



TEXAS

TYPE 2 DIABETES REPORT

2006

An Analysis Featuring
Demographic, Charges,
Utilization, and
Pharmacotherapy Data



Dallas-Fort Worth Business Group on Health



Presented by
sanofi aventis
in conjunction with
DFWBGH



CONTENTS

Introduction	2
Patient Demographics	2-4
Hospital Charges	5-6
Professional Charges	7-8
Use of Services	9
Pharmacotherapy	10
Methodology	11

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Introduction

The Dallas-Fort Worth Business Group on Health (DFWBGH) is pleased to present the inaugural **Texas Type 2 Diabetes Report** for 2006, an overview of demographic, utilization, financial and pharmacotherapy measures for Type 2 diabetes patients in key local markets across the state of Texas. The report also provides state and national benchmarks that can help providers and employers identify better opportunities to serve the needs of their patients. All data are drawn from the **Therapeutics Trends Summary™** (TTS), part of the sanofi-aventis **Managed Care Digest Series®**.

The **Texas Type 2 Diabetes Report** for 2006 helps DFWBGH to fulfill its commitment to working with our partners in the community to promote and

maintain a health care delivery system that provides quality, accountability and affordability for our employees.

This first edition features a number of examples of the kinds of disease-specific data on Type 2 diabetes that can be provided by DFWBGH. The data in this report (covering 2004 and 2005) were gathered by Verispan LLC, Yardley, Pa., a leading health care information company, which maintains the largest patient-centric database in the health care industry. The data in TTS provide health care providers with independent, third-party information they can use to benchmark their own data on patient demographics, professional (provider) and facility (hospital) charges, service utilization and pharmacotherapy.

PATIENT DEMOGRAPHICS

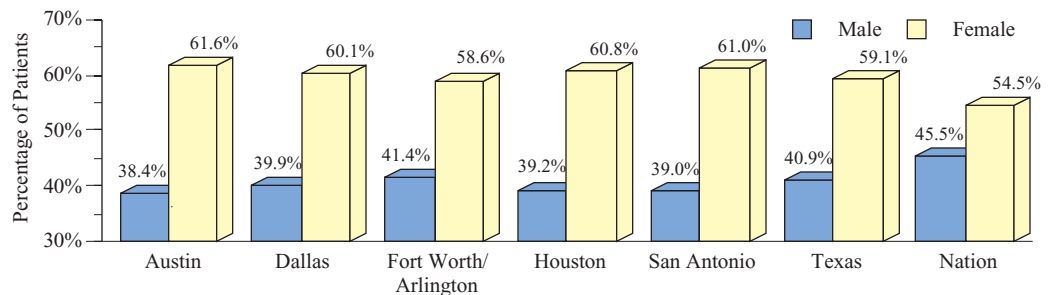
PORTRION OF ALL TYPE 2 PATIENTS WHO ARE SENIORS INCREASES

The share of all patients diagnosed with Type 2 diabetes nationwide who were 65 years of age or older was 43.8% in 2005, up from 42.8% in 2004. By comparison, the share of all patients in the state of Texas diagnosed with Type 2 diabetes who were 65 years of age and older was 34.8%, compared with 33.8% the previous year. Meanwhile, the share of all patients diagnosed with Type 2 diabetes nationwide who were female, was 54.5%, up fractionally from 54.3% in 2004. In contrast, the share of Type 2 diabetes patients in the state of Texas who were female was 59.1%, up from 58.5% the prior year.

PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY AGE*

MARKET	0-17		18-35		36-64		65-79		80+	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Austin	0.4%	0.4%	7.0%	6.6%	72.9%	70.9%	16.7%	18.4%	3.1%	3.8%
Dallas	0.6	0.6	5.2	4.9	60.5	59.8	27.1	27.6	6.6	7.2
Fort Worth/ Arlington	0.7	0.8	5.0	5.1	62.8	63.2	25.2	24.6	6.2	6.3
Houston	0.4	0.4	5.6	5.3	66.7	66.4	22.2	22.3	5.1	5.5
San Antonio	0.5	0.5	4.6	4.4	57.0	56.1	30.3	30.1	7.7	8.8
Texas	0.5	0.5	5.0	4.7	60.7	60.0	27.1	27.5	6.7	7.3
NATION	0.5%	0.5%	4.0%	3.8%	52.7%	52.0%	32.3%	32.5%	10.5%	11.3%

PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY GENDER, 2005*



* On all pages, the percentages are representative of the universe of Type 2 diabetes patients on whom claims data have been collected in a given year.

Data source: Verispan LLC © 2006

NOTE: "Austin" here and elsewhere in this document refers to the Austin-San Marcos MSA.



PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS*

MARKET	0		1		2		>2	
	2004	2005	2004	2005	2004	2005	2004	2005
Austin	62.9%	62.4%	26.4%	26.7%	8.1%	8.4%	2.6%	2.5%
Dallas	55.0	57.1	30.3	29.0	10.8	10.4	3.9	3.6
Fort Worth/ Arlington	51.6	54.8	33.1	30.0	11.5	11.4	3.8	3.8
Houston	56.1	57.4	30.2	29.8	10.2	9.8	3.5	3.1
San Antonio	53.5	55.0	31.9	31.1	10.9	10.5	3.7	3.4
Texas	57.5	58.8	29.7	28.8	9.7	9.5	3.2	3.0
NATION	62.0%	62.7%	28.6%	28.2%	7.4%	7.2%	2.1%	2.0%

COMPLICATION-FREE TYPE 2 DIABETES SHARE RISES IN TEXAS

The overall share of Type 2 diabetes patients in Texas with no diagnosed complications from the disease grew slightly in 2005, to 58.8% from 57.5% in 2004. Still, the share of patients nationwide with no diagnosed complications from Type 2 diabetes was a comparatively higher 62.7%, up from 62.0% the previous year. In 2005, the shares of Type 2 diabetes patients in Texas with one (28.8% vs. 28.2%), two (9.5% vs. 7.2%), and three or more (3.0% vs. 2.0%) complications from the disease each exceeded those of such patients nationwide.

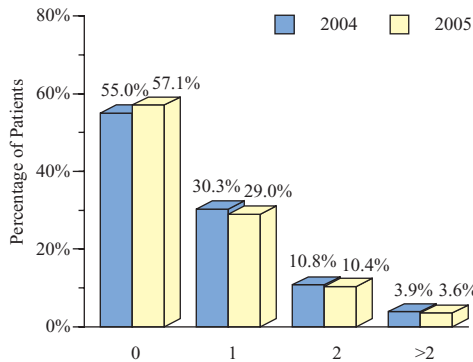
SMALL SHARE OF AUSTIN PATIENTS HAS TWO COMPLICATIONS

Although the share of Type 2 diabetes patients in the Austin MSA diagnosed with exactly two complications from the disease rose fractionally, to 8.4% from 8.1% in 2004, it still accounted for the lowest such patient share of the five Texas MSAs profiled.

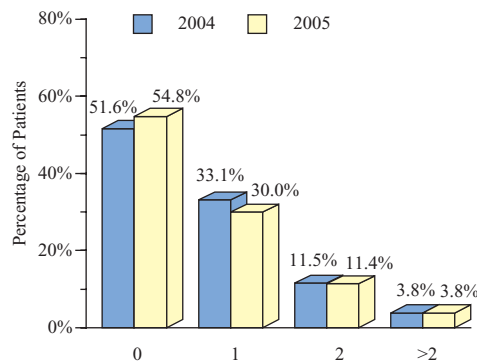
PATIENT SHARE WITH TWO COMPLICATIONS IS HIGH IN FT. WORTH

Of the five Texas MSAs listed, the share of patients with Type 2 diabetes who were diagnosed with two complications from the disease in 2005 was highest in the Fort Worth/Arlington MSA, at 11.4%. This MSA also reported the highest share of Type 2 diabetes patients with three or more complications, at 3.8%.

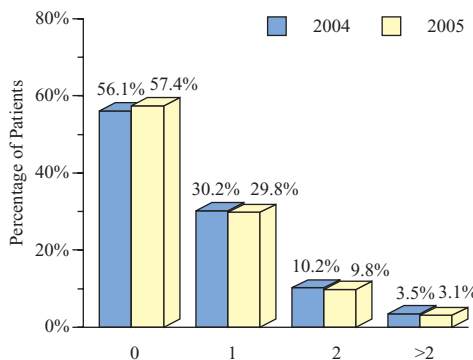
PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, DALLAS*



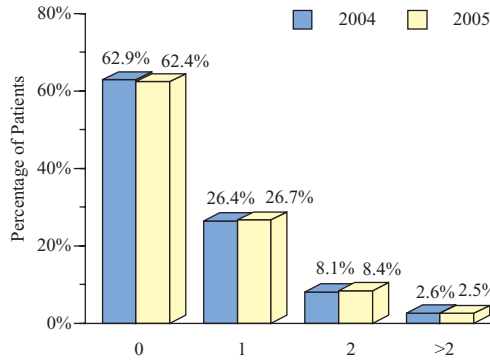
PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, FORT WORTH/ARLINGTON



PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, HOUSTON



PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMPLICATIONS, AUSTIN



Data source: Verispan LLC © 2006

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



PATIENT DEMOGRAPHICS

TEXAS MSAs REPORT HIGH MULTIPLE COMORBIDITY SHARES

The overall shares of Type 2 diabetes patients nationwide with two (26.6%) and more than two (6.3%) diagnosed comorbidities were each less than their corresponding shares in all five Texas MSAs profiled by a considerable margin. For example, the share of Type 2 diabetes patients in the Fort Worth/Arlington MSA with exactly two comorbidities was 38.2%, compared with 26.6% for such patients nationwide. Similarly, the share of Type 2 diabetes patients in the Dallas MSA diagnosed with three or more comorbidities was 12.8%, more than twice the 6.3% national patient share.

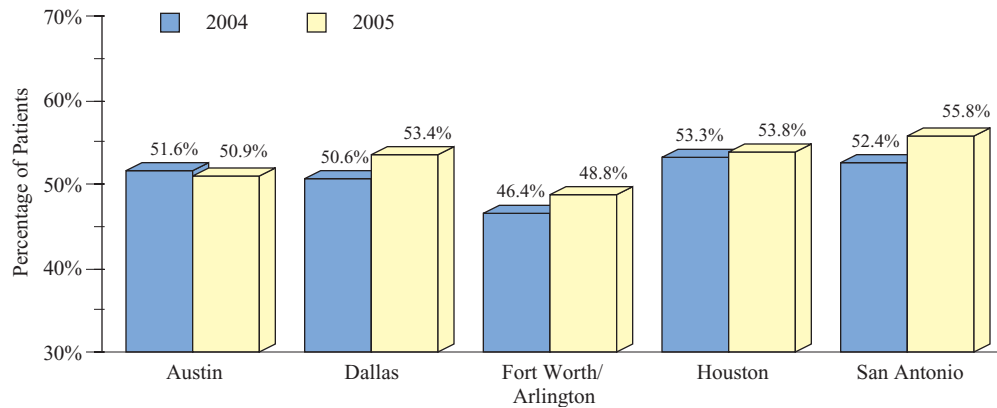
COMORBIDITY-FREE TYPE 2 PATIENT SHARE INCREASES IN TEXAS

Of patients in Texas with Type 2 diabetes, 31.0% were without a diagnosed comorbidity in 2005, up from 28.4% in 2004. Conversely, the shares of these patients with one (to 24.6% from 26.0% the previous year), two (to 33.4% from 34.0%) and more than two (to 11.0% from 11.6%) diagnosed comorbidities each dropped slightly during this period. The shares of patients with Type 2 diabetes and more than two diagnosed comorbidities either declined or remained unchanged, between 2004 and 2005, in all five Texas MSAs profiled.

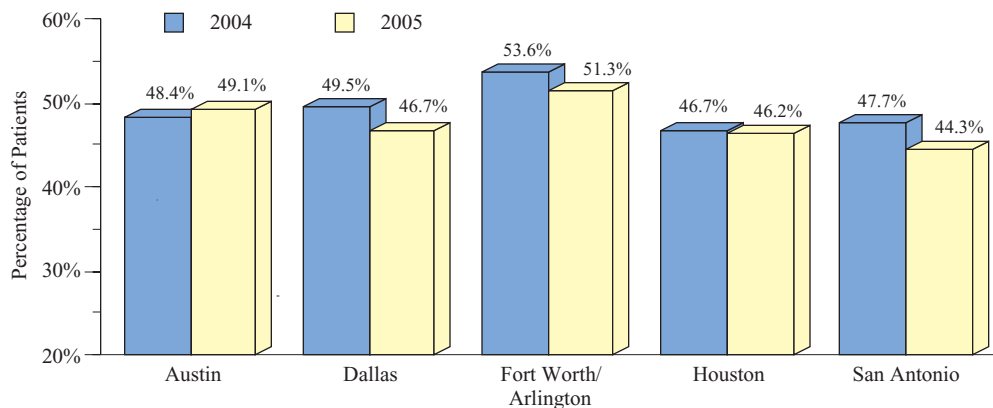
PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY NUMBER OF COMORBIDITIES*

MARKET	0		1		2		>2	
	2004	2005	2004	2005	2004	2005	2004	2005
Austin	22.5%	23.6%	29.1%	27.3%	37.1%	37.8%	11.3%	11.3%
Dallas	25.6	29.3	25.0	24.1	36.0	33.9	13.5	12.8
Fort Worth/Arlington	20.4	24.0	26.0	24.8	39.3	38.2	14.3	13.1
Houston	28.0	29.9	25.3	23.9	33.6	33.8	13.1	12.4
San Antonio	27.7	32.3	24.7	23.5	35.4	33.0	12.3	11.3
Texas	28.4	31.0	26.0	24.6	34.0	33.4	11.6	11.0
NATION	39.3%	41.6%	27.1%	25.5%	27.1%	26.6%	6.5%	6.3%

PERCENTAGE OF TYPE 2 DIABETES PATIENTS WITH ONE COMORBIDITY OR FEWER*



PERCENTAGE OF TYPE 2 DIABETES PATIENTS WITH TWO OR MORE COMORBIDITIES*



Data source: Verispan LLC © 2006

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

HOSPITAL CHARGES



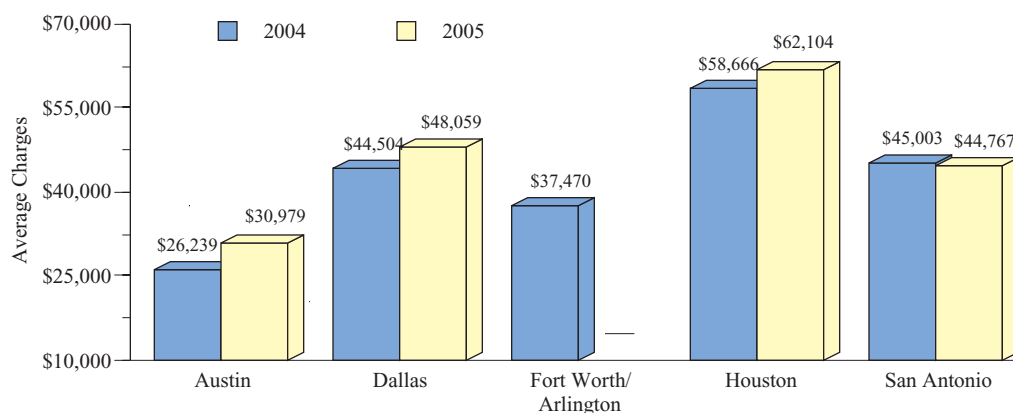
AVERAGE HOSPITAL CHARGES FOR TYPE 2 DIABETES PATIENTS*

MARKET	Hospital Inpatient		Hospital Outpatient		Emergency Room	
	2004	2005	2004	2005	2004	2005
	Austin	\$26,239	\$30,979	\$3,515	\$4,329	\$769
Dallas	44,504	48,059	3,882	4,280	1,093	1,227
Fort Worth/ Arlington	37,470	—	3,475	—	1,162	—
Houston	58,666	62,104	4,369	5,273	1,069	947
San Antonio	45,003	44,767	5,404	5,956	1,490	1,399
Texas	46,355	48,046	4,275	4,550	1,227	1,314
NATION	\$37,845	\$39,401	\$3,575	\$3,712	\$1,156	\$1,243

TYPE 2 PATIENTS IN TEXAS INCUR HIGH INPATIENT CHARGES

Hospital inpatient charges per Type 2 diabetes patient per year in the state of Texas increased to \$48,046 in 2005 from \$46,355 in 2004, with the highest such charges in the Houston MSA. By comparison, such charges were considerably less for Type 2 diabetes patients nationwide, up to \$39,401 from \$37,845 the previous year. However, hospital inpatient charges per Type 2 diabetes patient in the Austin MSA were just \$30,979, a notable increase from \$26,239 in 2004, but still substantially lower than such charges nationwide.

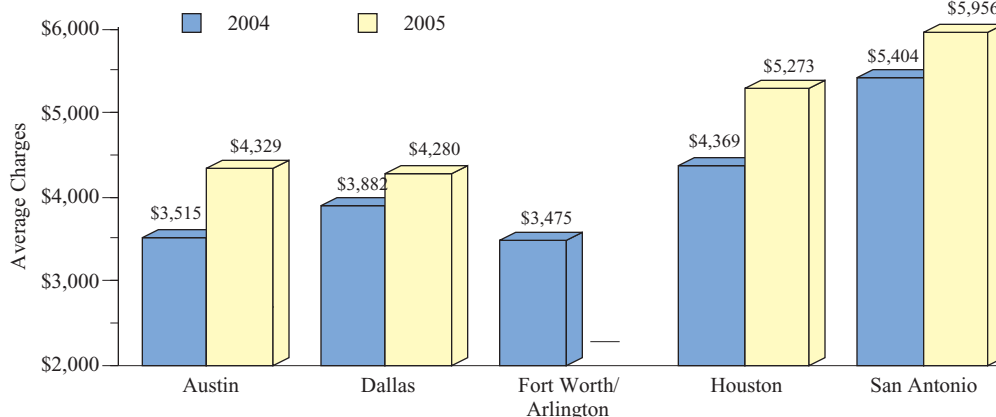
AVERAGE HOSPITAL INPATIENT CHARGES FOR TYPE 2 DIABETES PATIENTS*



ANNUAL OUTPATIENT CHARGES INCREASE FOR TYPE 2 PATIENTS

Average annual hospital outpatient charges for patients nationwide diagnosed with Type 2 diabetes increased 3.8% in 2005, to \$3,712 from \$3,575 in 2004. Such charges were notably higher for Type 2 diabetes patients in the state of Texas, to \$4,550 from \$4,275 the previous year. In 2005, annual hospital outpatient charges for Type 2 diabetes exceeded the national average in every Texas MSA profiled by a considerable margin. Meanwhile, average emergency room charges per Type 2 diabetes patient per year nationally rose 7.5%, to \$1,243 from \$1,156 the year before. Such annual charges also increased for Type 2 diabetes patients in Texas, to \$1,314 from \$1,227 in 2004.

AVERAGE HOSPITAL OUTPATIENT CHARGES FOR TYPE 2 DIABETES PATIENTS*



Data source: Verispan LLC © 2006

* Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.



HOSPITAL CHARGES

MEDICARE TYPE 2 PATIENTS HAVE HIGH INPATIENT CHARGES

Average annual charges for hospital inpatient care provided to Type 2 diabetes patients was highest, by payer, among Medicare beneficiaries in 2005, to \$39,309 from, \$38,038 in 2004. Type 2 diabetes patients in Texas with Medicare coverage accounted for hospital inpatient charges of \$51,401, up from \$49,083 the previous year, highest in the state, by payer, by a noteworthy margin. By comparison, hospital inpatient charges for Type 2 diabetes patients in Texas with Medicaid coverage were \$41,007, down 2.8% from \$42,198 in 2004.

MEDICAID HOSPITAL OUTPATIENT CHARGES DECLINE IN TEXAS

Averages charges for hospital outpatient care for Type 2 diabetes patients in Texas with Medicaid coverage edged down, to \$4,393 from \$4,422 in 2004. In spite of this slight decline, these charges were notably higher than those for Type 2 diabetes patients with Medicaid coverage nationwide, to \$3,620 from \$3,531 the year before. However, charges for hospital outpatient care for Type 2 diabetes patients with Medicaid coverage in the San Antonio MSA were just \$3,543 in 2005, 2.1% less than the national average.

* Figures reflect the charges generated for Type 2 diabetes patients by the facilities that delivered care.

** Includes commercial insurance companies, Blue Cross/Blue Shield, HMOs, PPOs, point-of-service plans and exclusive provider organizations.

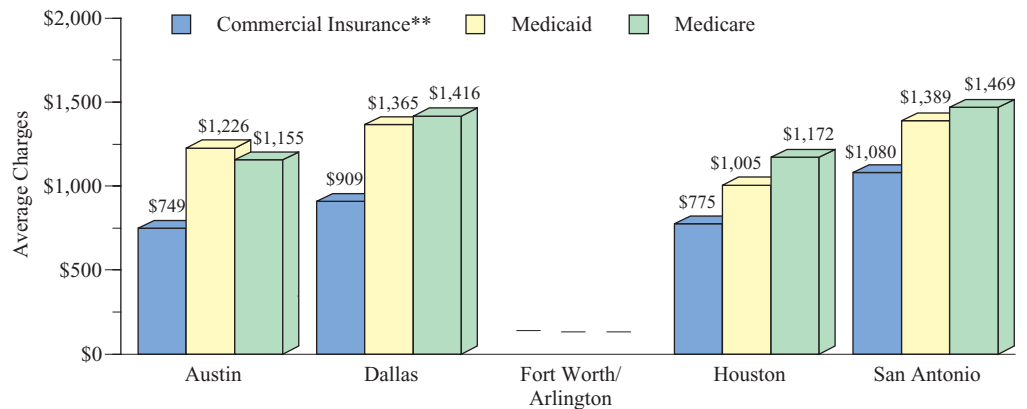
HOSPITAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

MARKET	Commercial Insurance**		Medicaid		Medicare	
	2004	2005	2004	2005	2004	2005
Austin	\$23,592	\$26,836	\$20,787	\$31,017	\$26,775	\$31,357
Dallas	37,043	38,381	42,189	44,418	47,631	52,185
Fort Worth/ Arlington	33,253	—	40,010	—	40,109	—
Houston	48,267	49,570	53,236	49,511	65,166	70,972
San Antonio	34,163	31,717	31,066	40,711	44,464	44,203
Texas	38,574	39,060	42,198	41,007	49,083	51,401
NATION	\$34,038	\$35,593	\$35,464	\$36,668	\$38,038	\$39,309

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

MARKET	Commercial Insurance**		Medicaid		Medicare	
	2004	2005	2004	2005	2004	2005
Austin	\$2,242	\$2,652	\$3,325	\$4,201	\$3,912	\$4,820
Dallas	3,173	3,339	4,378	4,434	4,469	5,062
Fort Worth/ Arlington	3,182	—	2,473	—	3,941	—
Houston	3,919	4,531	4,197	4,026	4,930	6,361
San Antonio	4,493	4,965	3,555	3,543	6,883	7,653
Texas	3,495	3,590	4,422	4,393	4,738	5,166
NATION	\$3,076	\$3,202	\$3,531	\$3,620	\$3,861	\$4,023

HOSPITAL EMERGENCY ROOM CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS, BY PAYER, 2005*



Data source: Verispan LLC © 2006



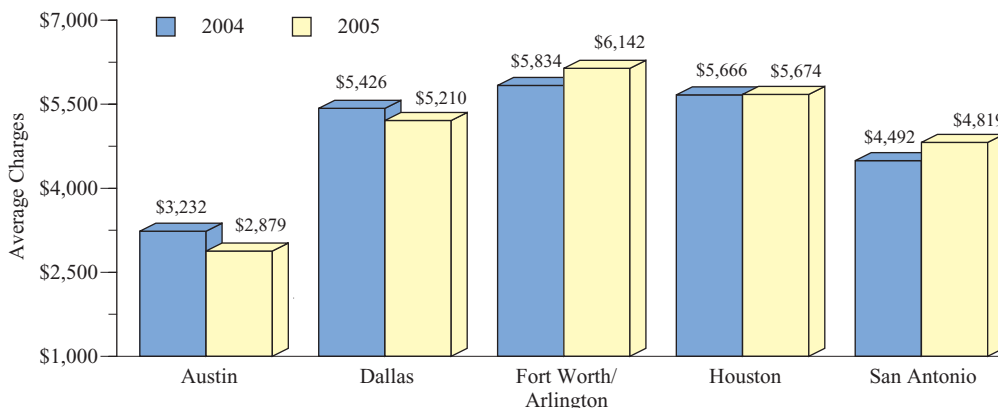
PROFESSIONAL CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS*

MARKET	ASC**		Emergency Room		Hospital Inpatient		Hospital Outpatient		Office	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Austin	\$3,810	\$3,589	\$628	\$577	\$3,232	\$2,879	\$1,269	\$1,289	\$1,805	\$1,776
Dallas	2,730	\$2,549	682	735	5,426	5,210	1,678	1,396	2,660	4,201
Fort Worth/ Arlington	1,187	1,363	391	569	5,834	6,142	1,888	2,113	1,111	1,273
Houston	1,627	2,303	645	604	5,666	5,674	1,955	2,008	1,509	1,608
San Antonio	1,866	1,696	439	476	4,492	4,819	1,306	1,294	1,136	1,090
Texas	2,678	2,797	569	587	5,568	5,250	1,645	1,497	2,037	2,502
NATION	\$2,811	\$2,838	\$558	\$546	\$6,510	\$6,404	\$1,903	\$1,818	\$3,030	\$3,266

HOSPITAL IP CHARGES FOR TYPE 2 PATIENTS DECREASE IN TEXAS

Type 2 diabetes patients in Texas accounted for hospital inpatient professional charges of \$5,250, down 5.7% from \$5,568 in 2004. These charges were 18.0% lower than those for Type 2 diabetes patients nationwide, which also dropped, to \$6,404 from \$6,510 the previous year. In 2005, hospital inpatient professional charges for Type 2 diabetes patients were lower in all five Texas MSAs than they were nationally.

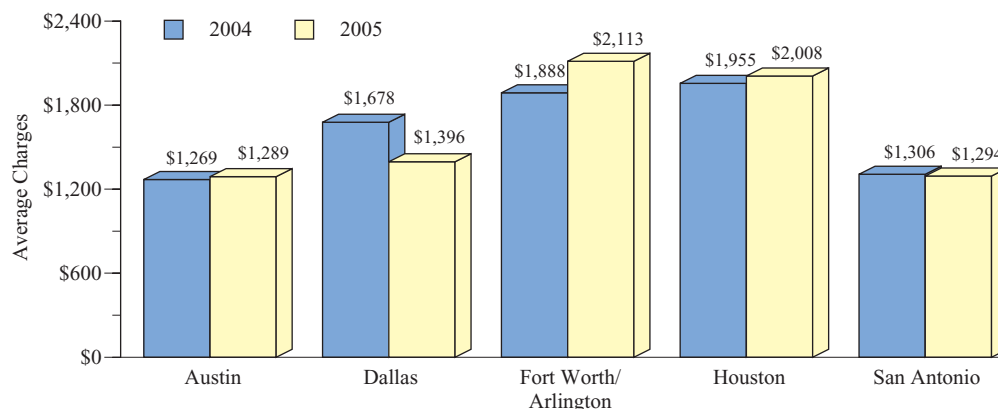
PROFESSIONAL INPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS*



ER CHARGES GROW FOR TYPE 2 DIABETES PATIENTS IN TEXAS

Average annual emergency room professional charges for Type 2 diabetes patients in Texas were \$587 in 2005, up moderately from \$569 in 2004. Such charges exceeded the national average for this measure (\$546), the only professional charge of those profiled to do so in 2005.

PROFESSIONAL OUTPATIENT CHARGES PER YEAR FOR TYPE 2 DIABETES PATIENTS*



TEXAS HOSPITAL OP CHARGES DECLINE FOR TYPE 2 PATIENTS

Average hospital outpatient professional charges for Type 2 diabetes patients in Texas declined notably, to \$1,497 from \$1,645 in 2004. These charges were significantly lower than the national average for these patients, in spite of a 4.5% decrease in hospital outpatient professional charges, to \$1,818 from \$1,903 the year before.

Data source: Verispan LLC © 2006

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

** Ambulatory surgery center.



PROFESSIONAL CHARGES

IP HOSPITAL CHARGES HOLD STEADY FOR MANAGED CARE PAYERS

Average professional inpatient hospital charges for Type 2 diabetes patients in Texas with commercial insurance coverage held steady in 2005, to \$5,390 from \$5,374 in 2004, but still accounted for the highest charges by payer. By comparison, such charges for Type 2 diabetes patients nationwide rose 1.7%, to \$5,127 from \$5,041 the previous year. In 2005, professional inpatient charges for Type 2 diabetes patients with commercial insurance coverage ranged from a low of \$3,159 in Austin to a high of \$6,530 in Houston.

HOSPITAL OP CHARGES FOR COMMERCIAL INSURERS DIP IN 2005

Average annual professional outpatient charges for Type 2 diabetes patients with commercial insurance coverage dropped 1.1%, to \$1,667 from \$1,685 in 2004. By comparison, such charges fell 2.7% for Type 2 diabetes patients with such coverage in Texas, to \$1,572 from \$1,615 the year before. Type 2 diabetes patients in the Fort Worth/Arlington MSA with commercial insurance coverage incurred professional outpatient charges of \$2,064, up notably from \$1,811 in 2004, and the highest average charges of the five Texas MSAs listed.

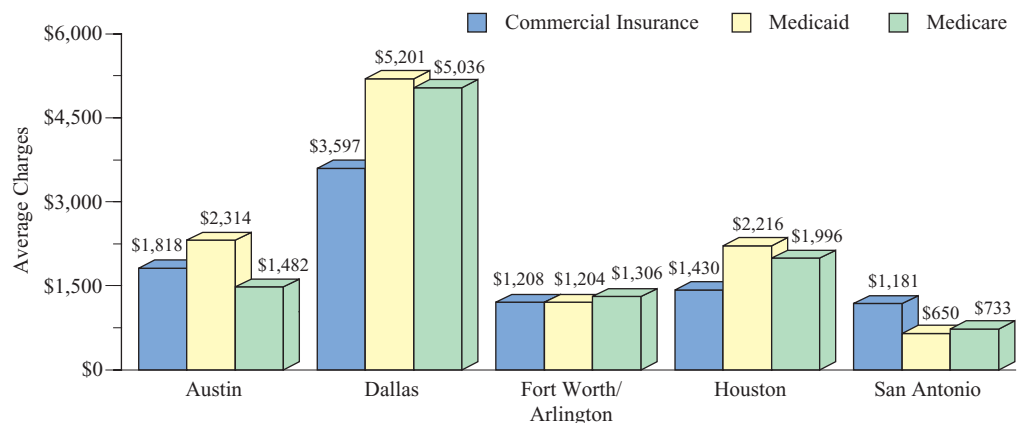
AVERAGE PROFESSIONAL INPATIENT CHARGES FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

MARKET	Commercial Insurance		Medicaid		Medicare	
	2004	2005	2004	2005	2004	2005
Austin	\$3,637	\$3,159	\$1,565	\$2,559	\$2,577	\$2,493
Dallas	5,030	5,182	5,990	5,593	5,505	4,832
Fort Worth/ Arlington	5,544	5,572	7,307	5,913	5,756	6,313
Houston	6,087	6,530	5,243	4,829	4,829	4,490
San Antonio	4,057	4,245	4,515	3,864	4,727	4,904
Texas	5,374	5,390	5,104	4,342	5,427	4,860
NATION	\$5,041	\$5,127	\$5,231	\$5,118	\$6,425	\$6,300

AVERAGE PROFESSIONAL OUTPATIENT CHARGES FOR TYPE 2 DIABETES PATIENTS, BY PAYER*

MARKET	Commercial Insurance		Medicaid		Medicare	
	2004	2005	2004	2005	2004	2005
Austin	\$1,318	\$1,412	\$1,070	\$807	\$1,214	\$1,052
Dallas	1,576	1,514	1,698	1,214	1,768	1,205
Fort Worth/ Arlington	1,811	2,064	1,458	1,545	2,150	2,155
Houston	1,922	1,963	1,926	2,121	1,823	1,973
San Antonio	1,153	1,155	1,320	1,259	1,548	1,395
Texas	1,615	1,572	1,438	1,271	1,628	1,564
NATION	\$1,685	\$1,667	\$1,243	\$1,273	\$1,584	\$1,564

AVERAGE PROFESSIONAL OFFICE/CLINIC CHARGES FOR TYPE 2 DIABETES PATIENTS, BY PAYER, 2005



Data source: Verispan LLC © 2006

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



PERCENTAGE OF TYPE 2 DIABETES PATIENTS, BY SERVICE

MARKET	A1C Test		Blood Glucose Test		Serum Cholesterol Test		Ophthalmologic Exam		Urine Glucose Test	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	Austin	85.7%	83.1%	92.8%	92.3%	89.5%	88.8%	58.1%	58.2%	72.9%
Dallas	68.8	68.9	83.3	83.7	79.7	79.6	62.9	63.1	78.0	78.2
Fort Worth/ Arlington	68.2	67.3	81.1	80.5	78.1	76.4	61.3	61.3	77.0	77.1
Houston	63.8	64.0	78.9	79.0	74.7	74.5	61.7	62.0	76.2	75.7
San Antonio	66.6	67.1	80.8	81.1	79.1	78.8	63.3	64.3	74.3	75.0
Texas	70.6	70.3	83.8	83.8	80.3	80.1	62.9	63.0	76.2	76.3
NATION	74.1%	74.1%	86.2%	86.4%	83.8%	83.9%	68.5%	68.8%	82.9%	83.2%

HIGH SHARE OF AUSTIN MSA TYPE 2 PATIENTS RECEIVES A1C TEST

Although the share of Type 2 diabetes patients in the Austin MSA receiving an A1C test declined moderately in 2005, to 83.1% from 85.7% in 2004, it still accounted for the highest mark of the five Texas MSAs profiled. By comparison, the share of Type 2 diabetes patients in Dallas who received an A1C test held virtually steady, to 68.9% from 68.8% the previous year. Meanwhile, the overall share of Type 2 diabetes patients nationwide who received an A1C test remained the same, at 74.1%.

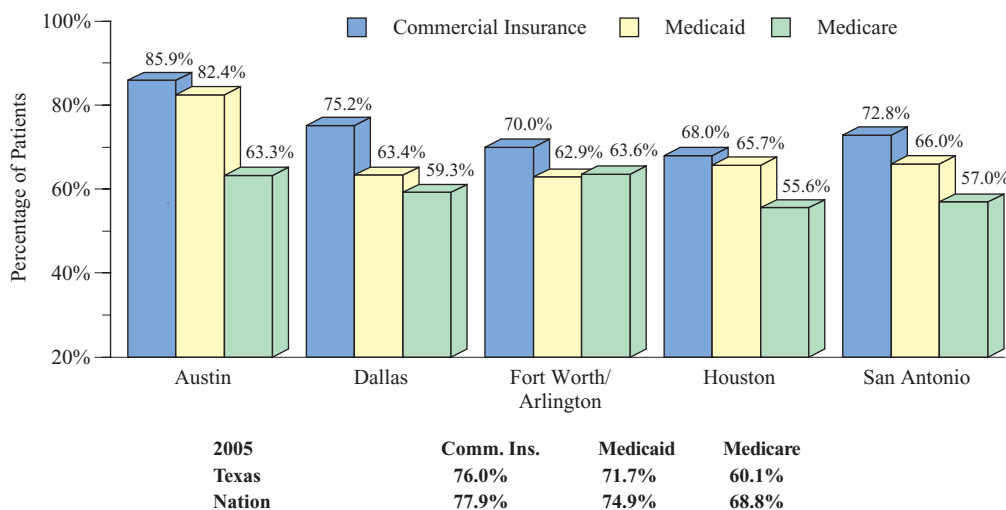
SHARE OF TEXAS TYPE 2 PATIENTS GIVEN EYE EXAMS HOLDS STEADY

Ophthalmologic examinations were administered to 63.0% of Type 2 diabetes patients in Texas in 2005, virtually unchanged from 62.9% in 2004. In 2005, San Antonio had the highest percentage of Type 2 diabetes patients with these examinations (64.3%), while Austin reported the lowest (58.2%).

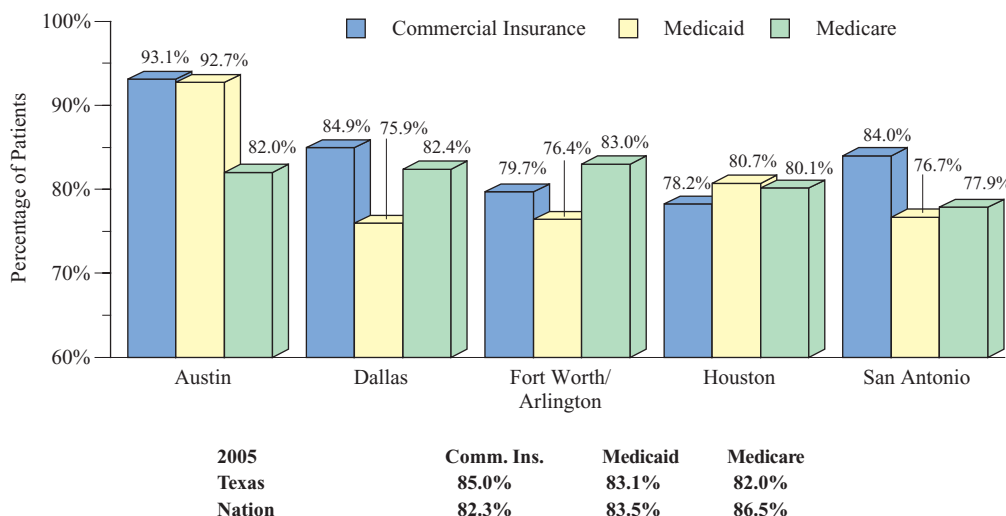
MOST TEXAS TYPE 2 PATIENTS RECEIVE BLOOD GLUCOSE TEST

The share of Type 2 diabetes patients in Texas who received a blood glucose test was 83.8% in 2005, unchanged from the previous year, and the highest share of the five services profiled. By comparison, 80.1% of Type 2 diabetes patients in Texas were administered a serum cholesterol test, down fractionally from 80.3% in 2004.

PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING A1C TESTS, BY PAYER TYPE, 2005



PERCENTAGE OF TYPE 2 DIABETES PATIENTS RECEIVING BLOOD GLUCOSE TESTS, BY PAYER TYPE, 2005



Data source: Verispan LLC © 2006



PHARMACOTHERAPY

TEXAS TYPE 2 PATIENT USE OF ANY INSULIN LAGS BEHIND NATION

Although the share of Type 2 diabetes patients in Texas using any insulin product inched up in 2005, to 29.6% from 28.9% in 2004, it still lagged moderately behind the national average (31.7%). The shares of Type 2 diabetes patients using any insulin product likewise trailed the national average in all five Texas MSAs profiled. Moreover, the shares of Type 2 patients in Texas using any of the specific insulin therapies listed were less than their respective national averages.

BIGUANIDE USE GROWS AMONG TYPE 2 DIABETES PATIENTS

The share of Type 2 diabetes patients using biguanides rose notably, to 50.0% from 46.5% in 2004. Of Type 2 patients in Texas, the share using biguanides also grew, to 44.9% from 41.9% the year before. The shares of Type 2 patients using biguanides increased, between 2004 and 2005, in all five Texas MSAs listed.

ANY INSULIN PRODUCT COSTS IN TEXAS TRAIL NATIONAL AVERAGE

In 2005, the average annual costs of any insulin product use among Type 2 diabetes patients in the state of Texas and each of five Texas MSAs profiled trailed those of the national average (\$717).

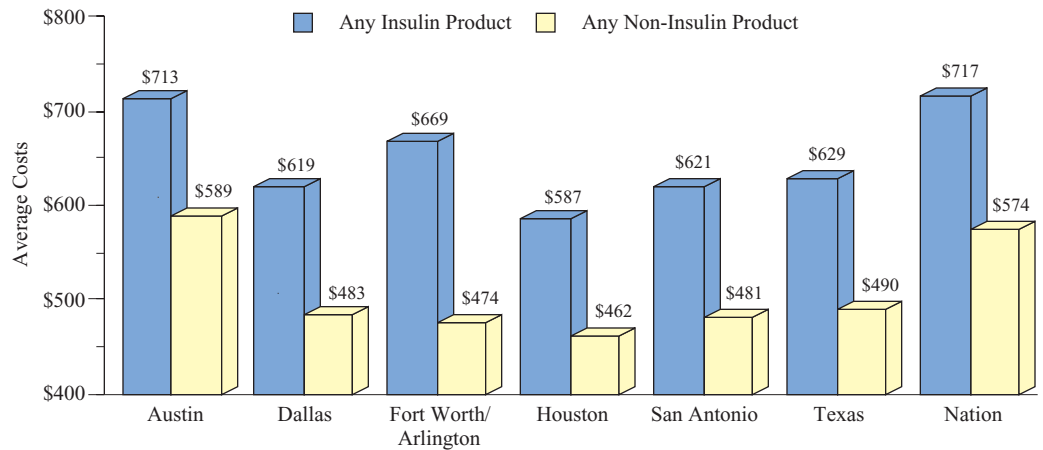
PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING INSULIN THERAPIES*

MARKET	Any Insulin Product		Intermediate-Acting Insulin		Long-Acting Insulin		Short-Acting Insulin		Mixed Insulin	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Austin	27.8%	28.9%	3.3%	3.0%	15.3%	17.7%	13.8%	14.8%	7.5%	6.3%
Dallas	28.2	28.8	6.5	5.5	10.8	12.2	11.7	12.1	10.8	10.5
Fort Worth/Arlington	29.2	29.7	5.2	4.6	14.4	15.3	12.5	13.2	9.5	9.0
Houston	28.1	27.4	6.2	5.0	13.4	14.2	11.0	11.1	8.3	7.7
San Antonio	26.2	28.8	5.4	5.0	13.1	15.3	10.2	11.4	8.5	9.0
Texas	28.9	29.6	6.1	5.3	12.9	14.3	11.8	12.4	9.7	9.5
NATION	31.5%	31.7%	8.3%	7.0%	13.3%	15.3%	14.2%	14.7%	10.6%	9.9%

PERCENTAGE OF TYPE 2 DIABETES PATIENTS USING NON INSULIN THERAPIES*

MARKET	Any Non-Insulin Product		Biguanides		Sulfonylureas		Insulin Sensitizing Agents	
	2004	2005	2004	2005	2004	2005	2004	2005
Austin	85.1%	85.4%	42.6%	45.1%	31.7%	32.3%	31.0%	36.0%
Dallas	83.9	83.7	43.4	46.6	36.7	35.5	25.1	29.1
Fort Worth/Arlington	83.4	83.7	42.9	46.0	37.5	35.4	23.6	28.3
Houston	85.4	85.8	42.1	46.2	39.7	38.2	23.3	27.9
San Antonio	87.0	85.7	44.1	46.1	40.0	38.3	25.5	30.0
Texas	84.5	84.4	41.9	44.9	37.6	35.9	24.8	29.1
NATION	84.9%	85.0%	46.5%	50.0%	43.8%	42.2%	27.6%	31.1%

AVERAGE COSTS PER TYPE 2 DIABETES PATIENT, BY TYPE OF THERAPY, 2005**



* Figures reflect the per-patient yearly costs for Type 2 diabetes patients receiving a particular type of therapy.

Data source: Verispan LLC © 2006



Data Methodology

Through agreements with more than three dozen data providers, Verispan generates data from more than 425 million health care professional (837p) and institutional (837i) claims annually, representing over 200 million unique patients, or approximately 30% of all such claims in the U.S. Data from physicians of all specialties and from all hospital types are presented in the TTS.

Verispan also gathers data on prescription activity from the National Council for Prescription Drug Programs (NCPDP). These data account for some 5 billion prescription claims annually, or approximately 54% of the prescription universe. These prescription data represent the sampling of prescription activity from a variety of sources, including retail chains, mass merchandisers and pharmacy benefit managers, and come from a near census of more than 59,000 pharmacies in the U.S. Cash, mail-order, Medicaid, and third-party transactions are tracked.

DATA INTEGRITY

Patient-level, disease-specific data arriving into Verispan are put through a rigorous process to ensure that data elements match to valid references, such as product codes, ICD-9 (diagnosis) and CPT-4 (procedure) codes, and provider and facility data.

Claims undergo a careful de-duplication process to ensure that when multiple, voided, or adjusted claims are

assigned to a patient encounter, they are applied to the database, but only for a single, unique patient.

Through its patient encryption methods, Verispan creates a unique, random numerical identifier for every patient, and then strips away all patient-specific health information that is protected under the Health Insurance Portability and Accountability Act (HIPAA). The identifier allows Verispan to track disease-specific diagnosis and procedure activity across the various settings where patient care is provided (hospital inpatient, hospital outpatient, emergency rooms, clinics, doctors' offices and pharmacies), while protecting the privacy of each patient.

THERAPEUTICS TRENDS SUMMARY DATA

The **Texas Type 2 Diabetes Report** features patient-level data on Type 2 diabetes from the **Therapeutics Trends Summary** (TTS), the latest enhancement to the sanofi-aventis **Managed Care Digest Series**®. DFWBGH chose Type 2 diabetes (high blood glucose levels caused by either a lack of insulin or the body's inability to use insulin efficiently) because the Centers for Disease Control estimate that 90–95% of all Americans with diabetes—translating to 5.7% of the U.S. population—have the Type 2 variety, and because obesity is associated with an increased risk of Type 2 diabetes, coronary heart disease, cancer, and other conditions.

CONTACTS

Marianne Fazen, Ph.D.
Executive Director
Dallas-Fort Worth Business Group on Health

214-382-3036
fazen@dfwbgh.org

Jean Berg
Employer National Account Manager,
sanofi-aventis U.S. LLC

720-922-9451

Jim Listak
Regional Account Manager—Dallas
sanofi-aventis U.S. LLC

800-321-0855, Ext. 9631

Dana McCormick
Regional Account Manager—Dallas
sanofi-aventis U.S. LLC

800-321-0855, Ext. 4749

Kevin Womble
Regional Account Manager—Dallas/Austin
sanofi-aventis U.S. LLC

800-321-0855, Ext. 8375

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**Dallas-Fort Worth
Business Group on Health**
11520 North Central Expy.
Suite 201
Dallas, TX 75243

TEXAS TYPE 2 DIABETES REPORT 2006

The Dallas-Fort Worth Business Group on Health is pleased to bring you this first edition of the **Texas Type 2 Diabetes Report** for 2006.

The report features key national, state of Texas and local patient-level, disease specific data from the Therapeutics Trends Summary™, the latest enhancement to the sanofi-aventis **Managed Care Digest Series**®.

- Demographics
- Hospital and Professional Charges
- Use of Services
- Pharmacotherapy

We look forward to providing you with another **Texas Type 2 Diabetes Report** in 2007.

