

News: Reuters: **Makers took big price increases on widely used U.S. drugs**

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<http://www.reuters.com/article/us-usa-healthcare-drugpricing-idUSKCN0X10TH>

By Caroline Humer

New York: Major drug companies took hefty price increases in the U.S., in some cases more than doubling listed charges, for widely used medications over the past five years, a Reuters analysis of proprietary data found.

Prices for four of the nation's top 10 drugs increased more than 100 percent since 2011, Reuters found. Six others went up more than 50 percent. Together, the price increases on drugs for arthritis, high cholesterol, asthma and other common problems added billions in costs for consumers, employers and government health programs.

Extraordinary price hikes by two small companies, Turing Pharmaceuticals and Valeant Pharmaceuticals International Inc (VRX.TO), drew new attention to drug costs. Turing expected to book \$200 million by raising the price of Daraprim, an antiparasitic used for a rare infection, by 5,000 percent, according to company documents released by Congressional investigators.

Routine price increases by bigger players may draw less attention, but they add up. Sales for the top 10 drugs went up 44 percent to \$54 million in 2014, from 2011, even though prescriptions for the medications dropped 22 percent, according to IMS Health data.

At the top of the list was AbbVie Inc (ABBV.N), which raised the price of arthritis drug Humira more than 126 percent, Reuters found. Next were Amgen Inc (AMGN.O) and Teva Pharmaceutical Industries Ltd (TEVA.TA), which raised prices for arthritis treatment Enbrel and multiple sclerosis drug Copaxone by 118 percent.

The increases help explain federal data showing overall spending on drugs rose faster than doctor visits and hospitalization over the past five years.

Reuters based its analysis on the top 10 drugs, according to 2014 sales figures from IMS, and on proprietary pricing data provided by Truven Health Analytics. Reuters used commonly prescribed approved indications. Reuters shared its method and findings with the eight companies that sell the top 10 drugs; none disputed the findings.

In general, drug companies said they set prices to recoup investments in failed drugs, support new research and development efforts, and pay for clinical trials to broaden the use of approved drugs. Also, they said, medications prevent costly hospitalizations.

[See fact box, at end of article]

Some of the companies noted that Reuters' analysis of list prices failed to capture negotiated discounts and rebates – information they closely guard. In a few cases, companies offered a limited view into proprietary prices.

Amgen, for instance, told Reuters that, after most discounts, the average sales price for a dose of Enbrel is at least \$200 less than list.

And, while Reuters found arthritis drug Remicade went up almost 63 percent, Johnson & Johnson (JNJ.N) spokeswoman Caroline Pavis said average selling price increases were closer to 5.4 percent per year.

For GlaxoSmithKline Plc's (GSK.L) Advair asthma drug, Reuters found a 67 percent increase. But spokeswoman Jenni Ligday said that, with discounts and rebates, prices actually fell during the period.

Even after discounts, pharmacy benefit managers told Reuters they pay annual price increases on top medications of up to 10 percent. By comparison, the U.S. consumer price index rose an average of 2 percent annually over the last five years.

Dr. Steve Miller, chief medical officer of top U.S. pharmacy benefit manager Express Scripts Holding Corp (ESRX.O), said the current level of drug price increases was "not sustainable."

## NEW FOCUS

Drug prices have been a hot topic on the presidential campaign trail and in Congress since Turing hiked Daraprim and Valeant imposed triple-digit price increases on two heart drugs. Adding to the political pressure is the practice among employers and insurers of passing increases onto consumers.

Patricia Calopietro, 70, said she once paid \$20 for a three-month supply of Nexium. AstraZeneca Plc (AZN.L) raised the list price of the acid reflux drug nearly 50 percent over the past five years, and Calopietro's insurer pushed her out-of-pocket share up to \$250. She switched to a cheaper medicine but doesn't like how it works.

"How can I pay something like that? I'm 70 years old, and I'm on a fixed income," said Calopietro, a retired sales manager for the U.S. Army & Air Force Exchange stores from Lorton, Virginia.

Leading drugmakers say price hikes by Turing and Valeant are outliers. "Our industry invests on average 20 percent of our revenues into research and development. It's a fundamentally different business model," said Robert Zirkelbach, a spokesman for industry lobby Pharmaceutical Research and Manufacturers of America, or PhRMA.

Sanofi SA (SASY.PA), Teva, Amgen, J&J and AstraZeneca, which all have top 10 drugs, said they offer assistance to low income consumers. AstraZeneca spokeswoman Abigail Bozarth said the company sets prices based on market conditions, "a common practice across the industry."

Memorial Sloan Kettering Cancer Center oncologist Peter Bach said patients would be better served if drug prices reflected value, instead of bargaining power. Pharmaceutical "companies have complete control over pricing in the U.S.," he said.

By Bach's estimate, increases last year on just one drug, Amgen's Enbrel, added up to \$1 billion to care costs. In a statement, Amgen spokeswoman Kristen Davis questioned Bach's estimate, saying it is impossible to infer revenue growth from list price increases because of other factors, including rebates and discounts.

Davis said Amgen prices reflect research and development costs of \$33 billion over a decade. Rebates and discounts bring the average sales price for a weekly dose of Enbrel to \$704.23, down from its list price of \$932.16, she said.

*(Reporting by Caroline Humer; Editing by Michele Gershberg and Lisa Girion)*

## Top selling U.S. drug prices over five years

Prices rose 54 percent to 126 percent.

DRUG (COMPANY)	PRICE*		PRICE GROWTH
	Dec. 31, 2010	Present	
<b>Humira</b> (AbbVie) 40 mg/0.8 ml pre-filled syringes	\$1,676.98	\$3,797.10	126.4%
<b>Enbrel</b> (Amgen) 50 mg/ml subcutaneous sol.	\$427.24	\$932.16	118.2%
<b>Copaxone</b> (Teva) 20 mg/ml subcutaneous sol.	\$3,025.04	\$6,593.00	118.0%
<b>Crestor</b> (AstraZeneca) 10 mg tablets	\$350.17	\$745.41	112.9%
<b>Abilify</b> (Otsuka) 10 mg tablets	\$454.07	\$891.97	96.4%
<b>Lantus Solostar</b> (Sanofi SA) 100 units/ml subcutaneous sol.	\$191.96	\$372.76	94.2%
<b>Advair Diskus</b> (GlaxoSmithKline) 250/50 inhalation discs	\$199.90	\$334.63	67.4%
<b>Remicade</b> (Johnson & Johnson) 100 mg IV powder for solution	\$657.87	\$1,071.48	62.9%
<b>Neulasta</b> (Amgen) 6 mg/0.6 ml subcutaneous sol.	\$3,320.00	\$5,155.65	55.3%
<b>Nexium</b> (AstraZeneca) 10 mg oral packets	\$162.55	\$250.94	54.4%

\* Reflects wholesale acquisition prices before volume-related rebates and other discounts. Prices are based on most commonly prescribed dose.

Source: Truven Health Analytics

S. Culp, 30/03/2016

 REUTERS

## **Factbox: Price hikes shore up revenue for top-selling U.S. drugs**

NEW YORK | By Caroline Humer

Hefty price increases bolstered revenues for manufacturers even as prescriptions declined over the past five years. Below is a breakdown for the top 10 drugs by U.S. sales, based on the most recently available data from IMS Health and interviews with price experts.

List price increases were calculated using data from Truven Health Analytics and do not reflect rebates and discounts negotiated with insurers. U.S. revenue was based on company reports.

AbbVie Inc (ABBV.N) increased the price of Humira, an injectible drug, by 126 percent for a typical monthly treatment to \$3,797.10, compared with \$1,676.98 on Dec. 31, 2010. The drug had \$8.4 billion in U.S. sales in 2015 versus \$6.5 billion in 2014.

Amgen raised the list price of Enbrel by 118 percent to \$932.16 for a typical weekly treatment from \$427.24 on Dec. 31, 2010, including three increases last year. It had U.S. sales of \$5.1 billion in 2015, up from \$4.4 billion a year earlier.

Teva Pharmaceutical Industries Ltd (TEVA.TA) raised the price of multiple sclerosis drug Copaxone by 118 percent, pushing its monthly price to \$6,593.00 from \$3,025.04 on Dec. 31, 2010. It had U.S. sales of \$4.0 billion in 2015 versus \$4.2 billion in 2014.

AstraZeneca Plc (AZN.L) increased the price of cholesterol fighter Crestor's three-month supply by 113 percent to \$745.41 from \$350.17. Sales fell about 3 percent to \$2.84 billion in 2015.

Otsuka Pharmaceutical Co Ltd (4578.T) raised the list price by 96 percent for a typical monthly supply of depression drug Abilify to \$891.97, up from \$454.07 on Dec. 31, 2010. U.S. sales were not available.

Sanofi SA (SASY.PA) raised the list price of Lantus Solostar, an insulin glargine product used to treat diabetes by 94 percent for 5 pen devices to \$372.76, up from \$191.96 on Dec. 31, 2010. Its list price has not changed since the end of 2014. Total U.S. sales of Lantus, which includes other delivery mechanisms in addition to Solostar, fell 20 percent to 4 billion euros (\$4.55 billion) in 2015 from a year earlier.

GlaxoSmithKline Plc's (GSK.L) asthma treatment Advair Diskus inhalation disks for a 30-day supply rose to \$334.63, up 67 percent from \$199.90 on Dec. 31, 2010. Advair, which includes other delivery mechanisms in addition to disks, had 2015 U.S. sales of \$2.85 billion, a decline of 13 percent.

Johnson & Johnson's (JNJ.N) arthritis treatment Remicade, which is administered as an infusion typically every 4 to 8 weeks, increased 63 percent to \$1,071.48 from \$657.87 on Dec. 31, 2010 per treatment. Remicade U.S. sales rose 7 percent to \$4.45 billion in 2015.

Amgen Inc's (AMGN.O) Neulasta, an injectible drug used to prevent infection in chemotherapy patients, rose 55 percent to \$5,155.65 per treatment from \$3,320 on Dec. 31, 2010. Its 2015 U.S. sales were \$3.89 billion versus \$3.65 billion.

AstraZeneca Plc's (AZN.L) Nexium treatment for acid reflux sold as a monthly supply rose 54 percent to \$250.94 from \$162.55 on Dec. 31, 2010. Nexium had U.S. sales of \$2.5 billion in 2015, down 32 percent from a year earlier.

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