

## JP Morgan preview - price hikes come back with a bang in 2019



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### **Allergan, Biogen, Bristol-Myers Squibb and Lilly follow Pfizer and Merck & Co on price increases, and there could be more to come at JP Morgan.**

If 2018 was the year of biopharma pricing temperance it looks like the industry is back to business as usual for 2019. Several biopharma companies rang in the New Year with price hikes, and investors will watch out for more at next week's JP Morgan healthcare conference.

The conference, often described as the barometer for the year ahead, could also see more details on Pfizer's 2019 pricing strategy under a new chief executive, Albert Bourla, presenting on Monday morning. In November the company said it would put up the cost of 10% of its portfolio, or around 41 drugs.

Merck & Co soon followed Pfizer's lead - and now Allergan, Biogen, Bristol-Myers Squibb and Lilly have done the same, as predicted by *Vantage* ([US price truce cracks but biopharma may want to tread carefully, November 30, 2018](#)).

It appears that Donald Trump's infamous [tweet in July](#), aimed at Pfizer "and others", only helped postpone price hikes rather than stopping them entirely. The president might try to rain on the industry's parade as he did at JP Morgan 2017, when comments he made during a press conference rocked biopharma stocks, but since then he has seemingly lost his power to hurt the industry.

## Happy New Year: biopharma's January price hikes

Product	Indication	Launched	US 2019 sales (\$m)*	Price increase
<b>Allergan</b>				
Linzess	Constipation	2012	812	9.5%
Bystolic	Hypertension, heart failure	1995	566	9.5%
Lo Loestrin	Contraception	2011	548	9.5%
Lumigan	Glaucoma	2001	287	9.5%
Restasis	Dry eye	2003	199	9.5%
Viberzi	Diarrhoea	2015	197	9.5%
Avycaz	Infections	2015	118	9.5%
<b>Biogen</b>				
Tecfidera	Multiple sclerosis	2013	3,275	6.0%
Tysabri	Multiple sclerosis, Crohn's	2004	983	3.5%
Plegridy	Multiple sclerosis	2014	245	2.0%
<b>Bristol-Myers Squibb</b>				
Eliquis	Anticoagulation	2011	4,548	6.0%
Opdivo	Cancer	2014	4,542	1.5%
Yervoy	Cancer	2011	1,093	1.5%
Sprycel	Cancer	2006	1,064	6.0%
Orencia	Rheumatoid arthritis	2006	1,037	6.0%
<b>Lilly</b>				
Jardiance	Type 2 diabetes	2014	549	6.0%
Tradjenta	Type 2 diabetes	2011	202	6.0%
*EvaluatePharma consensus. Source: Evercore ISI note, January 1, 2019.				

Still, pricing pressure is here to stay, and the cost of drugs looks set to be a hot topic next week.

The average net price growth for the top 17 biopharma companies was just 2% in 2018, Leerink analysts calculated last month, down from 10% in 2014. The companies most dependent on price hikes for growth were Amgen, Astrazeneca, Glaxosmithkline and Pfizer, the analysts found, while the least dependent were Alexion, Johnson & Johnson and Regeneron.

### Kick-off

One group that has so far resisted raising prices in 2019 is Celgene which, as usual, will kick off the meeting on Monday. But with the group's stock at five-year lows it has more pressing issues to worry about and its under-fire chief executive, Mark Alles, will need to do more than raise the cost of a few drugs to turn things around.

Celgene turned to deal making last year in an attempt to dig itself out of its hole, but the acquisitions of the Jak inhibitor developer Impact Biomedicines and the CAR-T laggard Juno Therapeutics – the former announced on the eve of JP Morgan 2018 – were hardly greeted with enthusiasm by investors.

And so far these purchases have failed to come through for Celgene. Filing of Juno's lead asset, JCAR017, has been delayed and timelines for fedratinib, the Jak inhibitor developed by Impact, also appear to be slipping: Celgene had promised to file the latter in 2018, but it failed to make an announcement by the end of the year.

Mr Alles could be out of a job if Celgene's prospects do not improve soon.

Another player looking for a fresh start, Gilead, was also notably absent from the list of 2019 price hikers. JP Morgan could be an early opportunity for the group to outline its strategy under a new chief exec, Daniel O'Day, who takes over formally on March 1.

Having previously headed up Roche's pharma division, Mr O'Day looks likely to focus on oncology in his new role - but in the meantime he might choose to wring as much life as possible out of Gilead's declining hepatitis C portfolio via price increases.

The decision to raise prices is still politically sensitive and might ultimately backfire for biopharma, particularly as it appears to be the only issue that unites President Trump and the Democratic party.

These unlikely bedfellows would need to unite to stop price hikes for good. Until then the industry seems likely to stick with its tried-and-tested strategy.

*For live updates from the JP Morgan healthcare conference in San Francisco on January 7-10 follow [@ByMadeleineA](#) and [@JacobPlieth](#) on Twitter.*

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