



Opportunities for Life Science Companies in a Consumer Directed Environment

BioOhio Annual Conference
Columbus, Ohio
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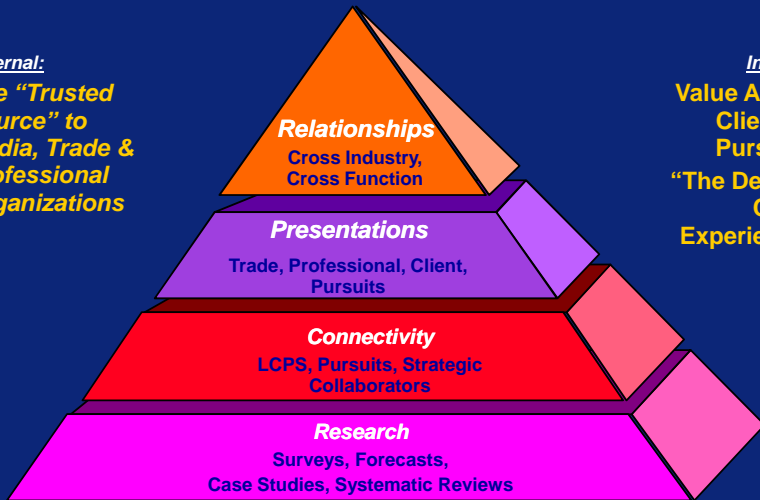


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Deloitte Center for Health Solutions Overview

External:

The “Trusted Source” to Media, Trade & Professional Organizations



Internal:

Value Add to Clients & Pursuits:
“The Deloitte Client Experience”

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Center Research

FY 2008 Completed:

- Pay for Quality
- Consumer-Directed Health Plans: Update
- Medicaid Medical Management (HFM magazine)
- Medical Home
- Medicaid Medical Management
- Medical Tourism
- Price Transparency in Healthcare
- Retail Medicine
- Preparing for ICD-10
- Connected Care: Technology Enabled Care at Home
- 2008 Survey of Health Care Consumers

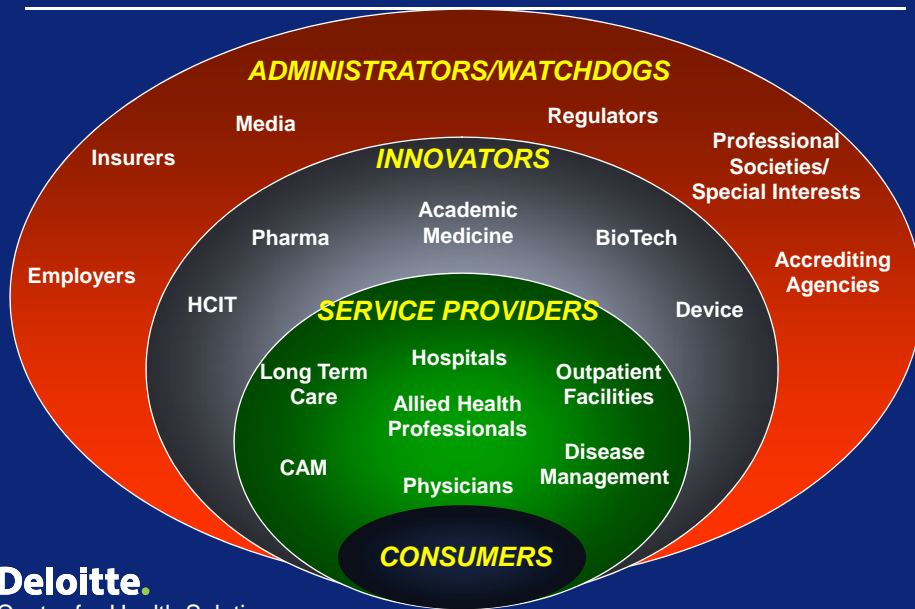
2008-09 In Process...

- Best Practices in Greening in Healthcare Organizations (10/08)
- "Bending the Curve" (11/08)
- ROI for Personalized Therapeutics (1/08)
- Public View of Health Reform (12/08)
- Academic Medicine: The Tipping Point (11/08)
- The NF Population in Medicaid Programs: Ticking Time Bomb (12/08)
- Wellness and Healthy Living: The Challenge & Opportunity (12/08)
- 2009 Survey of US Health Care Consumers (1/09)
- Employers in Healthcare: Catalyst for Change (3/09)
- Physicians in the US: Workforce Demand Revisited (4/09)

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**Context: The U.S. health system--
big, complex, fragmented, expensive**



Research themes (with Bio-Pharma-Device Examples)

- Disruptive Innovation
 - Ex. Biologic generics, Alternative therapeutics
- Transparency
 - Ex. Safety, Efficacy & Market Surveillance
- Incentives
 - Ex. Prize funding in lieu of patient protection
- Globalization
 - Ex. Emerging market innovation, data warehousing
- Consumerism
 - Ex. Consumer use, preference for biologics, alternatives
 - Ex. Gov't funded R&D vs private

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Context: widespread non-adherence to evidence-based practice

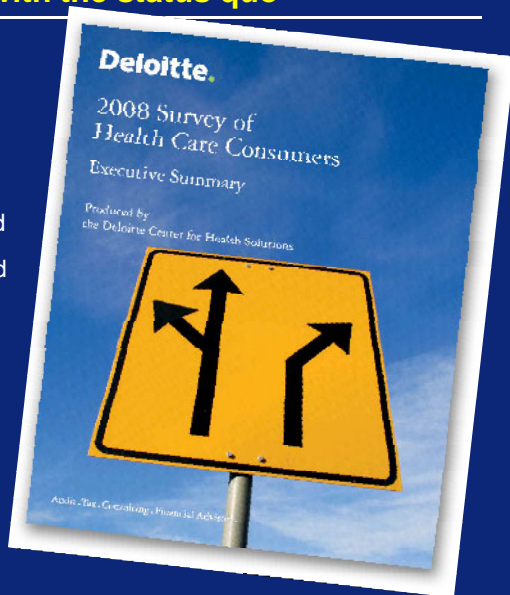
McGlynn et al "The Quality of Health Care Delivered to Adults in the United States" NEJM June 26, 2003

<i>Condition</i>	<i>% Recommended Care Received</i>
Senile Cataract	78.7
Breast cancer	75.7
Prenatal Care	73.0
Low back pain	68.5
Coronary artery disease	68.0
Hypertension	64.7
Congestive heart failure	63.9
Cerebrovascular disease	59.1
Chronic obstructive pulmonary disease	58.0
Depression	57.7
Orthopedic conditions	57.2
Osteoarthritis	57.3
Colorectal cancer	53.9

<i>Condition</i>	<i>% Recommended Care Received</i>
Asthma	53.5
Benign prostatic hyperplasia	53.0
Hyperlipidemia	48.6
Diabetes mellitus	45.4
Headache	45.2
Urinary tract infection	40.7
Community acquired pneumonia	39.0
Sexually transmitted diseases	36.7
Dyspepsia/peptic ulcer disease	32.7
Atrial fibrillation	24.7
Hip fracture	22.7
Alcohol dependence	10.5

2008 Findings: Consumers embrace innovation: they are increasingly dissatisfied with the status quo

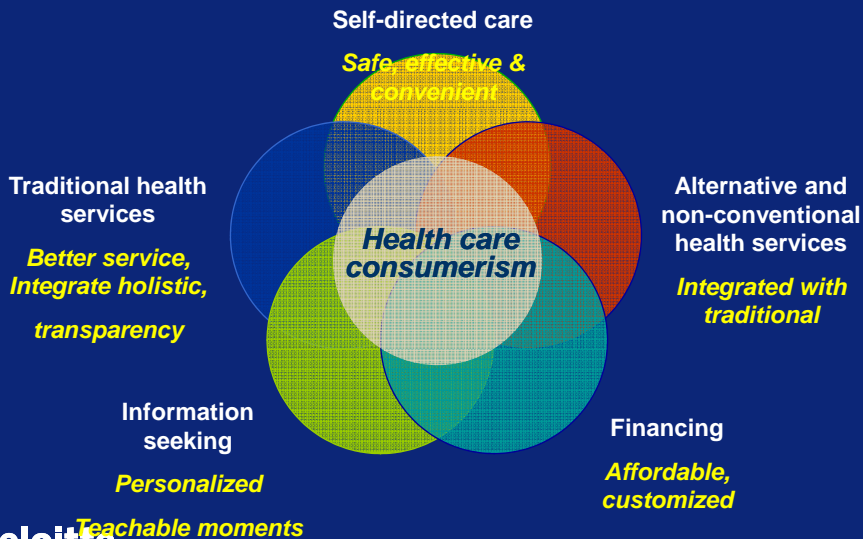
- 44% of consumers (including 36% of Medicare enrollees) say they would be comfortable with the accuracy, safety, and quality of care offered in a retail clinic that is staffed by a nurse practitioner.
- Slightly more (45%) say they would be comfortable if the nurse practitioner uses a computer-based system that enables him/her to access electronic patient records, check for drug and allergic interactions, confirm treatment recommendations, etc.
- Nearly half (48%) of consumers say they would be comfortable if the nurse practitioner is affiliated with a doctor's office.



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Consumers envision improvements in every dimension of the system



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Conclusions: Four key themes from study...

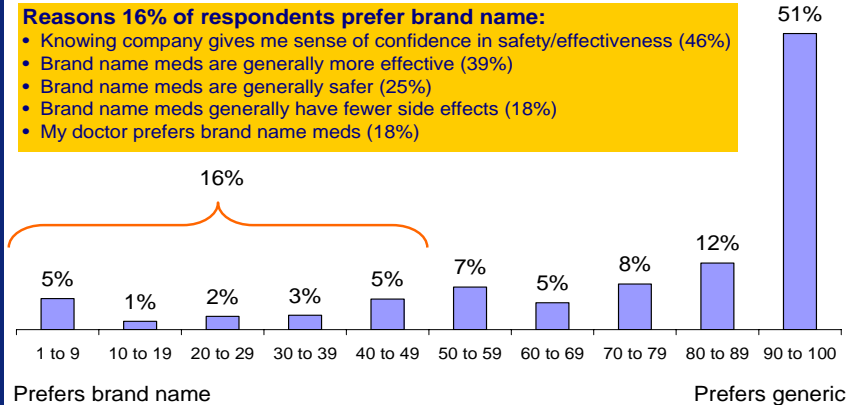


Costs of therapeutics matters to consumers

Preference for Brand Name vs. Generic Medications

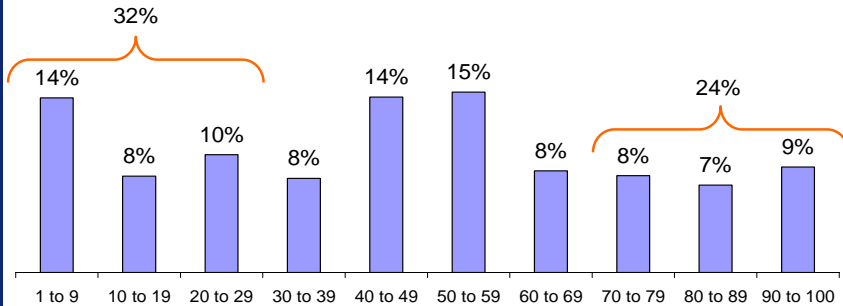
Reasons 16% of respondents prefer brand name:

- Knowing company gives me sense of confidence in safety/effectiveness (46%)
- Brand name meds are generally more effective (39%)
- Brand name meds are generally safer (25%)
- Brand name meds generally have fewer side effects (18%)
- My doctor prefers brand name meds (18%)



Consumer “demand” for improved efficacy varies widely

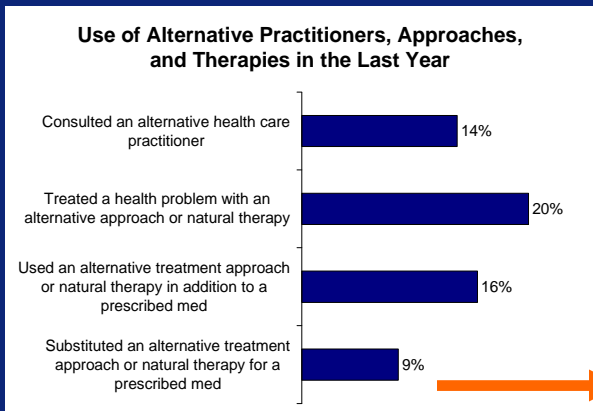
Treatment Preference If Had a Serious But Not Life-Threatening Illness



Standard treatment that has a 75% chance of working

Innovative treatment that seems to have greater chance of working but has been tested with fewer patients

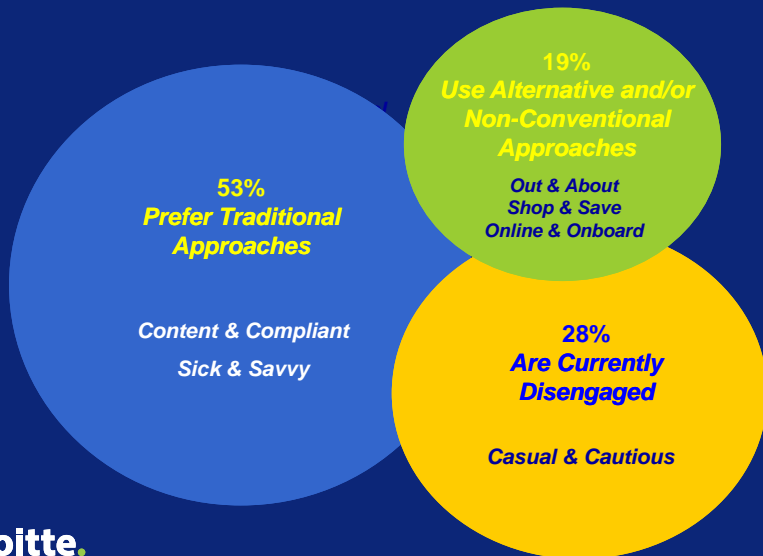
Use of non-conventional therapeutics is increasingly popular



- 50% wanted to try alternative first
 - 42% prefer alternative / natural therapies
- 23% said alternative cost less than Rx
- 22% said Rx wasn't working

Only 2 out of 3 using alternatives say their doctor knows

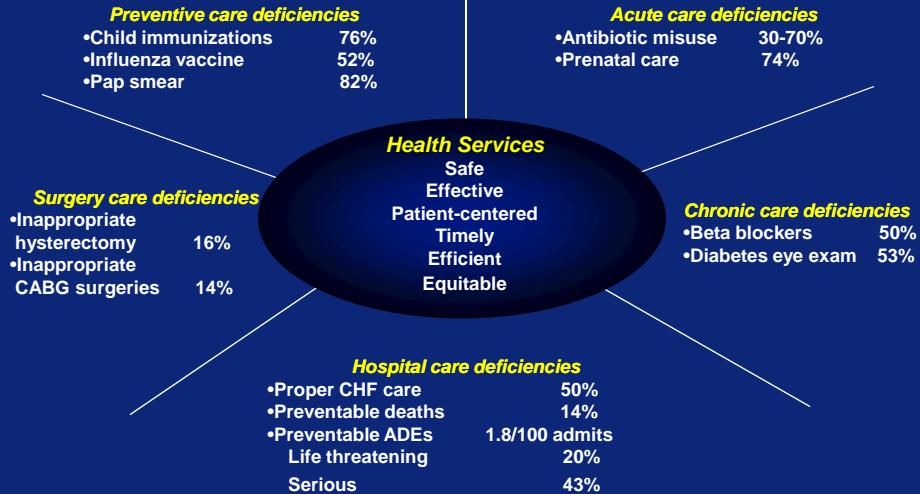
And 1 of 5 consumers believes the system is not geared toward “healthy” therapeutics and actively seeks alternatives



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So consumers will pressure providers to demonstrate adherence to evidence-based practices



And for biotech investors, implications of consumerism in healthcare are...

- Opportunities in technology-enabled care management devices and services
- Opportunities in biologics and alternative therapeutics
- Opportunities in transactions & infrastructure services to support transformational model
- Opportunities in innovation, greening solutions, & access to capital.

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