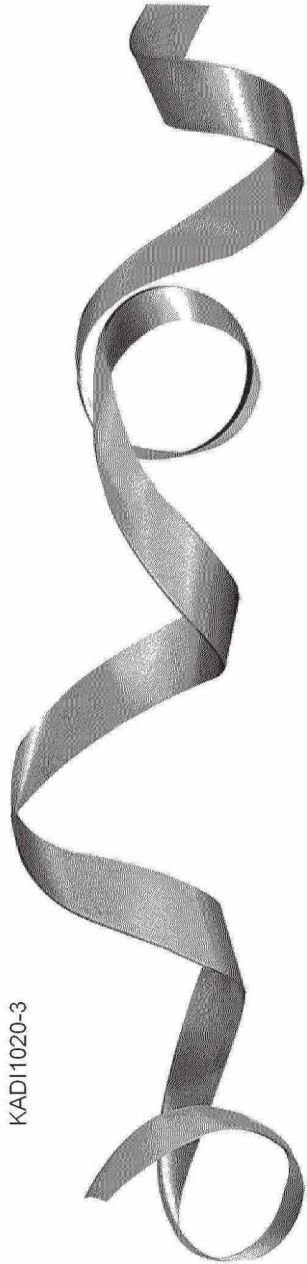
KADIAN[®] Message: Dosing



- Flexible Dosing/Multiple Dosing
Strengths: KADIAN[®] provides convenience and flexibility with once or twice a day dosing
 - **KADIAN[®] Capsules are NOT for use as a prn analgesic**



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KADIAN® Message: Safety

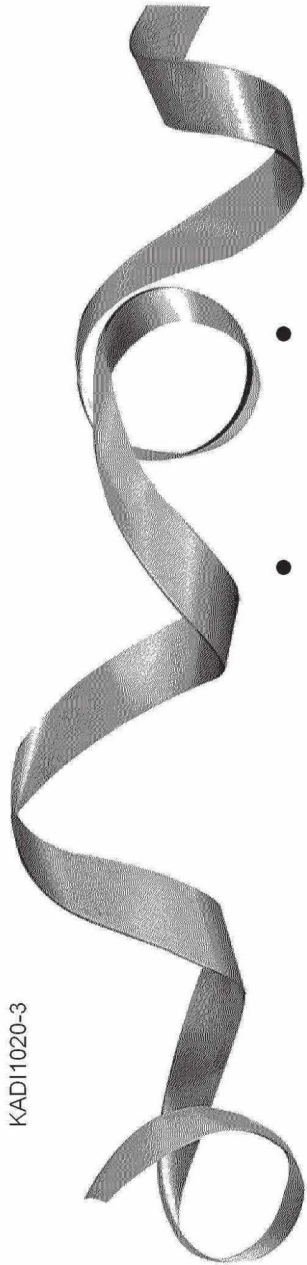


- From the market research, we found that physicians find KADIAN® to have a favorable safety profile
- Leverage HCP view of KADIAN®'s safety profile (within the known risks of this class of drugs) to gain new Rxs as well as to position KADIAN® as a viable alternative when patients are dissatisfied with the new formulation of Oxycontin®
 - KADIAN® has a well known safety profile
 - No product in the LAO class has a label supporting an abuse-deterrence claim
 - The serious adverse reactions that may be associated with KADIAN® therapy are those observed with other opioid analgesics & include respiratory depression, respiratory arrest, apnea, circulatory depression, cardiac arrest, hypotension, and/or shock



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Switching to KADIAN[®]



- Healthcare professionals need to assess each patient's treatment plan individually especially when considering changes in therapy.
- After the HCP determines that KADIAN[®] is the appropriate medication to treat their patient's pain, the information in the Conversion Guide can help the HCP determine how to transition the patient to KADIAN[®] therapy

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KADIAN[®] Message: Access

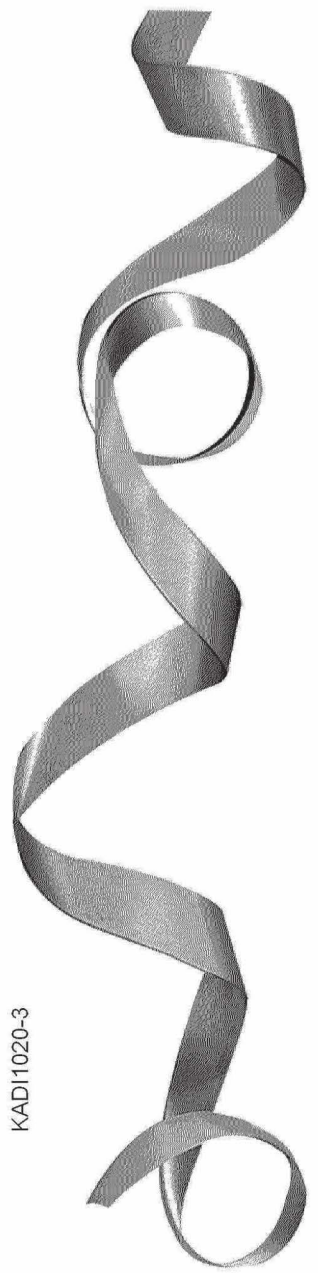


- Access: KADIAN[®]'s favorable formulary coverage, Co-Pay Assistance Program and pharmacy availability may reduce financial challenges for patients
 - KADIAN[®] has a generous Co-Pay Assistance Program. The \$50 co-pay card may significantly reduce a patient's out-of-pocket expenses
 - KADIAN[®] has excellent managed care coverage with most plans at second or third tier
 - KADIAN[®] is in a preferred position on many state public aid programs
 - KADIAN[®] is stocked in pharmacies nationwide



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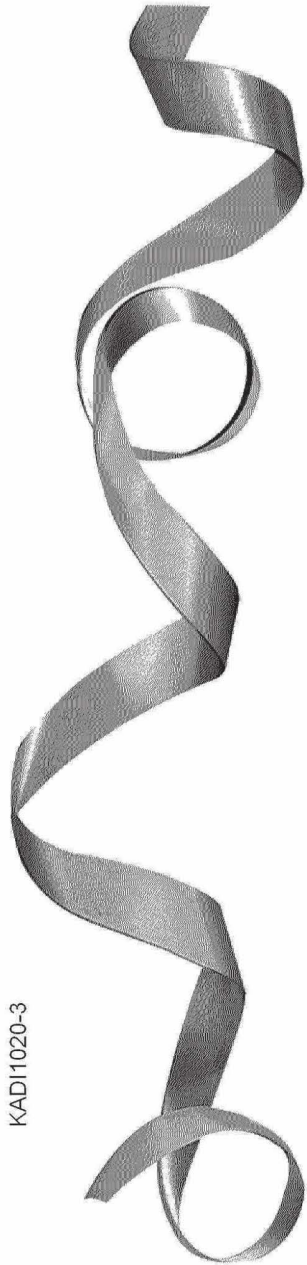


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Objection Handling



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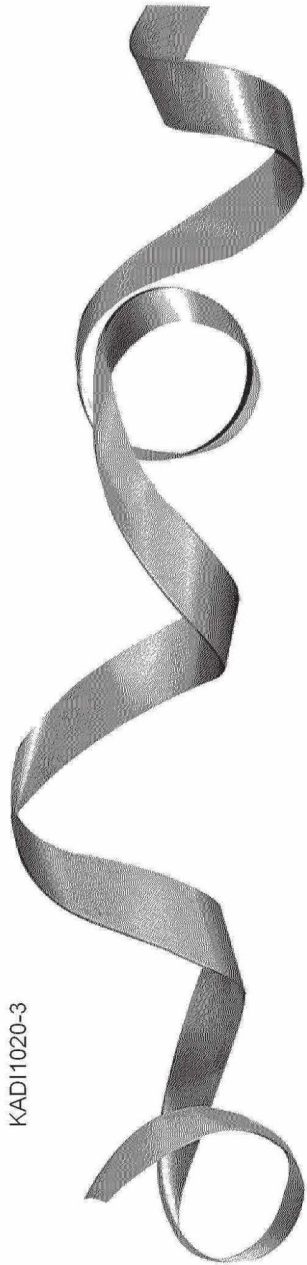
Objection Handler



- Internal resource – for your reference only
- Provides approved responses for the most common objections and training for dialogue probes
- Objections not listed on this tactic should be responded to within the guidelines of approved information



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Common Objections



KADIAN® isn't a once a day pain medication	Potential for Abuse
Insurance/Medicare Part D coverage	Morphine is Morphine
KADIAN® has gone generic	Adverse Reactions
KADIAN® costs too much	Prefer other LAOs



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Leveraging Objections



- Objections raised by HCPs create opportunities for dialogue
- Today's workshop will focus on how to turn that dialogue into selling opportunities for KADIAN®

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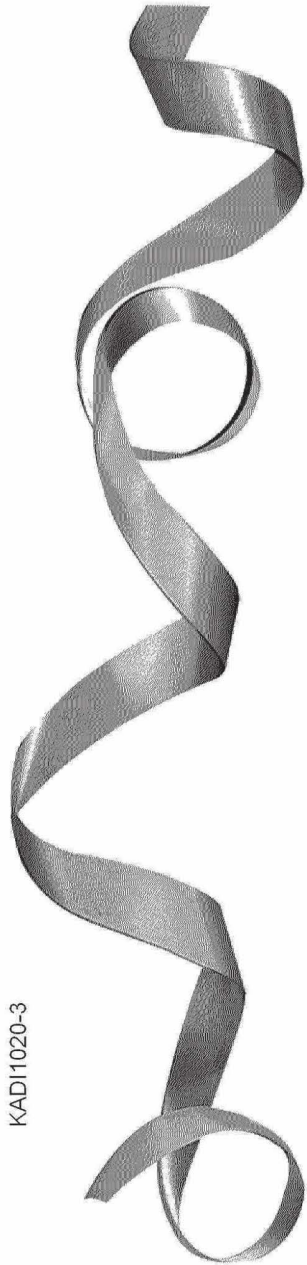
Summary



- Leverage new tactics to communicate key messages
- In addition to fair balance and important safety information, keep your message focused:
 - KADIAN® has 8 dosing strengths and can be prescribed once or twice a day
 - KADIAN® has a well known safety profile
 - KADIAN® provides excellent access and financial assistance for patients
- Address objections with approved responses



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Objection Handling Workshop

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Profile #1

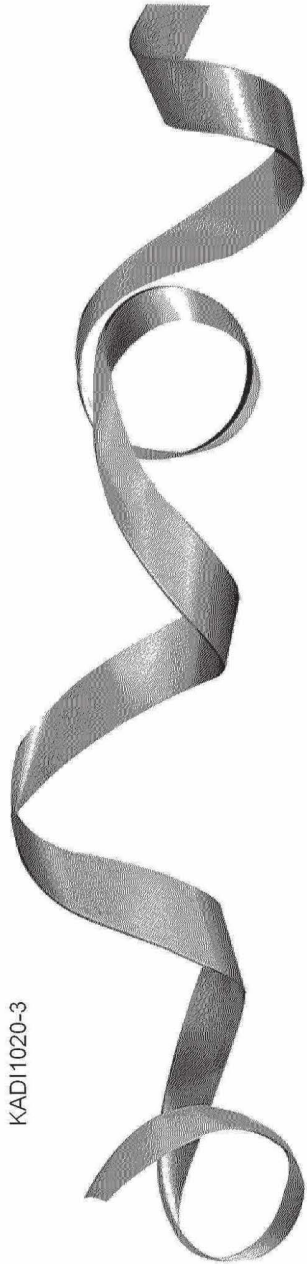


- Dr. Blowfeld is a high volume prescriber of KADIAN[®]. However, over the past 6 months her KADIAN[®] prescriptions have declined. She has heard from other sales representatives that KADIAN[®] will soon be going generic and doesn't want to start any new patients on the product. Additionally, she feels other products have a lower tendency to cause addiction.

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Profile #2



- Dr. No prescribes various LAOs, including KADIAN®. He feels all of the products are essentially the same; however, he has had some patients recently complain about the new formulation of Oxycontin®.

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Profile #3

- Dr. Evil is a low volume prescriber of KADIAN[®]. He serves a low income population of patients and feels that generic morphine sulfate is the best option for them. He has not been called on by a KADIAN[®] representative in over 2 years.

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