

Sun, Reddy's face US action on price spikes

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Mumbai: Shares of three Indian pharma companies - Cadila Healthcare, Dr Reddy's Laboratories and Sun Pharmaceutical Industries - on Wednesday fell up to 5% on news that the US Senate has initiated an investigation against them regarding huge spikes in prices of select generic drugs.

Fourteen generic drug manufacturers, which include Actavis Plc, Mylan Inc, Teva Pharmaceutical Industries, have been notified about the investigation in the hike in prices of 10 select generic drugs in range of 334% to 8,281%. The Senate has asked drug makers to submit documents and detailed information from January 1, 2012 till present to justify the price increase. The information is to be provided by October 23.

In the US's Senate's letter, Bernie Sanders, chairman of a Senate health care subcommittee, and Cummings, ranking member of the House oversight committee, said, "We are conducting an investigation into the

Drug prices rise up to 8,200% in six months!

Drug	Avg market price Oct 13	Avg market price Apr 14	Avg increase in %
Doxycycline Hyclate (bottle of 500, 100 mg tablets)	\$20	\$1,849	8,281
Albuterol Sulfate (bottle of 100, 2 mg tablets)	\$11	\$434	4,014
Glycopyrrolate (box of 10 0.2 mg/mL, 20 mL vials)	\$65	\$1,277	2,728
Divalproex Sodium ER (bottle of 80, 500 mg tablets ER 24H)	\$31	\$234	736

Source: Healthcare Supply Chain Association

recent staggering price increases for generic drugs used to treat everything from common medical conditions to life-threatening illnesses."

For example, it said that the average charge for Albuterol Sulfate, used to treat asthma and other lung conditions, shot up to \$434 for a bottle of 100 pills last April from an average price of \$11 last October. An antibiotic, Doxycycline Hyclate, cost \$20 last October for a bottle of 500 tablets. By April, its price had shot to \$1,849.

The figures are akin to wholesale prices, not the amount patients are charged, it said.

"It is unacceptable that Americans pay, by far, the highest prices in the world for prescription drugs. Generic drugs were meant to help make medications affordable for the millions of Americans who rely on prescriptions to manage their health needs. We have got to get to the bottom of these enormous price increases," the letter said.

Generics account for 29% of pharma spending and 86% of drugs dispensed in the US.

Email queries to Cadila Healthcare and Dr Reddy's Labs remained unanswered. A Sun Pharma spokesperson refused to comment.

Ranjit Kapadia, senior VP-pharma, Centrum Broking, said, "There is no price control in the US market and so the prices of the drugs can be increased anytime depending on the scarcity in the market. However, the Senate has asked for details and if they are not satisfied with the responses, they will impose penalty on the companies. Usually, the price increase happens through negotiation with the distribution channels in the US."

Of this 10 generics, Sun Pharma manufactures Doxycycline Hyclate (to treat a variety of infections), Divalproex Sodium ER (used to prevent migraines and to treat certain types of seizures) and Albuterol Sulfate (to treat asthma).

Both Dr Reddy's and Zydus Pharmaceuticals US (a subsidiary of Cadila) make Divalproex Sodium and Pravastatin Sodium (to treat high cholesterol). The hike in average price of Doxycycline Hyclate, Divalproex Sodium ER, Albuterol Sulfate and Pravastatin Sodium is 8,281%, 736%, 4,014% and 573%, respectively.

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