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Sent: Tuesday, December 28, 2010 12:06 PM
To: Nathalie Leitch
Cc: Kendall Gay; India Crain
Subject: Kadian Topline Report
Attachments: 10-38 Topline Report Final.docx

Hello Nathalie-

I hope you are enjoying the holidays!

Attached please find the Topline Report. I am available to discuss this with you this week if you have any questions. Please let me know via email if you want to carve out some time to talk.

I am planning on having the final report to you as promised on January 5th.

Warm regards,

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TOPLINE
Kadian Prescribing Process 10-38
December 2010

NOTE: The following is a topline report only. *Numerical data shown here is not statistically projectable to any respondent universe and can only be used for directional guidance. All numerical data must be considered in the context of the associated qualitative findings*

BACKGROUND

- Actavis deployed a small Kadian sales force early in 2010 as part of a strategy to support the brand in the face of potential 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.
- In order for the Kadian marketing team to better understand the factors involved in the LAO decision-making process, a study involving Pain Medicine physicians was conducted December 2010. The study aimed to explore factors that contribute to changes in Kadian prescribing patterns and barriers to writing Kadian. Project objectives are outlined below:
 - Gain a better understanding of factors involved in the decision-making process of prescribing LAO's.
 - More specifically, Actavis is interested in identifying:
 - Factors that may have contributed to a change in Kadian-writing patterns
 - Barriers to writing Kadian
 - Concerns with writing LAO's
 - Preferences for prescribing one LAO over another
 - Exploring physicians experiences, perceptions and understanding of Kadian
- 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.

NOTE: *Current prescribing habits and behavior of some physicians, especially loyalists, was contradictory to specified category.*

KEY FINDINGS

- The two **most prescribed** medications overall are generic morphine sulphate (GMS) and Fentanyl/duragesics mostly due to cost, coverage and availability.
- The **top branded LAO's prescribed**: Oxycontin, Opana, Avinza, Kadian, Embeda then Exalgo in order of current usage.
- 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.
- Most doctors believe that branded LAO's have
 - Less 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.
- 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 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.
- 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, it is difficult to get approved and typically not affordable.
 - *"Embeda is the new Kadian with naltrexone."*
- 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.

KADIAN

- *There is no current messaging or position for Kadian.* As a result, physicians do not have a clear picture of where Kadian fits into the market today, especially relative to newer drugs.
 - Docs are not receiving a clear message from reps or other promotion.
 - Most respondents have not seen a representative in over a year. Those that *have* seen a Kadian rep have only discussed coupons.
 - 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.
 - *"Who owns Kadian?"*
 - Across the board there is an "Out of sight, out of mind" feeling about Kadian.
- On a scale from 1-7, (1 meaning totally unsatisfied with Kadian and 7 meaning extremely satisfied with Kadian) Kadian is rated on average a 4.79 overall. Physicians are somewhat satisfied 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.
- 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 companies (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.
 - *"Embeda is the 'newer version' of Kadian with naltrexone." "Kadian was the gold standard until Embeda."*

RECOMMENDATIONS

- Kadian has an opportunity to optimize profitability by building on its solid reputation, perception of safety and low abuse profile. Additionally, it is well covered in many places, putting it ahead of the newer brand LAOs.
 - Revitalize Kadian's presence in the market through sales calls and reminders that Kadian is still available.
- Focus on:
 - Safety, abuse and diversion potential
 - Kadian's accessibility and safety
 - Help physicians understand where to find Kadian, whether it is covered in their area, and go the extra step in pointing out which local pharmacies have Kadian in stock.
 - Easing the pre-authorization pain
- Physicians do not need to be educated on morphine; they simply need reminders of the benefits of Kadian versus competing LAOs.
 - Coupons are useful to have, but not as important as understanding availability and accessibility.
 - Most physicians know Kadian is still available, but many are not sure if it has gone generic, or if there is no push due to the Embeda / Avinza releases.