

Pay for delay

The US Federal Trade Commission (FTC) reported 13 January 2010 that pharmaceutical companies entered into 19 settlement agreements in 2009 that combined restrictions on generic entry with compensation paid to the generic companies. The deals kept generics off the market for an average of 17 months longer than deals without payments, the authors noted. One day before, the European Commission reported that it had requested information from several pharma firms in relation to similar deals made between July 2008 and December 2009. The FTC study examined the 'pay-for-delay' settlement agreements over the past six years, with data showing that there were 16 such deals in 2008 and none in 2004.

The FTC supports legislation to end these drug industry settlements. Chairman Mr Jon Leibowitz went as far as saying that "from the perspective of the FTC, these deals are one of the worst abuses across the board in health care and should be stopped." An FTC study released in June 2009 estimated that putting an end to 'pay-for-delay' settlements between originator and generic companies would reduce spending on prescription drugs by US\$3.5 billion (Euros 2.5 billion) per year in the US. EU Competition Commissioner Ms Neelie Kroes agreed that "patent settlements are an area of concern."

www.ftc.gov/opa/reporter/payfordelay.shtm
www.europa.eu/rapid/ search term Antitrust

GlaxoSmithKline sees Asia Pacific region leading global growth

The Philippines and other emerging markets in the Asia Pacific region are not just serving as bright spots amid the global economic crisis, but are also leading changes in the pharmaceutical industry, said Dr Christophe Weber, GlaxoSmithKline (GSK) Senior Vice President recently in Manila, Philippines. GSK is reportedly forecasting a 10% growth in the Asia-Pacific region this year.

The company is currently seeing a new era where the growth in Asia consistently pulls away from Europe and North America. Sales of several of the company's products increased significantly in 2009, including a tenfold increase in sales of Cervarix. Last year GSK announced plans to reduce the price of the cervical cancer vaccine in Indonesia, Malaysia, Philippines and Thailand. The Philippines succeeded in June 2009 in persuading several companies to halve the price of medicines sold there, and is seeking further reductions in 2010.

Dr Weber also noted that GSK is reinvesting 20% of its earnings from poor countries into health infrastructure developments, such as building hospitals. He argued that "if you just reduce your price but you don't change the way you market your product, promote your products, then you won't have a volume increase."

www.gsk.com.ph/newslist.html

US files lawsuit against Johnson & Johnson

The US Department of Justice is suing Johnson & Johnson for paying millions of dollars to a pharmacy that specialises in dispensing drugs to nursing home patients. The complaint alleges that Johnson & Johnson paid Omnicare to buy and recommend the company's drugs, including the anti-psychotic Risperdal (risperidone), for use in nursing homes between 1999 and 2004.

Prosecutors said that Johnson & Johnson entered agreements with Omnicare that gave the company increased rebates if it increased prescriptions of the drugmaker's products. The alleged kickbacks also included payments for the pharmacy's data, much of which Omnicare never provided, as well as for education programmes. In November 2009, Omnicare agreed to pay US\$98 million (Euros 70.11 million) under a settlement deal related to the alleged scheme.

'Extraordinary' price increases in US for some drugs

According to a report released 11 January prices for 416 branded drug products increased more than 100% in the US from 2000 to 2008. The report comes from the Government Accountability Office familiarly known as 'the congressional watchdog'. Investigators said the number of these 'extraordinary' drug price increases in 2008 more than doubled compared with 2000. Senator Mr Charles Schumer, who requested the report, commented that "it is hard to find a good-faith explanation for why drug prices could go up this much ... This report will lead to a strong demand for action by Congress."

Only a small percentage of medicines is involved, but most of the price increases were between 100% and 499%, and the price of 26 drugs rose more than tenfold. Limited competition may have contributed; in addition, about half of price increases came from drug repackagers, not manufacturers.

The inspector general of the Department of Health and Human Services reportedly plans to investigate whether pharma firms are increasing prices ahead of passage of the plan to overhaul the US healthcare system.

www.gao.gov/products/GAO-10-201