Medical Xpress

Pfizer maneuvers to protect Lipitor from generics

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This undated photo provided by by Watson Pharmaceuticals Inc., shows Atorvastatin Calcium tablets, or generic Lipitor, which is being sold under a deal with Pfizer. Cholesterol blockbuster Lipitor is so valuable to its maker that Pfizer Inc. is practically paying people to keep taking it after generic rivals hit the U.S. market this week. The drug giant is even ensuring many of the 3 million Americans taking Lipitor can't switch to the generic.(AP Photo/Watson Pharmaceuticals Inc., Bill Gallery)

(AP) -- Lipitor is so valuable that its maker, Pfizer Inc., is practically paying people to keep taking the blockbuster cholesterol medicine after generic competition hits the U.S. market this week.

Pfizer has devised discounts and incentives for patients, insurers and companies that process prescriptions that will, at least for the next six months, make the brand name drug about as cheap as or cheaper than the generics. Pfizer also has spent tens of millions of dollars this year on marketing to keep patients on Lipitor, which loses patent protection Wednesday.

Normally when a drug's patent ends, generic rivals grab nearly all its market share in a year or less, and the original maker quietly shifts focus to its newer products.

Pfizer, the world's biggest drugmaker, is not giving up that easy on the best-selling drug in history. Lipitor had peak sales of about $13 billion and still brings in nearly $11 billion a year, about a sixth of Pfizer's revenue. With no new blockbusters to fill that hole, the company is making an unprecedented push to hang onto Lipitor revenue as long as possible.

Patients seem to buy into the logic.

"If I can get the name brand at the same price or for pennies more than the generic, I have no motivation to switch," said Richard Shiekman, 59, who has been taking Lipitor for six years and credits the drug with sharply cutting his bad cholesterol. Shiekman, a wine and spirits importer from Redding, Conn., got a $4 copay card two weeks ago after his pharmacy sent an offer guaranteeing that price through December 2012.

Pfizer's strategy is cunning and could become the new norm, as most other drugmakers also face generic competition to top-selling medicines and haven't been coming up with replacements.

"People getting a month of lifesaving medicine for the price of a cup of Starbucks is ... pretty impressive," said Michael Kleinrock, a research director at data firm IMS Health.

Pfizer's effort includes:

-Offering insured patients a discount card to get Lipitor for $4 a month, far below the $25 average copayment for a preferred brand-name drug and below the $10 average copay for a generic drug. Pfizer is promoting this heavily through ads, information distributed at doctors' offices and its http://www.LipitorForYou.com site. Pfizer, based in New York, said Tuesday that sign-ups have exceeded its goals.

-Paying pharmacies to mail Lipitor patients offers for the $4 copay card and to counsel patients that Lipitor lowers bad cholesterol more than rival drugs and helps prevent heart attacks and strokes.

-Keeping U.S. marketing spending nearly level until the last minute, versus the typical two-thirds drop in a drug's final year under patent. From July through September, Pfizer spent almost $90 million on doctor sales calls and free samples, about the same as a year earlier, according to Cegedim Strategic Data. Ads targeting patients fell about 60 percent to $19 million. All that will soon taper off.

- Negotiating unusual deals with some insurance plans and prescription benefit managers, the companies that process prescription claims for insurers or employers, to block pharmacists from dispensing generic Lipitor. Pfizer is giving them rebates that bring their cost for Lipitor down to the price of a generic or slightly less - if they agree to dispense only Lipitor for the six months before additional generic competition slashes prices. The move has generated some controversy and means many of the 3 million Americans taking Lipitor won't be able switch to the generic.

Under those contracts, patients will pay either their plan's standard generic copayment or just $4 - the lowest copayment pharmacies at supermarkets and discounters such as Wal-Mart offer for the most widely used generic drugs.

While generic medicines work the same as brand drugs for nearly everyone, some patients prefer the brand.

"We want to make sure that patients who are currently taking Lipitor and want to continue ... have the opportunity to do so," said David Simmons, who heads Pfizer's Established Products business. He said research shows more than a third of patients want to stay on Lipitor.

Pfizer also is continuing assistance programs that subsidize uninsured patients wanting Lipitor, which costs about $115 to $160 a month, depending on dosage. Generic Lipitor, called atorvastatin, should cost 30 percent to 50 percent less.

People without insurance also can order the generic, with a prescription, through websites such as HealthWarehouse.com.

Patients could save even more by taking other generic drugs in the same class that have been on sale for several years: pravastatin (Pravachol) and simvastatin (Zocor). But they're not as potent as Lipitor, the key reason its sales have held up.

Typically, brand-name drugs get one or two generic competitors initially, priced about 25 percent lower. Six months later, other generic companies are allowed to jump in and the price drops up to 80 percent.

About 90 percent of the branded drug's sales ultimately vanish, as insured patients seeking a lower copayment switch over and most pharmacies automatically substitute a generic for a brand name.

Sanford Bernstein analyst Dr. Tim Anderson estimates that for a 90-day supply of Lipitor, even after paying rebates to insurers and patients, Pfizer can make a profit of roughly $100, compared with about $225 before generic competition. That's partly because administrative and advertising costs will decline, and it barely costs a dime to make a pill.

Anderson expects Pfizer's strategy to boost its earnings per share about 2 percent next year.

Meanwhile, Watson Pharmaceuticals Inc. looks to be the biggest loser in this. It has a deal to distribute an "authorized generic" version manufactured by Pfizer but sold under Watson's brand, with Pfizer keeping an estimated 70 percent of the price.

Watson CEO Paul Bisaro said he had thought Pfizer would retain about 25 percent of Lipitor users for the next six months, but now "it looks like it will be 40 to 45 percent."

Bisaro said that could reduce his company's anticipated profit next year.

"This is sort of the new generation of brand protection," he added.

India's Ranbaxy Laboratories is the only company besides Watson with the right to sell generic Lipitor in the U.S. for the next six months. But Ranbaxy has had repeated manufacturing quality problems, and it's unclear whether it will have the Food and Drug Administration's approval to ship its version come Nov. 30.

Ranbaxy said it would not reveal what will happen until then. The FDA, as is its custom, declined to comment. But Pfizer executives say they expect Ranbaxy to have a generic on the market.

An independent pharmacists group called Pharmacists United for Truth and Transparency has raised alarms that the rebate deals will stick plan sponsors - employers, unions and taxpayers - with higher costs than for generics.

But spokespeople for a few prescription benefit managers that have received Pfizer's offer say it would cost insurance plans and patients the same as, or slightly less than, for generic Lipitor.

"Next year we're going to save clients and members over $1 billion just on this drug," said Tim Wentworth, head of employer and key client accounts for Medco Health Solutions Inc., one of the biggest pharmacy benefits managers.