

Drug companies face pressure on profits

Deborah Josefson *San Francisco*

Major pharmaceutical corporations in the United States are bracing themselves for reduced profits as states, healthcare plans, and consumers lobby for lower prices for prescription drugs.

Some manufacturers are also facing the expiry of patents on some of their biggest selling drugs, which threatens to further erode their profits. Among the expected casualties are such pharmaceutical giants as Merck, Bristol-Myers Squibb, Eli Lilly, Schering-Plough, and Pharmacia.

Popular prescription brand name drugs such as Glucophage (metformin hydrochloride), Prozac (fluoxetine), Prilosec, marketed in the United Kingdom as Losec (omeprazole), Clarityn

(loratadine), and Zestril (lisinopril) will soon face stiff competition from generic equivalents.

Merck has already announced that its earnings in the coming year will be flat, causing its stock price to plummet 9.4% on the day of the announcement.

After decades of unprecedented growth, the pharmaceutical industry is now confronting increasing resistance to previously proven sales tactics, as insurers, consumers, and state funded healthcare plans target the companies in an attempt to control soaring healthcare expenditures.

Companies say that reduced profits will endanger investment in research and development and may therefore impede future

healthcare progress.

Pharmaceutical companies in the US have traditionally been consistently profitable. This is largely because the pharmaceutical industry in the US is free to charge whatever the market will bear. Until recently the market chose to bear nearly everything, with health insurers and individual consumers footing the bill.

Unlike Canada and much of Europe, where the cost of prescription drugs is regulated by government, the US has as yet no federally imposed method for containing the cost of prescription drugs.

Action on proposed legislation on prescription drug benefits for Medicare recipients has been

suspended while Congress deals with the aftermath of the terrorist attacks on 11 September.

Meanwhile prescription drug costs have been getting higher. According to the National Institute for Health Care Management, a non-profit making, non-partisan research group, spending on prescription drugs rose an unprecedented 18.8% from 1999 to 2000, to \$132bn (£92bn; €148bn) (*BMJ* 2001;322:1198).

Now individual states as well as insurers are banding together to negotiate lower drug prices. Alaska, Oregon, Washington, Idaho, and Montana, for example, are forming a purchasing consortium to negotiate lower prices from manufacturers. □

US links motor neurone disease with Gulf war service

Fred Charatan *Florida*

US secretary of veterans affairs Anthony Principi has declared that motor neurone disease is connected with service in the Gulf war.

He is the first to connect a specific illness with service in the Gulf war, and his decision will lead to full disability and survivor benefits for those with the disease, the cause of which is unknown.

Last month the Department of Veterans Affairs described preliminary results of a government sponsored study involving 2.5 million US servicemen and service-women. The study was carried out at Duke University and the Veterans Administration Hospital in Durham, North Carolina, and was directed by Dr Ronald Horner, director of epidemiological research at the Veterans Administration Center in Durham. It found that of 700 000 US veterans who served in the Gulf from August 1990 to July 1991, 40 had

motor neurone disease (known in the United States as amyotrophic lateral sclerosis), a case rate of 6.7 per million. Of 1.8 million US veterans in the same period who were not deployed, 67 developed motor neurone disease, a case rate of 3.5 per million.

Dr Horner said, "We hope to have the manuscript describing the study and its findings published sooner rather than later. However, I cannot provide details as to a journal or publication date."

Since the Gulf war, more than 100 000 US veterans have complained of a wide range of symptoms that have collectively been labelled the "Gulf war syndrome" (*BMJ* 2001;323:473). The government has so far spent \$155m (£111m; €173m) on 193 research projects to investigate their complaints. The studies have found no definitive links, although several have suggested that stress,



Gulf war veteran 42 year old Major Michael Donnelly, former fighter pilot in the US air force, who is now totally incapacitated by motor neurone disease, testifies before Congress

exposure to chemicals, or prophylactic medicines given to soldiers may be factors. Motor neurone disease usually affects people in middle age, but the cases among Gulf war veterans have affected a much younger population. The cause is

unknown, and no curative treatment exists.

A spokeswoman for the UK Ministry of Defence said that they were aware of the study but await peer review of the findings. About 40 000 British troops served in the Gulf war. □