

GLOBAL PRESCRIPTION DRUG SPEND SEEN AT \$1.5 TRILLION IN 2021

NEW YORK: Global spending on prescription medicines will reach nearly \$1.5 trillion by 2021, although the annual rate of growth will decrease from recent years, according to a forecast by Quintiles IMS Holding released on Tuesday.

That figure, based on wholesale pricing, is up nearly \$370 billion from estimated 2016 spending. The United States will account for up to \$675 billion of the \$1.5 trillion. When accounting for anticipated discounts and rebates to health insurers and other payers, 2021 net spending will be closer to \$1 trillion, the QuintilesIMS Outlook for Global Medicines through 2021

report found. Annual spending growth over the next five years is forecast at 4-7 percent, primarily driven by newer medicines for cancer, diabetes and autoimmune diseases in developed markets. That compares with spending growth of nearly 9 percent in 2014 and 2015 fueled in part by surging demand for new hepatitis C cures that has since leveled off. "After two years of unexpectedly high levels of growth, we are returning to a more balanced and sustainable level of expansion that we think health systems and payers will be able to manage," Murray Aitken, executive director of the QuintilesIMS Institute which compiled the

data, said in an interview. QuintilesIMS regularly tracks prescription drug data for the industry. Spending in the United States, the largest market with by far the highest drug prices, is expected to account for more than half of global growth over the period, at a compound annual rate of 6 to 9 percent, or 4 to 7 percent including discounts and rebates. That is down from 12 percent spending growth in 2015.

The report projects a slowdown in US branded drug price increases, possibly a result of rising political pressure. It sees annual wholesale price increases of 8 to 11 percent and net prices rising 2 to 5 percent.

The report predicts an average of 45 new drug launches each year, a historically high rate. While many will be very expensive treatments, the report sees rising costs partially offset by a higher level of drugs going off patent than in the previous five years. That includes the anticipated effect of more biosimilars - cheaper versions of high-priced biotech medicines - entering the market. "We are projecting they will have a total impact over the next five years in the range of \$27 billion to \$58 billion in savings in the US market," Aitken said.

Economic slowdowns in Europe and emerging markets, such as China, Brazil and

Russia, will contribute to an overall drag on spending growth and slow plans to expand access to more medicines, the report said. For example, China is expected to spend between \$150 billion and \$180 billion in 2021, but annual spending growth for medicines will fall to less than 7 percent over the next five years from about 14 percent over the prior five. The compound annual growth rate of drug spending in Europe is estimated at just 1 to 4 percent through 2021. "Economic growth remains relatively weak across Europe, so that constrains expansion in healthcare and drug budgets," Aitken said. — Reuters



BOHICON, Benin: This file photo taken on November 29, 2016 shows Blandine Mekpo, a midwife at a maternity ward, providing information about AIDS to pregnant women. — AFP

BENIN CLINIC BATTLES MOTHER-TO-CHILD HIV TRANSMISSION

BOHICON, Benin: Pregnant with her fourth child in a clinic in Benin, Rosine is relieved to learn that she does not have AIDS, after a free test considered a national health priority. "I was afraid the test would be positive. My husband is a driver, you know," the woman in her 40s told AFP at the maternity clinic in the small town of Bohicon, where she was screened.

For 15 years, authorities in Benin have sought to tackle mother-to-child transmission of HIV with free care, from the initial tests to antiretroviral (ARV) drugs if a patient proves seropositive. A program that covers 87 percent of the public and private maternity clinics in the small west African country has been a success, cutting the rate of mother-to-child transmission almost by half between 2012 and 2016, from 14 percent of cases to 7.6 percent. "This is completely integrated into maternal care, it's routine," said Blandine Mekpo, who has been a midwife for 11 years. "All the women who come in for a prenatal consultation agree to the test."

Elise cradles her little son in her arms. Fifteen months ago, the young mother learned that she was infected with HIV. The clinic at once provided her with a free box of ARV drugs, which worked. Her child of six months does not have the virus. "This is a great joy," Elise says. "The treatment saved me, they saved my son and my husband. He is the only one to know. I live a normal life, like all women and all mothers."

Medical staff will nonetheless continue to monitor Elise's son until he is 18 months old. "When a mother takes ARVs, she doesn't transmit the virus to her child, neither during pregnancy nor at birth, nor while breast-feeding," Mekpo points out. The risk of transmission is less than one percent, compared with a risk of 35 percent in the absence of preventive treatment. At 1.2 percent across Benin, the rate of HIV-positive people is low by African standards. Of every hundred births recorded at the Bohicon clinic during a month, two mothers on average have proved seropositive. But during the entire year, only one child was subsequently infected.

Get the men involved

Several factors contribute to such good results, with free provision of screening and

care at the top of the list. The UN Children's Fund (UNICEF) provides test kits, while the Global Fund against AIDS, TB and Malaria provides ARV therapy.

In Bohicon, the drugs are now stored on hospital premises. "Before, there was a risk of running out because everything was stocked in Cotonou," the economic capital on the Gulf of Guinea, said Nicole Paqui, the doctor heading up UNICEF's AIDS program. "Today, test kits and medication are available in permanent fashion in all the public health zones," she added.

Training for nurses and care assistants has helped to make maternity clinics friendlier places to welcome mothers. AIDS has become less of a taboo subject and health workers no longer take fright when a new case is detected. But in Bohicon as elsewhere, difficulties arise for medical and social reasons. Some patients give up on treatment because of unpleasant side-effects, while others shrug off their HIV-positive status for fear of being stigmatized. Money can also be a problem, for instance whenever a man refuses to pay for his wife to travel to the maternity clinic. Female mediators help to overcome such obstacles by accompanying women during the medical process. "When they notice that some women are no longer attending, they go out to their homes to fetch them," said the head coordinator of health care in the area, Blaise Guezo-Mevo.

Seventy percent of the women concerned are found. "And when we recover them, we don't lose them again," the doctor added. In mid-November, the ministry of health launched an ambitious campaign to bring the rate of mother-to-child transmission of HIV down below five percent in the next four years.

If this goal is to be achieved, men have to be brought into the process. "The involvement of spouses is indispensable," Paqui said. "When the man is informed and supportive of his spouse, she'll go all the way. But if she has to hide, the protocol is not effective."

Elise is one of the lucky ones. Her husband came to take a test, which proved negative, and he is ready to fetch drugs for her from the clinic. "Screening husbands is still difficult," Mekpo says. "Yet screening is a matter for couples." — AFP

TRUMP'S CORPORATE TAX HOLIDAY COULD SPUR PHARMA M&A

BUYING WAY INTO GROWTH

NEW YORK: US President-elect Donald Trump's plan to incentivize US companies to repatriate their swelling overseas cash piles could spur a new wave of deal making in a pharmaceutical industry seeking to buy its way into growth.

For years, big US drugmakers have turned to acquisitions of foreign companies to put their overseas cash to work, rather than bring it home at a 35-percent tax rate. Trump has proposed allowing repatriation of this cash at a 10-percent tax rate, hoping some of it will be spent on hiring and investing in their businesses.

However, drugmakers are much more likely to spend this money on acquisitions that could revive their drug development pipeline by acquiring smaller peers with promising offerings, as opposed to risking more of their own dollars on research and development, corporate executives and dealmakers say.

Some of these deals could even result in job cuts as companies seek to eliminate overlaps. "Would we consider to repatriate the cash? I would say yes, and what we would look at would be first to maintain the lowest weighted average cost of capital for the company," Amgen Inc chief financial officer David Meline told analysts and investors on the company's most recent earnings call in October. "Then we would look at certainly deploying cash towards external opportunities, but in that instance we would certainly lead with other strategic opportunities that make sense where we could get a return for our own shareholders from such investments."

Trump's transition team did not respond to a request for comment on the potential impact of his proposed tax holiday on the drug industry. Corporate America had \$1.3 trillion, or 74 percent of its total cash, stashed overseas in 2016, according to Moody's Investors Service Inc. That's up from an estimated \$1.2 trillion, or 72 percent of total cash, a year earlier.

While the top five overseas cash holders are technology companies such as Apple Inc and Microsoft Corp., the pharmaceutical industry accounts for a big chunk of that cash. The five US pharmaceutical companies with the largest cash piles, namely Pfizer Inc, Merck & Co, Johnson & Johnson, Amgen and Eli Lilly and Co, hold nearly \$250 billion in overseas funds, according to data from US non-profit research and advocacy group Citizens for Tax Justice.

At the same time, big pharma is in hot pursuit of the next blockbuster drug. Many of the industry's most successful franchises, from Gilead's Hepatitis C cure and Biogen Inc's multiple sclerosis treatments, to AbbVie Inc's arthritis drug Humira, are all bracing for declining revenues as patents age and competition heats up.

Valuations of biotechnology companies that could be acquisition targets for major drug firms



FAYETTEVILLE: In this Dec 6, 2016, photo, President-elect Donald Trump speaks to supporters during a rally. — AP

are still hovering near historic lows after being dragged down by election-season political criticism of high drug prices.

"Tax repatriation is a more likely situation now, benefiting large biotech and (pharmaceutical companies) with significant offshore cash and a desire to buy mid-cap companies," RBC Capital equity analyst Michael Yee wrote in a research note. The last time tax considerations fueled a wave of dealmaking in the pharmaceutical industry was in 2014, when companies sought to redomicile abroad through acquisitions, referred to as corporate inversions. But US President Barack Obama subsequently announced curbs to limit inversions, culminating in Pfizer abandoning its \$160-billion agreement to acquire Allergan Plc, the biggest attempted merger of all time.

Pharmaceutical M&A involving US companies has been around \$90 billion year-to-date, down from nearly \$270 billion the year before.

On the hunt

Executives at Pfizer, which has already said it is looking to do more deals after its \$14-billion acquisition of cancer drugmaker Medivation Inc, have told investors in private meetings that its M&A appetite would grow even bigger if it could bring home its more than \$70 billion in overseas cash, according to people familiar with the matter. Pfizer could potentially use its newfound firepower to buy a company as large as Bristol-Myers Squibb Co, a \$92-billion market capitalization cancer drugmaker that fueled takeover

speculation after a disappointing drug trial in August sent its stock down more than 25 percent. Bristol-Myers Squibb's blockbuster cancer drug Opdivo could compliment Pfizer's plan to become a leader in immuno-oncology, which seeks to use the body's own defenses to treat cancer, industry bankers said, without suggesting that any deal is in the works.

Pfizer declined to comment, while Bristol-Myers Squibb did not respond to a request for comment. Another cancer drug company that could attract takeover interest following a cash repatriation is Incyte Corp, as it could make an attractive target for Gilead Sciences Inc if it was able to bring home its nearly \$25 billion in overseas cash, bankers said.

Gilead has been under pressure to find a new blockbuster because of declining sales from its aging Hepatitis C franchise and the recent failure in clinical trials of a cancer drug that would have competed with Incyte's successful blood cancer drug, Jakafi. Gilead declined comment; Incyte did not respond to a request for comment.

Beyond cancer drug makers, other biotechnology companies that could attract takeover interest include those specializing in neurology companies, such as Acadia Pharmaceuticals Inc, that have promising treatments for ailments such as Alzheimer's psychosis and migraine.

Acadia did not respond to a request for comment. "We believe the vast majority of investors have been underweight biotech all year," said Yee in his note. "A coiled spring of money flow may need to shift back over to biotech." — Reuters

CONSERVATIVE SERBIA BECOMES UNLIKELY SEX CHANGE CENTER

BELGRADE: In a country where Gay Pride parades require massive security and almost half the citizens think homosexuality is a disease, Serbia is drawing patients from around the world seeking sex change operations to become men.

Offering experts in the field for a fraction of the cost in western Europe and America, Belgrade has become a surprising centre for the complex gender reassignment surgery. One Italian patient began the transition to become a man 14 years ago and visited Belgium, Britain and Germany looking for the best clinic to complete the procedure.

In the end the 38-year-old anesthetist chose the Belgrade Centre for Genital Reconstructive Surgery, led by Miroslav Djordjevic, a professor of urology and surgery in the Serbian capital. "I did a lot of research and contacted many centers and I found that almost everyone was a student of Professor Djordjevic, so I wanted to go to the source of this knowledge," said the bearded and softly-spoken patient, speaking to AFP a few days after surgery.

He asked to be identified only by the initials A.T. Djordjevic operates on about 100 international sex change patients each year from countries including Japan, Brazil, South Africa, Australia and the United States. Another 20 or so come from around the former Yugoslavia. Eighty-five percent of his patients are seeking female-to-male operations, a rarer and more complicated procedure than the reverse.

Yugoslav pioneers

For general healthcare Serbia is not widely considered a medical tourism destination, although it does draw some foreigners seeking cheap dentistry. Take, for example, gallstone treatment in Serbia, which "is five times cheaper than in Germany, but nobody comes here for gallstone treatment," said 51-year-old Djordjevic. He said patients come to his centre, which opened in 2006, because it's one of fewer than 20 around the world that can perform the full female-to-male surgery and it's unique because "we perform everything in one stage." "We do, at the same stage, the removal of the breasts, removal of female internal genitalia... and then we finish our surgery with the creation of a neophallus," he explained.



BELGRADE: An anonymous Italian anesthetist (R) speaks with the Professor Miroslav Djordjevic (L), after his sex change operations at a specialized clinic on October 11, 2016. — AFP

This medical specialty started in Serbia in the late 1980s under Djordjevic's mentor Sava Perovic, a surgeon who pioneered developments in treatment for transgenders. Another centre in his name, the Sava Perovic Foundation, also performs female-to-male sex changes in Belgrade.

Media-savvy Djordjevic denies that value-for-money is the main reason for Serbia's popularity, although A.T. paid 15,000 Euros (\$16,000) in Serbia for surgery that would have cost 60,000 euros in Britain. The Italian patient said he could have had his operation for free at home but he believed the surgeons there lacked enough experience.

David Ralph, a London-based consultant urologist who specializes in penile construction, said lower hospital costs rather than surgical expenses appeared to be what drove down prices in Serbia. "At the end of the day the patients get the same," Ralph told AFP, although he said he preferred to do female-to-male surgery in a series of smaller opera-

tions to reduce the chance of complications. In any case the pre-surgical procedure is lengthy: a patient should undergo a thorough psychiatric evaluation and hormone treatment totaling up to two years.

'Violence, bullying, rejection'

Serbia's success in this special strand of medical tourism is incongruous with the widespread attitudes towards gays and transgenders in the patriarchal country of seven million people. At Belgrade's Gay Pride march in 2010, hardline nationalists attacked participants and clashed with police, wounding 150 people and prompting officials to ban the parade for the next three years.

Thousands of riot police are now deployed for the annual event and the city centre is locked down. A UN-backed survey on discrimination in late 2013 showed that 49 percent of Serbians believed homosexuality was a disease that should be treated. — AFP

S KOREA EXPANDS CULL TO CONTAIN BIRD FLU

SEOUL: South Korea on Tuesday said it was expanding a cull of chickens and ducks to try to contain a damaging bird flu outbreak. The H5N6 virus was first confirmed on November 18 at a farm in central South Korea and has since spread to farms around the country, with the total number of cases now standing at 28.

The agriculture ministry said in a statement that it has culled more than 4.4 million birds and would slaughter another 2.7 million. Health authorities agreed to issue a so-called "standstill" order to restrict workers at poultry farms from moving around

the country if the virus continues to spread, the ministry said in a statement.

There have been no cases of human infections from H5N6 in South Korea, although between 2014 and April 2016, the virus killed six people in China, according to the South's Centers for Disease Control and Prevention.

The World Health Organization warned earlier this year that the strain "has caused severe infection in humans" but added "until now human infections with the virus seem to be sporadic with no ongoing human to human transmission". — AFP

ALL OF FRANCE PLACED ON 'HIGH RISK' RESTRICTIONS OVER BIRD FLU

PARIS: France widened "high risk" restrictions to the entire country after the detection of several cases of the highly pathogenic H5N8 avian flu strain in farms in southwest France and in wild ducks in northern France, the farm ministry said on Tuesday.

The decision was also motivated by the "rapid change in the ... situation in France and in several European countries", the statement said. The ministry had already imposed tighter restrictions on several zones mostly located in humid areas last month in an effort to avoid contamination.

But France, which has the largest poultry flock in the European Union, has since been hit by several outbreaks, in a setback for French poultry and foie gras producers still reeling from a bird flu epidemic that started a year ago. Poultry farmers will have to keep their flocks indoors or apply safety nets preventing contact with wild birds, it said.

Those who may not use confinement or safety nets because of animal welfare or quality requirements can ask to be exempted if they can prove sufficient biosecurity measures. — Reuters