

Express Scripts sues Horizon, fight over prescriptions grows

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This July 21, 2011, file photo, shows a building on the Express Scripts campus in Berkeley, Mo. The drugmaker Horizon Pharma is questioning its relationship with an Express Scripts business after the pharmacy benefits giant sued Horizon for about \$140 million and dumped a pharmacy that dispenses its drugs. (AP Photo/Jeff Roberson, File)

The drugmaker Horizon Pharma is questioning its relationship with an Express Scripts business after the pharmacy benefits giant sued Horizon for about \$140 million and dumped a pharmacy that dispenses its drugs.

Shares of Horizon Pharma Plc plunged Wednesday after it said it will re-evaluate its relationship with the Express Scripts Accredo specialty pharmacy, which accounts for a bigger slice of Horizon's revenue than any other pharmacy.

Wednesday's announcement marked the latest development in an on-going struggle between pharmaceutical companies and bill payers like pharmacy benefits managers over how some drugs are priced and sold.

Dublin-based Horizon's comments came after Express Scripts said it was removing Linden Care pharmacy from its network. St. Louis-based Express Scripts said Linden mainly dispensed Horizon drugs and failed to fulfill some key elements of its pharmacy network agreement.

An Express Scripts spokesman said the company also will review other similar captive pharmacies, which derive most of their prescription business from one drugmaker.

"We routinely monitor our network and take action when we see pharmacies trying to circumvent solutions, like formulary management, that protect payers and patients from wasteful drug" spending, spokesman Brian Henry said in an emailed statement.

Pharmacy benefits managers, or PBMs, run prescription drug plans for employers, insurers and other customers. They also have a lot of influence over drug company revenues because they negotiate drug prices and control access to coverage networks with millions of patients.

Express Scripts and some other PBMs also recently cut ties with Philidor, a mail-order pharmacy whose relationship with drugmaker Valeant Pharmaceuticals International Inc. had been questioned by the investment firm Citron Research among others.

Horizon denied that Linden is a captive pharmacy for the drugmaker. The company noted that less than 5 percent of its sales come from prescriptions filled by Linden and processed by Express Scripts.

Horizon also contends that Express Scripts is trying to squeeze out small pharmacies that compete with Accredo.

"Our philosophy of ensuring that patients get the medicine their doctors prescribe is threatening Express Scripts' profiteering and exposing what we believe is a lack of care for patients and respect for physicians," said Timothy P. Walbert, chairman, president and chief executive officer.

Express Scripts says customers have many pharmacy choices for getting their medicines, and it takes action when pharmacies fall out of compliance with network agreements.

Horizon, which sells the rheumatoid arthritis drug Vimovo, also has taken heat for other business practices. Horizon, Valeant and other drugmakers have been criticized for jacking up prices of some drugs after acquiring the rights to them. The Wall Street Journal reported last spring that Horizon raised a list price on Vimovo nearly 600 percent on its first day selling the drug.

"What's described here isn't pharmaceutical innovation," Express Scripts said in an April blog post. "It's profiteering."

Express Scripts said it has filed a complaint in Delaware Superior Court to recover money from Horizon, saying the drugmaker failed to follow a pharmaceutical manufacturer rebate agreement it struck with Express Scripts.

Horizon said the that complaint is tied to a previously disclosed dispute in which it ended a contract with Express Scripts Holding Co. after the

pharmacy benefits manager failed to live up to its obligations.

U.S.-traded shares of Horizon sank more than 18 percent, or \$4.07, to \$18.31 in morning trading Wednesday. Express Scripts shares fell nearly 3 percent, or \$2.57, to \$85.96 as broader indexes rose slightly.

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