PREFACE

DEAR READER,

As we publish the sixth edition of the Drug Trend Report, we think that it is important to remind readers that our Report details the average, unmanaged increase in prescription drug costs experienced by healthcare payers. Many plan sponsors — HMOs, self-insured employers and insurance companies — have taken actions to reduce the yearly increase in drug costs and thereby have experienced trends lower than the unmanaged trend. The Drug Trend Report simply explains and quantifies the underlying factors that drive up drug costs so that plan sponsors can better plan their cost management strategies.

The per member per year Average Wholesale Price 2000-2001 trend was 16.9 percent, slightly higher than we forecasted, driven primarily by utilization increases. Because of the key role played by utilization, we have disaggregated utilization into two key components — new prescription drug users and current users who are taking more drugs. This finer analysis revealed that in many therapeutic categories, new users were the primary reason for utilization increases. In 2003, more than 17 percent of individuals participating in Express Scripts drug plans used prescription drugs, up 1.5 percentage points from the 2000 level. In the not very distant future, we expect an even larger majority of the American population will be taking at least one prescription drug some time during the year. As more people take prescriptions, the overall double-digit cost trend is likely to continue, despite the growing availability of less expensive generic products.

Express Scripts is committed to providing the best possible insight into the dynamics underlying prescription drug cost increases. We hope that you will find the added detail in this year’s Report useful.

Sincerely,

Barrett A. Toan
Chairman and Chief Executive Officer