

LTC Group Update to MCC 12/15/1999

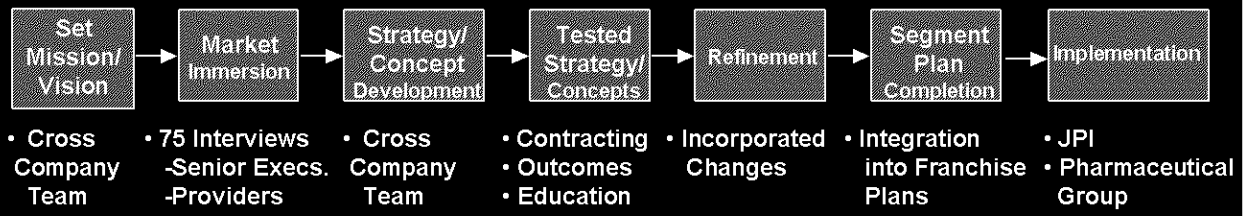
Agenda

- Background
- The Strategy & Team
- Results
- Lessons Learned
- Future “Open Discussion”



SETTING NEW STANDARDS

Background

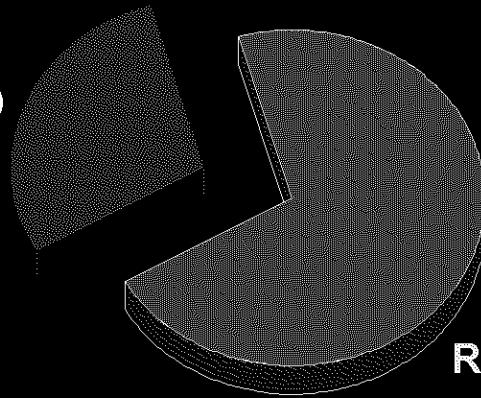


SETTING NEW STANDARDS

Rx Use and Seniors

- 1998 - 2.5 billion Rx's
- Seniors account for 34.2% of Total Annual Rx's in the USA

Rx's for seniors
(12% of population)



Rx's for non-seniors
(78% of population)

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Source: IMS 1997

LTC Pharmacy

'A Growth Industry'

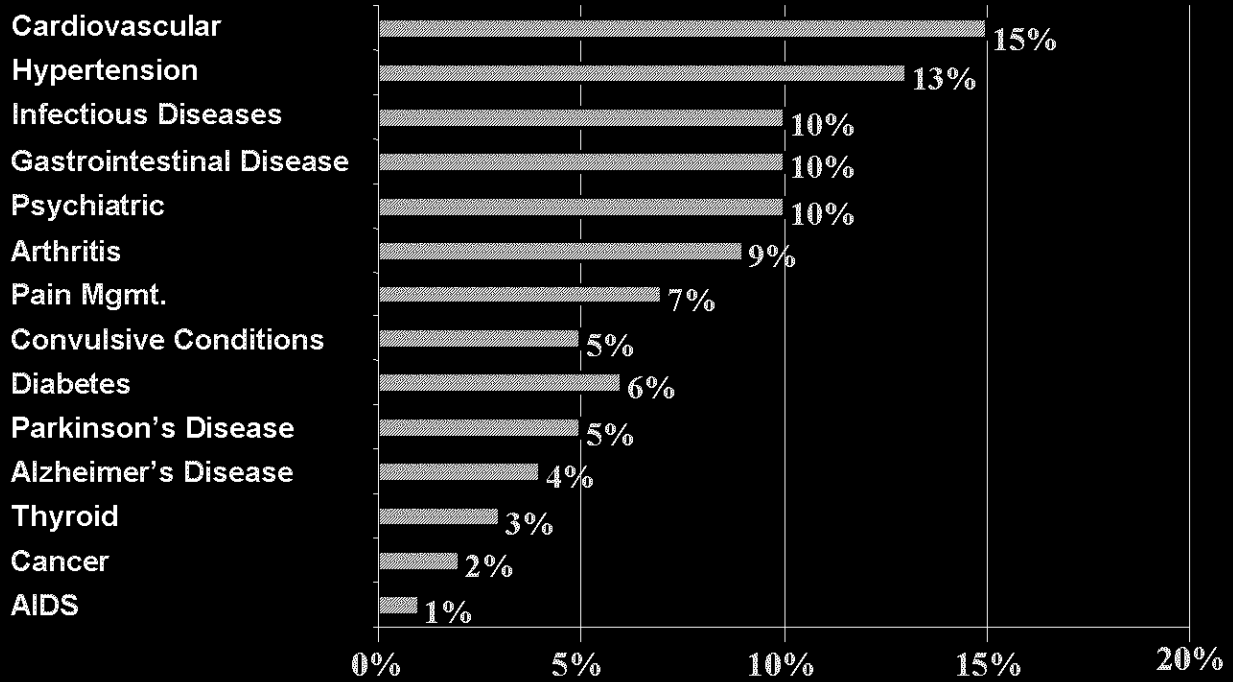
- Favorable Demographics
- Average Resident 8.9 Rx/Day
- \$4.5B today \$7B in 2002
- Fragmented
- Wall Street consensus on 25% - 30% growth



SITTING **NEW** STANDARDS

Percentage of Total Rx's by Disease Category

The average nursing home resident receives 8.9 prescription medications* concurrently, of which 28% treat cardiovascular conditions



Source: SMG LTC Provider Census 06/99

* In addition, the average nursing home resident receives 2.2 OTC medications

J & J Customer Satisfaction in LTC

Base Line - October 1996

- Customer Satisfaction Rating (Scott Levin) # 36
- Advisory Board Feedback “Bottom three”
- Large Sales Volume



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Dedicated Resources

LTC Business Group
(OMP, OBI, JPI)
Nov. 1996

- 2 Region Directors
- 3 Account Directors
- 11 Business Managers
- 25 Geriatric Nurse Consultants

JJHCS

- Contract Admin. & Management

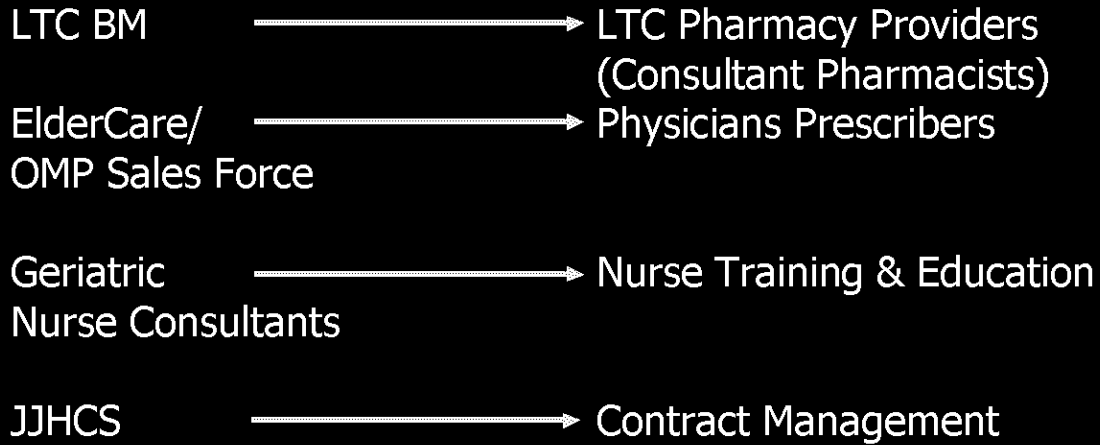
Janssen Pharmaceutica
ElderCare Sales Force
May 1998

- 2 Region Directors
- 9 District Managers
- 85 ElderCare Specialists
Proposed Expansion +136



SETTING NEW STANDARDS

Long-Term Care Dynamics & Influencers



Strong partnerships with Marketing, Sales & Account Management at OMP, OBI & Janssen

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Our Vision

- Build a collaborative team, leveraging our internal partners.
- Be viewed as the best account management team in the industry.
- Provide innovative products and customer support programs that assist our customers in achieving their business and clinical goals.



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Sampling of Pharmaceutical Group Targeted LTC Products

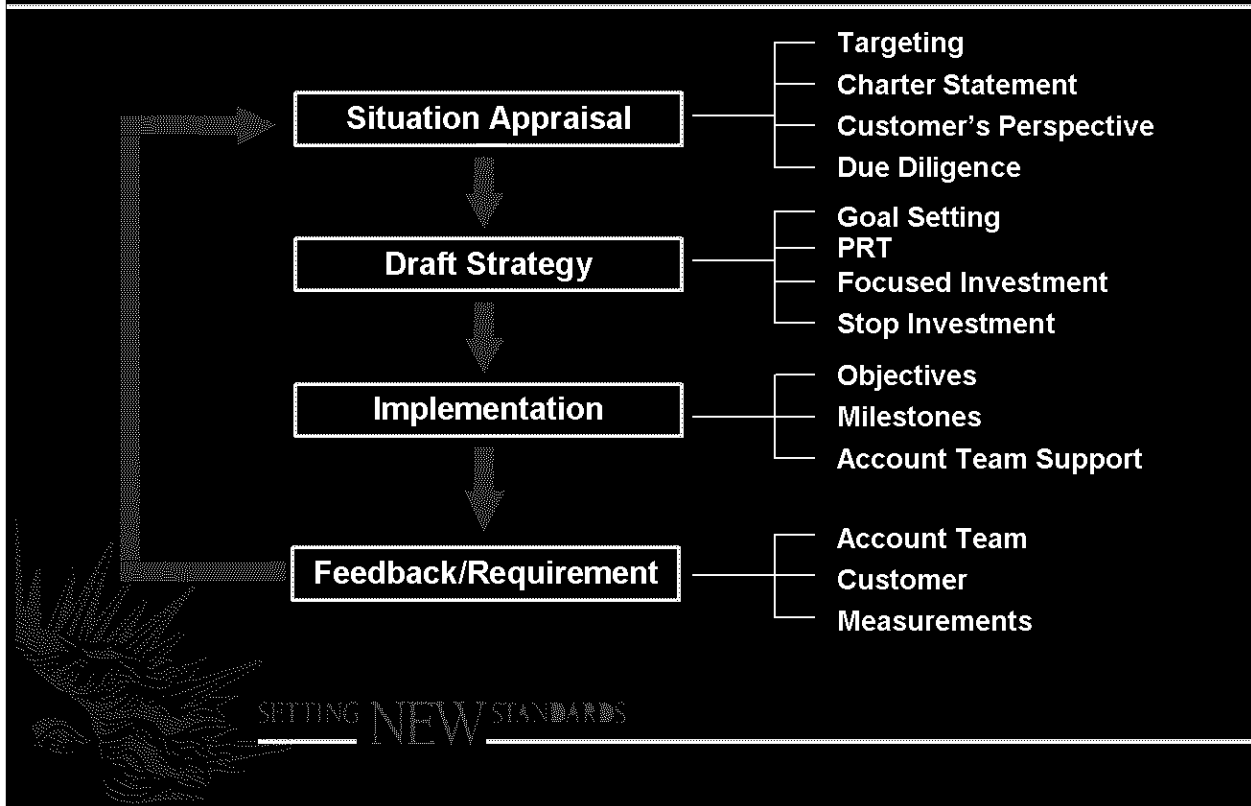
- Duragesic[®]
- Levaquin[®]
- Procrit[®]
- Regranex[®]
- Risperdal[®]
- Ultram[®]



SETTING NEW STANDARDS



Large Account Management Process Model



Key Initiatives

- Intervention Programs
 - RISPERDAL, LEVAQUIN, Pain Management, ULTRAM, DURAGESIC, PROCRIT*, REGRANEX*
- Home Health Care / ALF
- Market Assessment - LifeScan / JJMI
- Image-Enhancement Campaign
- LTC - Newsletter (ASCP, AMDA, NADONA)



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Results



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Results

- Strong sales performance +30%
- Solid customer endorsement
 - Rank #36, Oct 1996
 - Rank # 5, Fall 1997
 - Rank # 2, Spring 1999

AMDA Award , Spring 1999

ASCP Hall of Fame Award, Nov. 1999



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Source: IMS June 1999

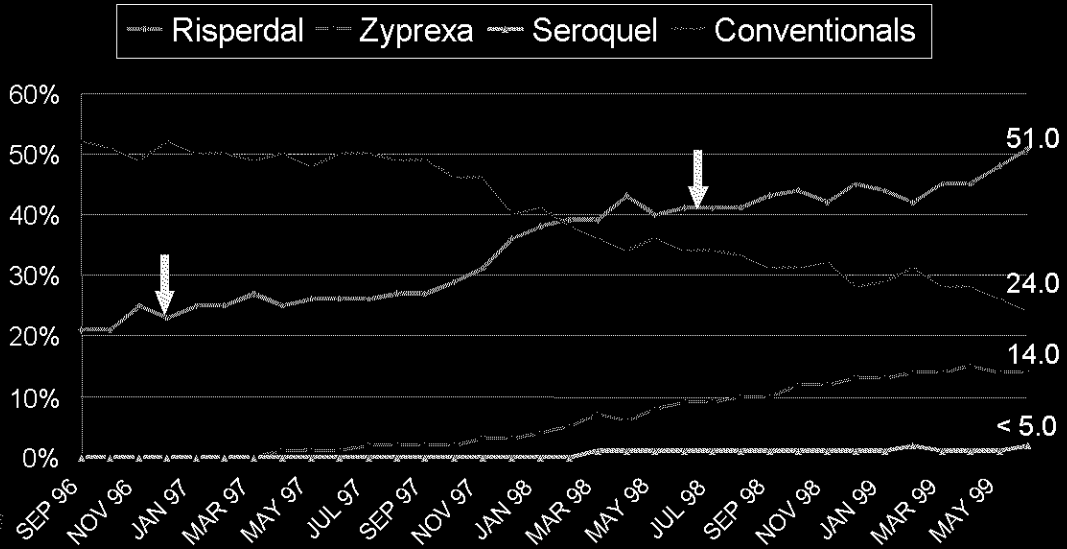
Key Customers - Tier I - LTCPP

Account	Beds Serviced 000	% of Market	Contract Status
Omnicare	612	36%	X
PharMerica	365	21%	X
Neighborcare	263	15%	UR
NCS Healthcare	248	14%	X
SunScript	67	4%	X
Vencare	55	3%	X



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Geriatrics Market Share



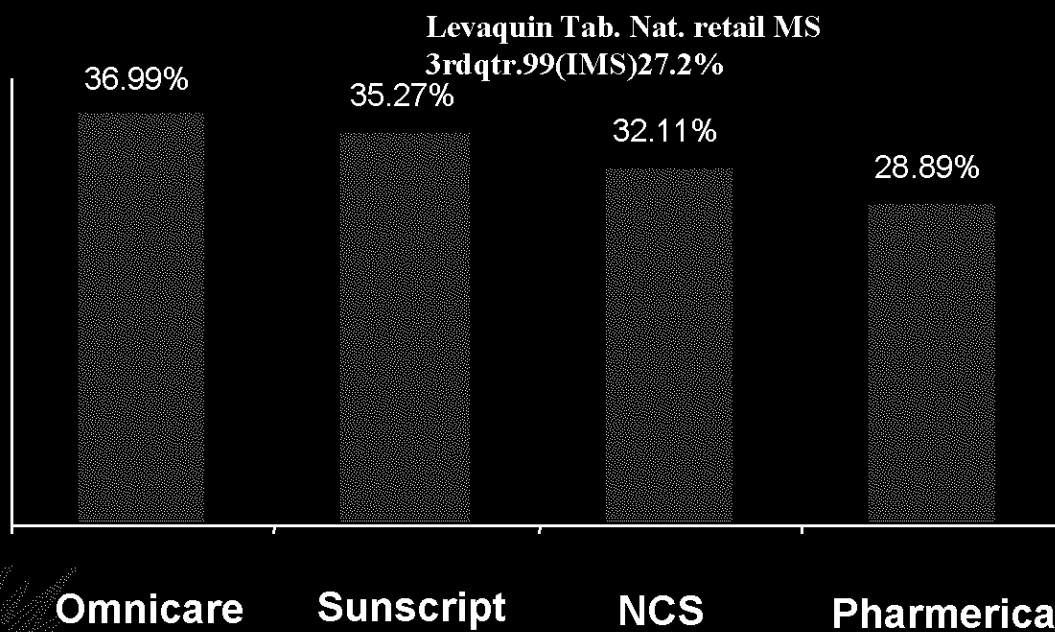
27.8% Risperdal Nat. Retail MS (IMS)

RISPERDAL Geriatrics

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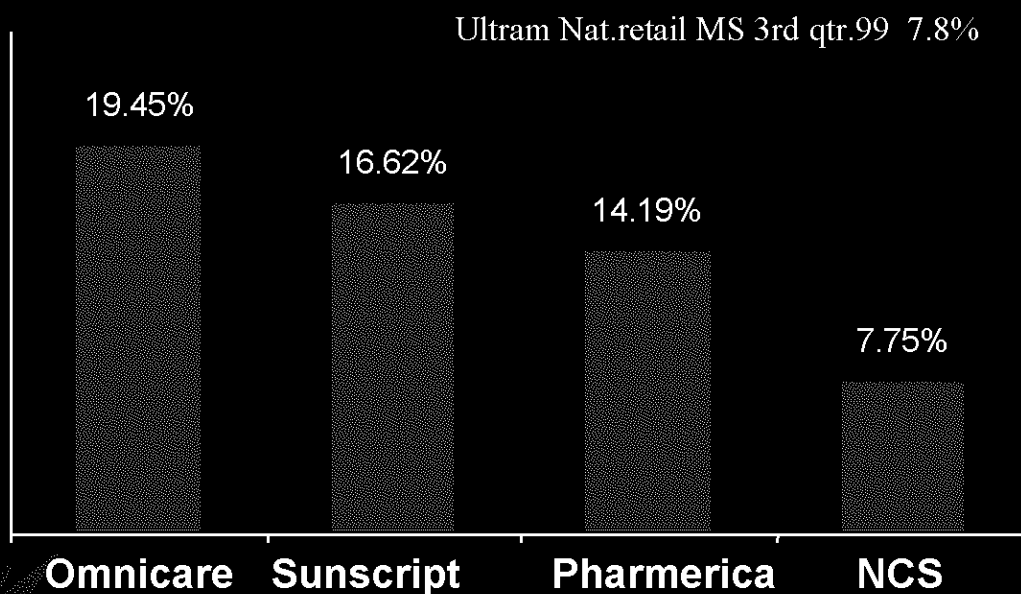
Source: IMS NDTI Audit

LEVAQUIN Tablet Share 2Q99



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ULTRAM Tablet Shares 2Q99



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Results

- PROCRIT®
- Home Health Care
- ESRD Omnicare initiative
- (OBI estimates \$100MM - \$150MM)



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Lessons Learned



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Lessons Learned

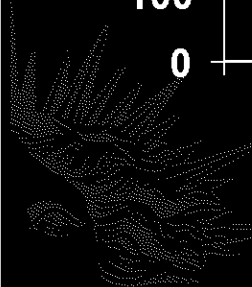
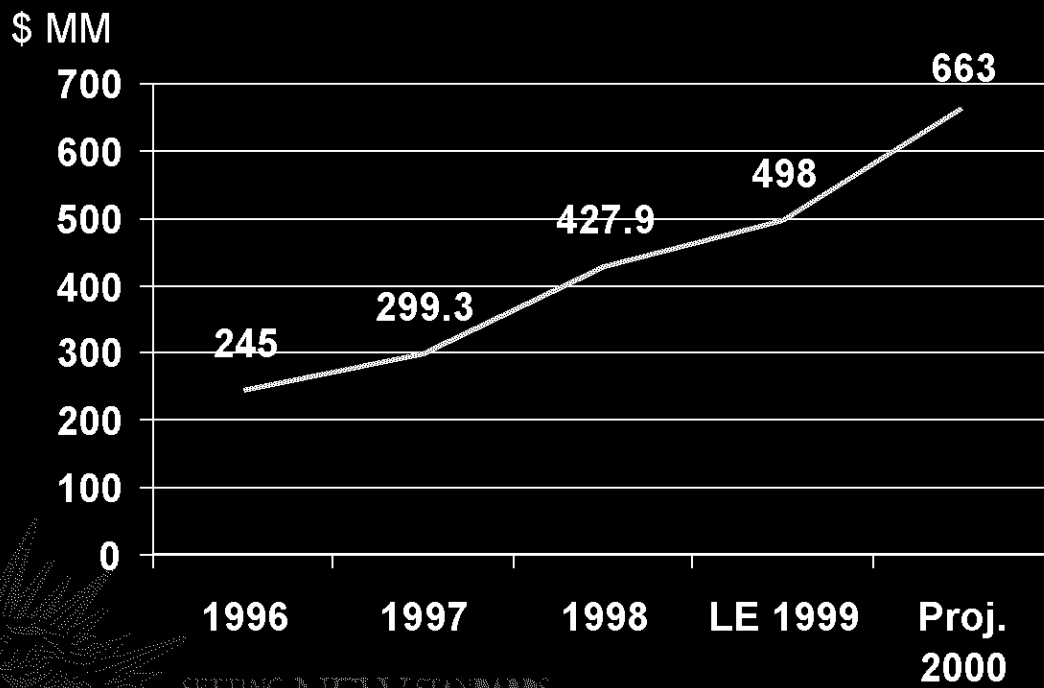
Role of LTC Managers:

- Consultant Pharmacists - Extension of Sales Force Clinical Focus - Intervention Programs
- Focussed Pharma Effort
- Partnerships with : Marketing, Sales ,Account Management and Professional Services
- JJHCS - Contract Management & Administration
- Contracting - small element



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Sales Projections 1999 LTC Segment



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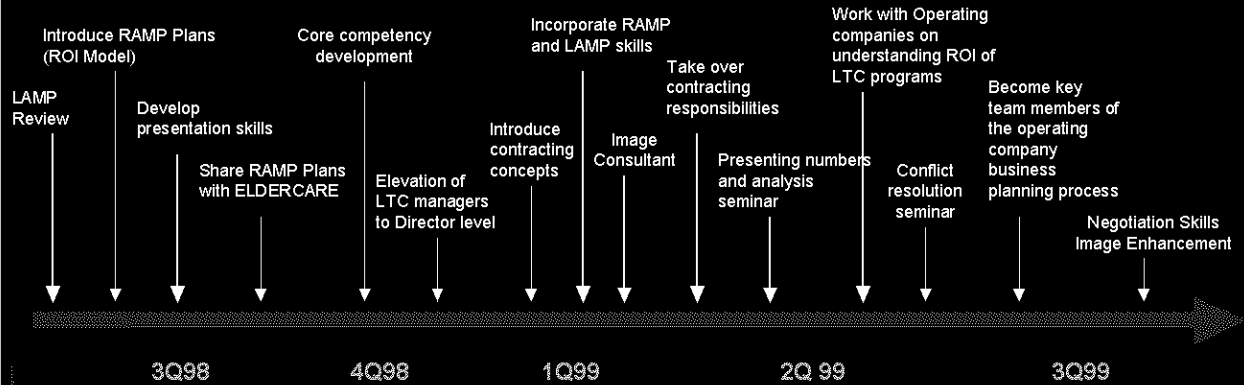
Future

- Continue to outpace market growth
- Customer Satisfaction Ratings
“Stay in the top three”
- Strengthen metric system
- Expand initiative in Home Healthcare,
Assisted Living and Nursing Home Chains



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LTC GROUP DEVELOPMENT



Milestones



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2000 Budget Projections - \$MM

OE	JPI	OMP	OBI	Total
1998	1.521	.912	.608	3.042
1999	1.810	1.08	.734	3.620
2000	2.120	1.272	.848	4.240
%Var	+17%	+17%	+16%	+17%
PME				
1998	.500	.300	.200	1.00
1999	1.047	@OMP	.250	1.297
2000	1.195	.267	.428	1.712
% Var	+14%		+ -	+32%
GNE				
1998 (10)	.565	.339	.226	1.131
1999 (25)	2.25	TBD	NP	2.25
2000 (25)	2.50	TBD	NP	2.50
%Var	+11%	5.815		+11%
Total 2000	5.815	1.539 (.567)	1.276	8.630 (9.197)



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09/20/99

Follow Up Questions?

Q1. Will the transition help improve Customer satisfaction ratings?

Q2. Will the transition accelerate business growth / results?



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Opportunities / Issues

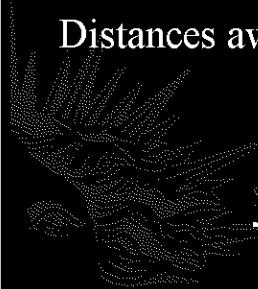
1. Opportunity for other J&J companies

- a) LifeScan
- b) JJMI

Issues: Workload, Balancing priorities, Less time with phram. Products

2. Based at JJHCS

Issues: Different model, Clinical vs Contracting approach,
Distances away from Marketing, Sales, Account Management & PS



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Next Steps....

1. Obtain consensus on - What's best for the business ?
2. Incorporate other J&J companies
3. Locate LTC person at each operating company



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