



February 23, 2009

Dear Doctor,

You are receiving this letter because our records indicate you have prescribed insulin for a Caterpillar healthcare participant in the past year. Caterpillar understands the importance of insulin therapy. Therefore, we want to make coverage decisions that promote greater use of insulin while also providing more value for both the patient and Caterpillar.

Caterpillar's healthcare plans cover the four basic groups of insulin and will continue to do so: rapid-acting, short-acting (regular), intermediate-acting ("N" or NPH) and long-acting. Each of these groups has different costs and characteristics, and there are two or more products made by different manufacturers within each group.

- Rapid-acting and short-acting insulin are given prior to each meal, but short-acting insulin actually costs much less and has similar hemoglobin A1c outcomes compared to rapid-acting insulin. Some patients can switch from rapid to short-acting insulin and maintain similar blood sugar control, though there may be different hypoglycemia profiles associated with this.
- Intermediate-acting and long-acting insulin, depending on the type, are given once or twice per day, but intermediate-acting insulin costs much less. Many patients can attain similar blood sugar control, as manifested by clinically equivalent hemoglobin A1c measurements, from treatment with either a long-acting or an intermediate-acting insulin without experiencing significant increases in hypoglycemic episodes.

For Caterpillar, insulin manufactured by Novo Nordisk is generally priced lower than insulin manufactured by Eli Lilly. We could find no evidence that clinical outcomes were superior based on the choice of manufacturer. For example, because of their similar actions, the intermediate-acting insulins Humulin-N[®] (made by Eli Lilly) and Novolin-N[®] (made by Novo Nordisk) may be used for similar purposes. Likewise, the rapid-acting insulins Humalog[®], Novolog[®] and Apidra[®] may be used as alternatives for one another.

Insulin products are available in vials and pen devices, but pens are considerably more expensive (often two to three times more expensive) than the same insulin available in a vial. Although pens are convenient, their cost (in terms of dollars) continues to escalate faster than vials.

In response to these variables in the insulin prescription arena, Caterpillar is making a number of revisions to its coverage of insulin products. On the reverse side is a breakdown of the current co-payment structure for Caterpillar participants followed by the coverage revisions. NOTICE: The following co-pay chart is representative of the majority of Caterpillar healthcare participants.

Closed Formulary: Certain salaried, management, non-bargained hourly participants in the Caterpillar PPO and all Health Alliance HMO participants

\$0 Select Tier	=	\$0
Tier 1	=	\$5
Tier 2	=	\$20
Tier 3	=	\$35
No coverage	=	Participant pays full price

Open Formulary: Production hourly participants in the Caterpillar PPO

Generic	=	\$5
Preferred	=	\$20
Non-Preferred	=	\$35

Note:

- Certain participants are still on a 2-tier co-payment structure.
- A \$100 participant cost-share applies if a medication has a retail cost of more than \$1,000.

Effective May 1, 2009

- Levimir[®] vials will still be covered at the non-preferred/Tier 3 co-pay level.
- Lantus[®] vials will be covered at the preferred/Tier 2 co-pay level.
- A prior authorization will be required for Lantus pens, which will be covered at the non-preferred/Tier 3 co-pay level.
- For open formulary participants, Levemir[®] pens will be covered at the non-preferred co-pay level and will require a prior authorization. For closed formulary participants, the pens will no longer be covered.
- Short-acting (regular) and intermediate-acting ("N" or NPH) insulin in vials manufactured by Novo Nordisk (Novolin-R[®] and Novolin-N vials, respectively, and their mixed forms) and by Eli Lilly (Humulin-R[®] and Humulin-N vials, respectively, and their mixed forms) will be covered at the generic co-pay level for open formulary participants and the \$0 Select Tier for closed formulary participants.

Effective August 1, 2009

- The Novolog vial will still be covered at the generic/Tier 1 co-pay level.
- The Novolog pen (and its mixed forms) will be covered at the preferred/Tier 2 co-pay level.
- Humalog (and its mixed forms) in vials will be covered at the non-preferred/Tier 3 co-pay level.
- For open formulary participants, Humalog and Apidra pens (and their mixed forms) will be covered at the non-preferred level and will require a prior authorization. For closed formulary participants, Humalog and Apidra pens will no longer be covered.
- Short-acting and intermediate-acting insulin pens manufactured by Novo Nordisk (Novolin-R pens and Novolin-N pens, respectively, and their mixed forms) will be covered at the preferred/Tier 2 co-pay level.
- Short-acting and intermediate-acting insulin in pens manufactured by Eli Lilly (Humulin-R pens, Humulin-N pens, respectively, and their mixed forms) will be covered at the non-preferred co-pay level and require a prior authorization for open formulary participants and will no longer be covered for closed formulary participants.

Note: Prior authorization forms can be found by logging on to CatHealthBenefits.com, clicking on "For Providers" at the top of the screen, clicking on "Prescription Drugs" on the left-hand side of the screen and clicking on "Prior Authorization List/Forms" on the left-hand side of the screen.

Even as the costs of medications rise, Caterpillar is committed to covering insulin for our participants with diabetes. We will continue to keep participants and their healthcare providers informed of more cost-effective ways to use this medication. If you have any questions, please contact us.

Sincerely,

Rick Luetkemeyer, M.D.
Caterpillar Inc.
Corporate Medical
1-309-675-4687

Rick Horndasch, M.D.
Caterpillar Inc.
Corporate Medical
1-309-494-0053

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