

Federal prosecutors accuse execs of fixing drug prices

December 14 2016, by Matthew Perrone

Federal prosecutors have charged two former pharmaceutical executives with fixing prices of generic drugs, part of an ongoing government investigation into anticompetitive tactics by companies that make lower-cost drugs intended to reduce medication costs.

The Department of Justice accused two former Heritage Pharmaceuticals executives of conspiring to fix prices, rig bids and avoid competing with other drugmakers in marketing two generic drugs. The charges against Jeffrey Glazer, former CEO of Heritage, and Jason Malek, former president with the company, were unsealed Wednesday in Philadelphia.

Prosecutors allege that the executives worked to fix prices on an antibiotic and a diabetes medication between April 2013 and December 2015, according to the filing.

Malek and Glazer were charged via a criminal information, which is a charging document that is filed with the defendant's consent and typically signals an intent to plead guilty

Heritage said in a statement that it terminated the executives in August 2016 after conducting its own internal investigation.

"We are fully cooperating with all aspects of the Department of Justice's continuing investigation," a company spokesman said in an emailed statement.

The Eatontown, New Jersey-based company filed its own civil complaint against the executives last month alleging that "Glazer and Malek looted tens of millions of dollars from Heritage by misappropriating its business opportunities, fraudulently obtaining compensation for themselves and embezzling its intellectual property."

The lawyer representing Malek in that case said he could not comment when reached Wednesday afternoon. The lawyer representing Glazer did not immediately respond to a request for comment.

Generic drugs account for 90 percent of all prescriptions dispensed in the U.S., according to the latest figures from QuintilesIMS, a pharmaceutical analytics company. The drugs are generally priced between 30 percent and 80 percent less than brand-name drugs and are pivotal to reducing prescription costs for patients, employers and health care providers. Unlike most other nations, the U.S. government does not regulate drug prices.

"Conspiring to fix prices on widely-used generic medications skews the market, flouts common decency—and very clearly breaks the law," said Michael Harpster, special agent in the FBI's Philadelphia Division, in a statement.

Several generic drug companies have previously publicly reported receiving subpoenas from the Justice Department in connection with the probe into drug pricing, including Mylan NV and Lannett Co.

Drug costs remain a leading concern for U.S. consumers, triggering multiple congressional investigations and pledges to address prices from politicians including President-elect Donald Trump and Senator Bernie Sanders, I-Vt.

Last month Sanders and Rep. Elijah Cummings, D-Md. called on the

federal prosecutors to investigate possible price collusion among manufacturers of the diabetes staple insulin, which they say has seen industrywide price increases of more than 300 percent between 2002 and 2013.

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