

is dramatically higher.³⁰ Egypt then provides the medication free to its citizens, a country so ravaged by hepatitis that it spends one-third of its national health budget on the disease.³¹ Similarly, in 2016, Colombia's health minister forced Novartis to lower the price of its Gleevec leukemia treatment, a medication that costs \$15,000 per year in Colombia, where the average annual income is approximately \$8,000.³²

With this information about global pricing scandals out in the open, everyone at the conference buzzed about pharmaceutical pricing. Presenters dismissed concerns and talked strategically about price increases. At the Borgia Room in the Westin St. Francis, Biogen's CEO answered questions about why the price of its multiple sclerosis therapies had only risen 3.9 percent in the previous year. (One of these multiple sclerosis medications, Avonex, had experienced a 93 percent price increase between 2000 and 2014, rising to more than \$60,000 annually.)³³ Biogen's CEO responded: "We're trying not to put a target on our foreheads ... [Don't want] to wave the red flag in front of the bull, whatever you want to call it." Later: "It's unlikely there will be any official government action on drug pricing this year. ... Right now, it's possible to take a price increase. But it's wise to be prudent."

A member of Sanofi's executive committee was more blunt: "Everybody has to make money. Should it be surprising? We do serve different stakeholders."³⁴ Expressing similar frustration on an earnings call, the CEO of Alnylam decried the scrutiny as "political demagoguery," but admitted that companies would now need to "think about their growth based on productivity not based on artificial price increases."³⁵ During its J. P. Morgan conference presentation, AbbVie revealed projections that its operating margin would increase to 50 percent by 2020 compared to a 36 percent margin in 2014.³⁶ That improvement would occur as part of a \$17 billion revenue increase in the same time frame, with only \$4 billion of that increase

³⁰ Donald G. McNeil Jr., *Curing Hepatitis C, in an Experiment the Size of Egypt*, N.Y. TIMES (Dec. 15, 2015), www.nytimes.com/2015/12/16/health/hepatitis-c-treatment-egypt.html?smid=pl-share.

³¹ *Ibid.*

³² Ed Silverman, *Colombia Plans to Unilaterally Lower the Cost of a Novartis Cancer Drug*, STAT (Jun. 9, 2016), www.statnews.com/pharmalot/2016/06/09/colombia-novartis-gleevec/; Ed Silverman, *Novartis, Colombia Face Off Over Cancer Drug Cost*, STAT (Jun. 14, 2016), www.statnews.com/pharmalot/2016/06/14/novartis-colombia-drug-costs/.

³³ Ed Silverman, *Multiple Sclerosis Drug Prices Rose at an 'Alarming' Rate: Study*, WALL ST. J. (Apr. 24, 2015), <http://blogs.wsj.com/pharmalot/2015/04/24/multiple-sclerosis-drug-prices-rose-at-an-alarming-rate-study/>.

³⁴ Ed Silverman, *Sanofi on Rx Pricing: 'Everyone Has to Make Money,'* STAT (Jan. 13, 2016), <https://embed.scribblelive.com/Embed/v7.aspx?Ibid=1755036&Page=4&overlay=false>.

³⁵ Lee Fang, *Pharma Executives Worry about Presidential Candidates Demanding Reform*, INTERCEPT (Feb. 2, 2016), <https://theintercept.com/2016/02/02/goldman-sachs-pharma/>.

³⁶ Presentation, AbbVie, 2016 J. P. Morgan Healthcare Conference (Jan. 13, 2016), www.abbvieinvestor.com/phoenix.zhtml?c=251551&cp=irol-presentations. One should note that operating margin is not directly equivalent to profit margin, as it does not include fixed costs such as research and development.