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PLAINTIFFS TRIAL
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KADIAN

LAO DECISION-MAKING PROCESS

Qualitative Research Interviews

Prepared for
ACTAVIS

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Background

Actavis acquired Kadian from Alparma at the end of 2008. Kadian currently has 2-3% of the Long-Acting Opioid (LAO) market. Generic competition was expected at the expiration of all patents in April 2010. However, no Abbreviated New Drug Applications (ANDAs) have been approved to date. This allows an optimistic outlook for an extended life of the branded product. Despite lack of a generic competitor, Embeda and Avinza present real threats to branded Kadian.

Actavis deployed a small Kadian sales force early in 2010 as part of a strategy to support the brand in the face of generic competition. Since no generic competitors emerged and none are seen in the near future, the sales team was expanded from 18 to 46 territories.



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Purpose & Objectives

- Market research has not been conducted on Kadian in several years. As such, Actavis commissioned KGC to conduct a qualitative research study among N=29 Pain Medicine physicians to get a better understanding of factors involved in the LAO decision-making process, factors that contribute to changes in Kadian prescribing patterns, and barriers to writing it.
- PROJECT OBJECTIVES:
 - Explore prescribing habits and thoughts of 3 identified groups of pain management specialists
 - Loyalists, Competitors and Spreaders
 - Identify factors influencing choice of LAOs
 - What influences the use of other LAOs instead of their first choice
 - Understand physicians thoughts and perceptions of Kadian
 - Learn what information physicians need to learn about Kadian in order to prescribe it more

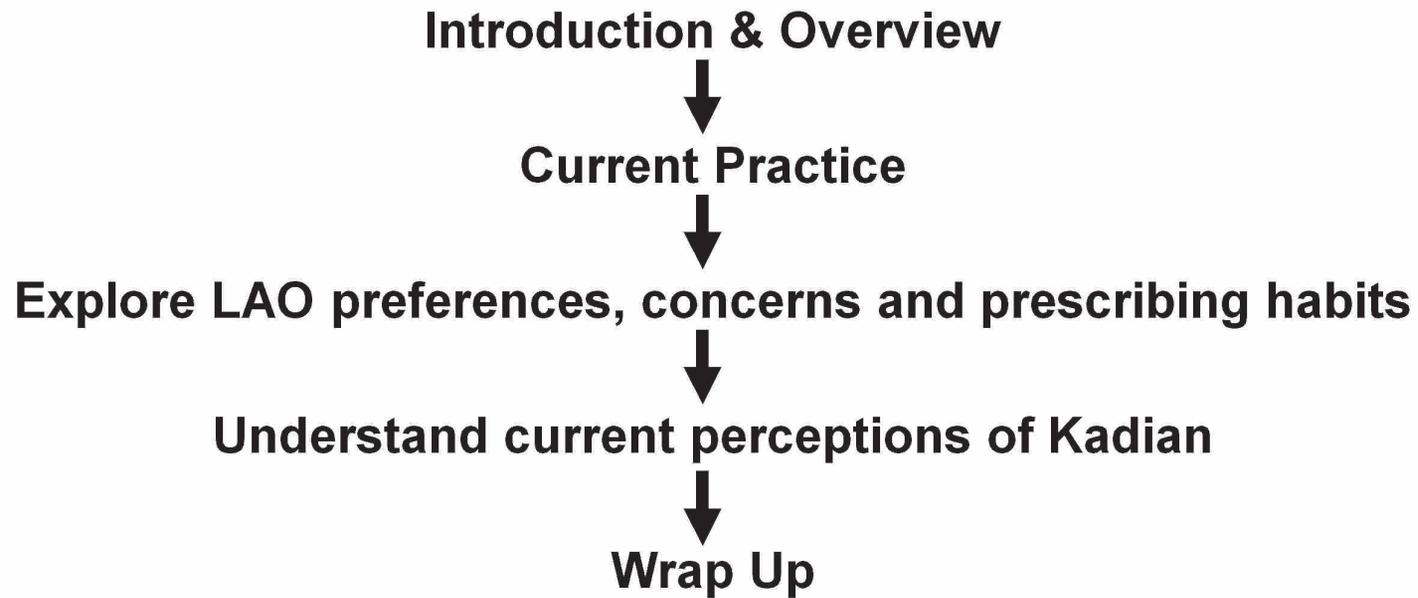


Methodology

- Telephone In-Depth Interviews (TIDI's) were conducted among n=29 pain medicine specialists for this project. Actavis identified three Kadian customer segments to be interviewed: Loyalists (n=10), Competitors (n=9) and Spreaders (n=10).
- Respondents were anesthesiologists (11), internal medicine (11), neurologists (4), physical medicine and rehabilitation physicians (3).
- Telephone interviews were conducted from Friday December 10, 2010 thru Friday December 24, 2010.
- Respondent sample was drawn as a randomly selected, non-probability convenience sample and not a true random sample. This is characteristic and appropriate for qualitative research.
- Sample was provided by Actavis. Screening was therefore confirmatory and demographic in nature.



Discussion Flow



Executive Overview



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Executive Overview

- Most physicians have had good experiences with Kadian and are comfortable prescribing it. It's been around a long time and is considered one of the safer LAOs.
- On a scale from 1-7, (1 meaning totally unsatisfied with Kadian and 7 meaning extremely satisfied) Kadian rated on average a 4.79. This indicates there is room for improving satisfaction.
- Physicians are mostly satisfied with Kadian because they believe “*Kadian is a safe, efficacious, clean drug*”. However, the newer LAOs with abuse deterrent properties are more desirable.
- There is a lack of awareness of availability, market presence and visibility regarding Kadian. It is not top of mind.
- Although the loyalist segment was identified as high prescribers, in this study nearly half of these docs behaved as either competitors or spreaders due to the newer products on the market and the ease of writing generic alternatives.

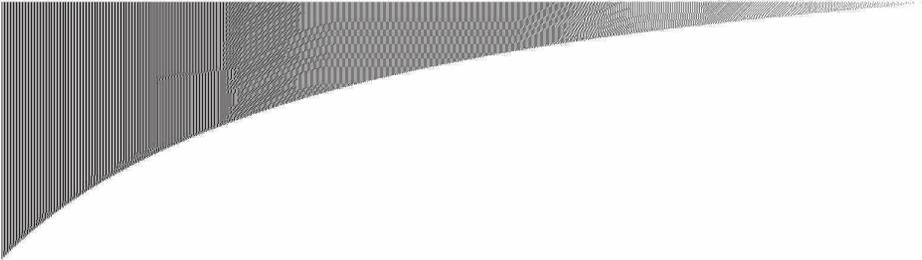


Kadian has no known current messaging or position strategy

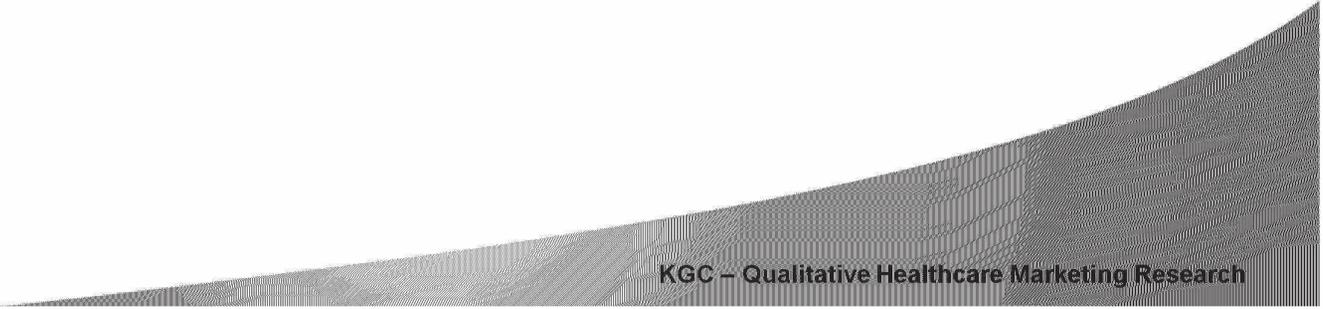
Physicians do not have a clear picture of where Kadian fits into the market today, especially relative to newer drugs.

- Docs are not receiving clear, consistent messages about Kadian, particularly from reps
- There are no known promotions other than some coupon availability
- Most respondents have not seen a Kadian representative in over a year. Those who *have* seen a rep only discussed coupons during brief visits with little or no new information.
- 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 Kadian is gone, because their former Kadian reps are now selling Embeda and Avinza.
- Across the board there is an “Out of sight, out of mind” feeling about Kadian.





Opinions & Recommendations



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Opinions & Recommendations

- **Disclaimer:** Statements in this section are the opinions and suggestions of KGC, Inc. They are not based solely on specific data collected for this project. Rather, they reflect points for consideration based on our industry knowledge, industry expertise and the data collected for this project.
- Recommendations represent the best advice of KGC, Inc. given the study results and industry knowledge, but must be weighed and accepted or rejected by the research client, as they retain ultimate decision authority and responsibility for outcomes.



Opinions & Recommendations

- **OPINION:** Kadian has an opportunity to increase market share by building on its solid reputation, perception of safety and low abuse profile. Additionally, it is well covered in many areas, putting it ahead of the newer brand LAOs.
 - **RECOMMENDATION:** Concentrate marketing and sales efforts in those geographies where Kadian has good coverage. Also, identify alternative markets in these areas, e.g., Adult Living Facilities (ALF), long-term care (nursing homes, rehab hospitals, hospice) as well as targeting GP/FP/IM.
 - *“If I knew Kadian was covered I would reach for it”.*
 - **RECOMMENDATION:** Revitalize Kadian’s presence in the market through a well-planned process of establishing a clear product position, key messages and sales support. This should be executed via a strategic plan that integrates in-person, web, print and telephonic channels.
 - **RECOMMENDATION:** Consider **“blitzing”** these areas to restore awareness and interest in Kadian with follow-up sales tactics that *continuously* keep Kadian top of mind. Provide recommendations to office staff and physicians on how to navigate the pre-authorization process.



Opinions and Recommendations

- **OPINION:** NRxs - and thus TRxs - may be slowly declining via “refill attrition”, low awareness, and low promotional support.
 - **RECOMMENDATION:** Key product messages in areas where Kadian has good public and private formulary coverage should focus on Kadian’s reputation, safety, efficacy, low abuse potential. A key goal of reps should be to drive NRxs.
 - **RECOMMENDATION:** In areas of poor formulary coverage, approach key insurers with contracts in a strategy to increase opportunities for NRxs.
- **OPINION:** It appears from this study that segment definitions are different from what Actavis might think.
 - **RECOMMENDATIONS:** Update segmentation definitions and resort the list to more accurately identify prescribers.
 - Upon completion, concentrate on Loyalists and Spreaders to gain NRxs



Opinions & Recommendations

- Kadian ranked a 4.79 on a satisfaction scale of 1-7, with 1 meaning extremely unsatisfied to 7 meaning extremely satisfied.
 - **RECOMMENDATION:** Understand how to identify sore spots that will boost Kadian satisfaction to a 5, 6 or 7.
 - Increase satisfaction by simply increasing presence and awareness among prescriber targets
 - Physicians question Kadian’s QD efficacy. Soft pedal that message
 - Create and communicate ideal Kadian patients profiles
 - Tell physicians why and when they should be prescribing Kadian
 - Explain “*why the bad guys don’t want Kadian*” regarding its low incidence of abuse



Opinions & Recommendations

- **OPINON:** Physicians do not need to be educated on morphine; they simply need reminders of the benefits of Kadian versus competing LAOs.
 - Coupons are useful but less important as understanding availability and accessibility.
 - Most physicians know Kadian is still available, but are not sure if it has gone generic or why it's not being actively promoted due to the Embeda / Avinza releases.
 - **RECOMMENDATION:** Invest in a structured marketing and sales and initiative that identifies geographic areas where Kadian is well covered, and available. Heavily detail prescribers in these areas by emphasizing the benefits of safety, cost, coverage and availability.
 - **RECOMMENDATION:** Develop promotional materials that will enable reps to compare Kadian to newer branded LAOs. Focus on broadening relationships within client offices. Kadian reps need to know physicians as well as office staff, especially staff involved in the pre-authorization process.



Opinions & Recommendations

- **OPINION:** Respondents' minds are open to Kadian but Actavis is not putting Kadian in their minds.
 - **Actavis was not spontaneously mentioned one time in the study**
- **OPINION:** It appears that Kadian's real threat is not a generic competitor but rather Embeda and Avinza, mostly around their abuse deterrent properties.
 - **RECOMMENDATION:** Focus on how to compete against the newer branded medications that are being compared to Kadian.
 - Embeda is the current threat. It is being marketed heavily and thus has enormous share of voice.
 - Many Embeda reps used to be Kadian reps and thus know well how to sell against it.



Opinions & Recommendations

- **OPINION:** Based upon responses to the projective exercise analogizing Kadian to an automobile, perceptions are generally positive. This is good in that it indicates a credible base upon which to build.
 - **Recommendation:** Reposition and create key messages around the positive aspects of Kadian.
 - Reliable
 - Dependable
 - Has been around a long time
 - Solid performance
 - Higher priced (messaging should obviously include coupon and discount information)
 - Option to sprinkle on applesauce



Detailed Findings



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Respondent Demographics

- **Respondents are writing an average of 82 LAO scripts per week**
- See an average of 162 patients a week
- Respondents have been in clinical practice an average of 19 years
- Respondents interviewed resided across the country : CA, FL, NY, GA, MO, IL, WA, KY, TN, CT, AL, MA , NC, SC, MD, KS and OH
- Conditions most often treated with LAOs
 - Chronic low back pain
 - Chronic cervical spine pain
 - Failed surgery – orthopedic and spine
 - Neuropathies
 - Cancer
 - Degenerative conditions – stenosis, vertebrae
 - Headaches
 - Rheumatism
 - Fibromyalgia



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Understanding Factors Involved In The Decision Making Process

Many factors are involved in the LAO decision making process

- Coverage and cost - mentioned most frequently
- Minimal side effects / tolerability
- Efficacy
- Tolerance (not tolerability)
- Long-acting / Extended release of medication over time vs. bolus
- Duration of action
- Abuse potential
- Dosing



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Product Characteristics

Rank Order Of Importance

1. Efficacy
2. Safety
3. Tolerability
4. Misuse, Abuse and Diversion
5. Availability of co-pay assistance/ coupon
6. Dosing Flexibility
7. BID vs. QD dosing
8. Mechanism of Action



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Concerns with LAOs

- Physicians are concerned with the potential to abuse, misuse and/or divert LAOs
 - Many require patients to do pill counts, urinalysis, etc. to account for dispensed medications and thus reduce the opportunities for misuse, abuse and diversion.
 - Most respondents have a zero tolerance policy on abuse, misuse, diversion, but they feel that abusers are “professionals” and can often defeat the system. These physicians indicate having an intuitive sense of which patients are abusing medications, which also helps in identifying such problems.
- Other concerns include:
 - Side effects
 - Tolerance
 - Compliance
 - Cost



Highest Incidence of Abuse

- Overwhelmingly, **Oxycontin** creates the largest concern for abuse, misuse and diversion. Oxycontin is also believed to have the highest street value.
- Most doctors say that any LAO has potential for abuse though some are less likely to be abused
- Some doctors believe Oxycontin has a bad rap but an imminent new formulation may help solve this issue
- Many patients who have experience with the new formulation of Oxycontin say that it lacks efficacy; they say *“It does not work”* and complain of side effects
 - NOTE: When asked if respondents think these patients are abusing Oxycontin and therefore are disappointed with the new formulation, most docs feel it is the medication change and NOT patient abuse related.



What LAOs Do Docs Prefer?

- The two **most prescribed** medications overall are generic morphine sulphate (GMS) and Fentanyl/duragesic mostly due to cost, coverage and availability.
- The **top branded LAOs prescribed**: Oxycontin, Opana, Avinza, Kadian, Embeda then Exalgo in order of current usage. Embeda is gaining share.
- Physicians prefer to write branded products but the pre-authorization process is cumbersome, time-consuming and coverage is an issue - often 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 pre-authorization process



Preferred vs. Prescribed

Pros

- Most doctors believe that branded LAOs have
 - Less side effects
 - Are less likely to be abused or diverted
 - Typically more efficacious
 - Have less additives that can lead to allergies, reactions

Cons

- The pre-authorization process is cumbersome and too time consuming for most doctors and their staff.
- Cost more
- Availability, accessibility
- Often times patients go longer without meds waiting for authorization and availability



Reasons For Choosing A Specific LAO?

- Doctors clearly have preferences when it comes to LAOs but most often they are forced to customize treatment to meet individual circumstances.
 - Cost and coverage
 - Availability
 - Side effects and tolerability
 - Drug interactions
 - Patient history



Reasons For Switching

- Patients develop tolerance
- Physician habit of opiate rotation
- Changes in insurance coverage
- Medication loses efficacy
- Side Effects



Reasons For Switching From Kadian To Another LAO

- There are few switches from Kadian to another LAO
- Physicians are not writing more Kadian today than they were a year ago but many are refilling
- Most are **not writing new starts**
 - Embeda is the “*new version*” of Kadian
 - “*Kadian was the gold standard until Embeda*”
- There is little to no representation/ presence of Kadian
- Other companies (Embeda, Avinza, Exalgo, Oxycontin) are marketing heavily to docs and staff, while Kadian has minimal share of voice.



Current Perceptions Of Kadian

- Respondents can't replay Kadian's current messaging or offer a clear product position.
 - Most respondents have not seen a representative in over a year
 - Most docs who have seen a Kadian rep have discussed coupons but don't recall anything else
- Physicians do not have a clear picture of where Kadian fits into their practice today especially where it fits relative to newer drugs.
- Doctors don't feel there is a "niche" for Kadian in the market. Some physicians know Kadian is well covered in their area while others don't even know if Kadian is still on the market.



Current Perceptions cont'd.

- Some physicians think Kadian is gone because their Kadian reps are now selling Embeda and Avinza.
- “Who owns Kadian”?
 - General confusion among physicians regarding who owns Kadian, why they don’t hear much about it and if Embeda/ Avinza took over Kadian market share.
- Kadian has been marketed as a QD medication but most physicians agree that it is truly a BID medication.
 - - A few physicians noted that psychologically, some patients don’t think they can take a LAO QD and need to take more pills.
 - A common perception is that “(Kadian) is not a true 24-hour medication”



Satisfaction With Kadian

- On a scale from 1-7, (1 meaning totally unsatisfied with Kadian and 7 meaning extremely satisfied with Kadian) Kadian rated a 4.79 average. Physicians are somewhat satisfied with Kadian because:
 - “Kadian is not unique, it is just another morphine option”
 - Not a true QD drug as marketed
 - Good drug, takes care of pain
 - Not highly abused
 - Sometimes hard to get approved
 - Does not work well all the time, not good for neuropathic pain
 - Flexible dosing and low side effects
 - NEED TO SEE A REPRESENTATIVE
 - Reminder to write Kadian



Top Benefits Of Kadian

- Reliable
- Reasonable efficacy, reasonable side effects
- Its been around a long time, most docs are confident and comfortable with it
- Applesauce option, when a patient can't swallow pills
- *"The bad guys don't want Kadian"*, regarding its lower incidence of abuse
- Patients can take Kadian for a long time
 - Many current patients have been on Kadian for an extended period
- Well covered in some places (state plans, public aid)
- Used to have a patient assistance program (doc was not sure if this is still available)



Questions Docs Have About Kadian

- *“Is Kadian still around”?*
- *“I wonder where my rep is”?*
- *“Where are they”?*
- *“Who owns Kadian these days”?*
- *I am not sure what the release mechanism is.*
- *More safety and efficacy info would be nice.*
- *What potential for abuse is there?*
- *If the capsule can be opened to pour onto applesauce, does that mean it is safer than other meds?*
- *Where is it available in this area?*
- *How does Kadian rate on a safety scale among other similar meds?*



LAO Sales Representatives

- When asked how often docs see reps representing LAOs, Kadian had the least frequent visits and representation
 - Embeda, Avinza, Opana and Oxycontin are seen frequently
 - Bi-weekly visits are common but all are seen at least monthly
- Kadian has the least visibility in physician offices for LAOs
 - Most docs don't even know their Kadian representative by name
 - Many are not sure the last time they saw a Kadian rep
 - Those who have had visits mention they are infrequent and inconsistent
 - Many docs have no new information
 - Some have received coupons either from a rep or in the mail
 - *Note: doc that received coupon in mail mentioned it was odd*
- Representatives are considered part of the team, their involvement and relationships with docs can significantly increase opportunities to earn more business



Sales Representatives cont'd.

- The most important information a representative can provide to add value to their visits are:
 - Copay or discount cards/ coupons
 - Coverage information
 - Formularies, managed care and state/ federal plans
 - Availability locally – where can patients find Kadian
 - Abuse, misuse and diversion information
 - Comparisons to other LAOs “Why Kadian”?
 - Dosing
 - New information, studies, literature
 - Become known by staff and docs, develop meaningful relationship with offices
- A few physicians recall the benefits of sprinkling Kadian on applesauce and that if patients consume alcohol it is safer than other LAOs although not recommended



What Docs Say About Kadian Reps

- *“Outta sight, outta mind”*
- *“If I knew it was covered I would reach for it”.*
- *“I don’t need the pretty girl. Bring me someone who is knowledgeable, helpful and understands my business.”*
- *“A good rep is part of our team, a good tool and has good people skills”.*
- Reps need to differentiate Kadian from other LAO’s, especially MS Contin.
- *“Kadian fell off my mind, I haven’t seen a rep in years. My old rep is pushing Embeda now”.*
- One doc recently received coupons in the mail out of the blue. Has not seen a rep in 2-3 years. Has a handful of patients on Kadian but has no idea who/where to call.



– *“What company represents Kadian”?*

– Asks what programs are available

What Docs Say About Kadian

- One doc compared Kadian to Embeda. *“Kadian is a 2007 model car and Embeda is the 2010 model. Same car with more bells and whistles”*.
- Another doc says *“Kadian is on the backburner for new starts due to lack of marketing. Even though it is safe and effective, there is no presence in the market.” Embeda is being SUPER MARKETED, they have traction and good coverage”*.



Coverage

- When asked how well Kadian is covered in their area, responses were split down the middle
 - A little more than 50% either did not know or believed it was not well covered
 - The other half felt that Kadian was well covered in their area
 - state plan coverage was important
- Both Embeda and Oxycontin were mentioned as having good co-pay and discount programs
- Many doctors were not aware of any Kadian coupons or co-pay programs
- Physicians want to know where to find Kadian and have updated information on coverage
 - This will ease the pain of spending valuable time chasing medication down for patients



Only 3 out of 29 docs are writing new Kadian scripts

- Most doctors are writing the same or fewer new Kadian scripts.
- If patients are happy with Kadian they stay on Kadian but new patients will most likely try one of the newer brands first because Kadian is not top of mind and the abuse deterrent meds are preferred if they are covered.
- Many docs are writing generic only because it is easier and cheaper, if patients ask for a name brand they will often times do the extra work required to get authorization.
- Reasons for prescribing the same or less Kadian include
 - Doc/ office has not seen a rep recently
 - Variety of newer choices
 - Coverage
 - No demand for Kadian



Barriers To Writing Kadian

- Most physicians say there are no real barriers to writing Kadian and feel the only issues are lack of awareness, promotion, coverage and availability.
- Newer meds are preferred due to ABUSE DETERRENT
- Most docs would consider writing more Kadian if they had up to date information and knew Kadian was available in their area and covered
- Many docs are taking advantage of other brand promotions, discounts



Loyalists Segment

- **Note:** Loyalists' actual attitudes in study were a little different from segment definition
- Most Loyalists say that Kadian is NOT their first choice
 - **3 out of 29 physicians say Kadian is their #1 choice**
 - **10 Loyalists were interviewed; 1 loyalist favored Kadian**
- 2 respondents in the Competitor segment said Kadian was their first choice LA0
 - Even if docs prefer Kadian most are forced to write other medications because:
 - Lack of coverage
 - Lack of availability
 - Patient preference
 - Cost
 - Lack of presence in the market



Competitors Segment

- Are very motivated by
 - 24 hour, TRUE LONG ACTING
 - Abuse deterrent properties
 - Availability
 - Cost & coverage
- Have good relationships with their reps and are typically loyal to a brand but will use other medications as dictated by individual needs, insurance and availability.
- Will write Kadian when a patient can't get their preferred med(s).
- Competitors say they would most likely write more Kadian if they heard more about it.



Spreaders Segment

- Need options to suit patients individual medical needs and circumstances.
- Tend to lump morphine medications in one class with many options with no particular loyalty to any one medication
 - Variety of brands within each class is advantageous
 - Opiate rotation is a common practice
 - Choices are important and they prefer to have options
- Are knowledgeable about a variety of medications, how they are covered and where to get them.
- What keeps them from writing more Kadian is lack of coverage, cost and “*better options*” with newer medications being marketed heavily so they are top of mind.
- Spreaders want to know where Kadian stands among newer meds.
- “*I don’t know what I don’t know*” meaning he doesn’t know much about Kadian.



If Kadian Were An Automobile....

- It would be anything from a Suzuki to a Cadillac!
- Most docs describe Kadian as being
 - Dependable
 - Reliable
 - Solid
 - More sophisticated
 - No fuss, does the job
- Nissan: dependable but won't last forever
- Audi: not reliable, high cost, hard to get, not a poor mans car
- Cadillac: hard to get, expensive, solid performance, good but not the best, high quality
- Toyota: reliable, generally can count on it, affordable





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