

# Novartis pays over \$700m to settle US kickbacks case

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Novartis' headquarters in Basel, Switzerland

Swiss pharmaceutical giant Novartis will pay some \$729 million to settle a lawsuit brought by Washington accusing it of paying kickbacks to doctors, among other allegations.

The company's chief executive Vas Narasimhan described the settlements as "an important milestone on our journey to build trust with society".

"Today's settlements are consistent with Novartis commitment to resolve and learn from legacy compliance matters," he said in a statement.

One part of the settlement was related to the company's use of three foundations to funnel payments to cover costs for patients taking its multiple sclerosis drug Gilenya and kidney cancer drug Afinitor.

The company agreed to pay over \$51 million to settle this part of case.

And it agreed to dish out another \$678 million to the US and some US states to put an end to allegations it bribed doctors to prescribe the company's medication.

"Through this settlement and others, the government has demonstrated its commitment to ensuring that drug companies do not use kickbacks to influence the drugs prescribed by doctors or purchased by patients," Assistant Attorney General Jody Hunt said Wednesday.

Novartis is accused of having hosted tens of thousands of speaker programmes and events which the Department of Justice said were used to bribe physicians.

In one example, the company chose doctors who already prescribed high volumes of Novartis drugs to serve as paid speakers, as a means of inducing them to continue writing or write more prescriptions.

Representatives often dropped doctors from the speaker programmes if they failed to increase prescriptions, the Department of Justice said.

"For more than a decade, Novartis spent hundreds of millions of dollars on so-called speaker programs, including speaking fees, exorbitant meals and top-shelf alcohol that were nothing more than bribes to get doctors across the country to prescribe Novartis' drugs," said acting US Attorney Audrey Strauss for the Southern District of New York.

The Department of Justice said the activity was the result of decisions made by top management at Novartis' North American headquarters in New Jersey.

Under the settlement, Novartis will participate in a five-year corporate integrity agreement with the Department of Health and Human Services to address company conduct.

Novartis chief Narasimhan insisted Thursday that any misdeeds were in the past.

"We are a different company today—with new leadership, a stronger culture, and a more comprehensive commitment to ethics embedded at the heart of our company."

Following the news, the company saw its share price slip 0.36 percent in early afternoon trading on the Swiss stock exchange to 82.51 Swiss francs a piece, as the main SMI index inched up 0.4 percent.

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