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Share prices of drug companies fall

Dr Reddy's, Sun Pharma among 14 cos probed by US Cong over drug price

14 firms including the two Indian drug makers have been asked to share "information about the escalating prices they have been charging for generic drugs"

Washington

India's pharma majors Dr Reddy's and Sun Pharma are among 14 drug makers which are being probed by the US Congress over price escalation of generic drugs. In letters sent by Elijah E Cummings (Ranking Member of the House Committee on Oversight and Government Reform), and Senator

Bernard Sanders, 14 companies have been asked to share "information about the escalating prices they have been charging for generic drugs".

Cummings and Sanders are investigating price increases for drugs used to treat everything from common medical conditions to life-threatening illnesses and to identify measures to

help reduce costs for patients, healthcare providers, and hospitals across the country. (US), said a statement on the US House of Representatives website.

In their letters, Cummings and Sanders cited data from the Healthcare Supply Chain Association on recent purchases of 10 generic drugs by group purchasing organisations over the past two years.

"When you see how much the prices of these drugs have increased just over the past year, it's staggering, and we want to know why," said Cummings. "In some cases these outrageous price hikes are preventing patients from getting the drugs they need," he added.

The Members asked the companies to provide information from 2012 to the present, including total gross revenues from sales of the drugs, prices paid for the drugs, factors that contributed to decisions to increase prices, and the identity of company officials responsible for setting drug prices.

When contacted, a Dr Reddy's spokesperson said, "The company is in the process of responding to the notice and is confident of addressing these queries successfully. It did not initiate any price increasing activity for the products mentioned in the notice." Sun Pharma spokesperson declined to comment.

The other companies which have been asked to share information are Actavis, Apotex Corp, Endo International, Global Pharmaceuticals, Heritage Pharmaceuticals, Lannett Company, Marathon Pharmaceuticals, Mylan, PAR Pharmaceuticals, Teva, West-Ward Pharmaceuticals and Zydus Pharmaceuticals.

Share prices of Dr Reddy's and Sun Pharma dropped by 4.37% to Rs 2,963.65 and 4.31% to Rs 800.75 per share respectively on the BSE.

Citing a report by the IMS Institute for Health Informatics, it said generic drugs now accounted for 29% of pharmaceutical spending and 86% of drugs dispensed in the US.

Pratibha