

To: USZYPREX
Date: 03/03/2003 09:12:45 AM
From: CN=Marni Lemons/OU=AM/O=LLY
Subject: Article on schizophrenia medications in Newark newspaper

The following is a business story from yesterday's *Star Ledger* in Newark, NJ about the schizophrenia market. It focuses mostly on the launch of Abilify, which is not surprising because BMS is headquartered (or at least has offices) in Newark. Alan Breier and I gave an interview to this publication more than a month ago. Points of interest are highlighted in blue.

Marni
3-8990

Business

Going to extremes - Schizophrenia is the latest battleground for drug makers revving up their marketing machines to build blockbusters

ED SILVERMAN AND SUSAN TODD
STAR-LEDGER STAFF

1,351 words

2 March 2003

The Star-Ledger Newark, NJ

FINAL

001

English

(c) 2003. The Star-Ledger. All rights reserved.

The ballroom at the Hyatt Regency Hotel here was packed one recent Saturday morning with more than 200 doctors and nurses who wanted to learn about the latest trends in treating schizophrenia.

While they sampled free Starbucks coffee and fresh fruit, they listened to lectures by experts who consult for Bristol-Myers Squibb Co., the drug maker that, it so happens, also sells the newest schizophrenia medicine.

What's more, the company paid for the session, which offered the crowd needed credits for continuing medical education. And Bristol-Myers also distributed free cassette players and tapes of the event for those who wanted to recall the morning's highlights.

This scenario is increasingly common in the hyper-competitive pharmaceutical industry, where generating billion-dollar blockbuster drugs is getting harder all the time and sharp marketing becomes more important every day.

The schizophrenia category, which was a backwater a decade ago, is the latest flashpoint.

In the past two years, one drug maker after another has started to peddle new treatments, improve existing medicines or announce plans to develop still more drugs. The aim is to conquer a segment of the market that is estimated to double in sales - to \$11.2 billion - by 2006.

"This is becoming a very intense

market," said Richard Evans, a securities analyst at Sanford Bernstein & Co., who tracks the drug industry.

Besides Bristol-Myers, the other companies marketing the latest generation of pills is a who's who of big drug makers - Pfizer, Astra-Zeneca, Johnson & Johnson and Lilly. Novartis sells an older medicine. Merck is developing a drug.

To increase its odds of success, Bristol-Myers is sponsoring the equivalent of a rock tour. Over a four-month span, lectures are being sponsored in hotels in 18 major cities, including Boston, Chicago, Atlanta, San Francisco, Washington, Los Angeles and Houston.

Besides seminars, drug makers are sending more sales reps to visit doctors; placing more ads in medical journals and funding patient-advocacy groups. The tactics are used to boost prescriptions for all sorts of drugs, from cholesterol and arthritis to depression and allergy treatments.

The latest fight, though, illustrates the lengths to which drug makers will go to win a piece of the pie. And even though marketing practices are being scrutinized by federal and state prosecutors, the pharmaceutical industry spares little expense to woo doctors.

"The promotional pressure applied is at the doctor level, and it's significant," Evans said.

Psychiatrists, in particular, are being bombarded with promotions, scientific literature and invitations to seminars, which combine lavish

meals with lectures. Bristol-Myers has been especially aggressive to establish its new Abilify pill.

"There's been a blitz of material," said Russell Geoffrey, who oversees 50 psychiatrists as director of Correctional Medical Services. The St. Louis company has offices in Princeton and elsewhere around the country that provide mental health services to jails and prisons.

"I get one or two pieces of mail every day about conferences and teleconferences. They think of every way they can to get the word out about their product. It's increasingly difficult to lay your hands on information that is unaffected by the drug race."

LILLY LEADS THE WAY

Consider the number of visits made to doctors by salespeople who work for drug makers. Last year, they made nearly 1.6 million sales calls, a 47.2 percent rise from 2001, according to market researcher Verispan.

Much of that activity was generated by Lilly, which sells Zyprexa. Some 640,000 visits were made by Lilly reps last year, a 56.3 percent jump from the year before. All of the drug makers registered large increases in sales calls, Verispan data showed.

"We've made the decision not to be surpassed by our competitors," said Alan Breier, Lilly's vice president for pharmaceutical products. "We're not going to allow the competition to dwarf us in marketing the drug."

Even so, Lilly recently predicted its 2003 earnings will be hurt because Bristol-Myers is pushing Abilify so hard that its Zyprexa likely will lose market share.

Johnson & Johnson and AstraZeneca, meanwhile, greatly increased spending on ads in medical journals and doctors magazines, according to Competitive Media Research. Overall, drug makers spent \$1.3 million in 2002, nearly triple the spending from the prior year.

Marketing to psychiatrists is especially important.

Psychiatrists usually have more discretion over medicines prescribed for schizophrenics than what internists prescribe for heart disease or allergies.

At first blush, the full-court press might seem like overkill. Only 1 percent of the population, or about 2 million Americans, has schizophrenia, a psychotic disorder characterized by delusions, hallucinations, muddled speech or catatonic behavior.

The size of this patient group pales in comparison with much bigger markets for the pharmaceutical industry - the 105 million Americans estimated to have high cholesterol, for instance, or the 70 million Americans who suffer from some form of arthritis. But the industry, increasingly under pressure to generate hot medicines, sees a lucrative opportunity for several reasons.

To begin with, a much older generation of drugs has not been terribly effective.

"The demand for this latest batch is large, in part, because older medications had so many problems that doctors and patients alike were clamoring for something new," said Paul Keck, a psychiatry professor at the University of Cincinnati College of Medicine.

At the same time, patients often experiment with the newer drugs before settling on one that works. The switching occurs because of the need for blood tests, links to diabetes or side effects, such as weight gain, depending upon the pill.

"No single drug works for every patient," said Julie Fisher, who oversees the marketing of Pfizer's schizophrenia medication, Geodon.

Whatever the reason, switching generates a lot of prescriptions.

For instance, 16 percent of new prescriptions written for Abilify during the four-week period ending Feb. 21 were for patients who previously were taking established medications, according to ImpactRX, a market-research firm.

"There's a tremendous amount of unmet need," said Dean Mitchell, who heads Bristol-Myers' U.S. primary-care business. "A lot of patients are looking for something different and there's an openness among physicians to try some different."

REACHING OUT TO PATIENTS

To reinforce their message, drug companies actively support patient outreach groups.

For instance, the pharmaceutical industry contributed \$3.6 million last year to the National Mental Health Association, which supports patient outreach. A spokeswoman for the nonprofit organization said the financial support did not have "any strings attached."

Drug makers are also jumping into this market because schizophrenia drugs can command a premium - in some cases, costing as much as \$10 a day, according to Sanford Bernstein's Evans. And the high price tags contribute to the rosy sales forecasts.

But the strategy doesn't end there.

Drug makers regularly seek approval from the Food and Drug Administration to market their products for other treatments. And the schizophrenia pills are no exception.

Toward that end, the drug companies are increasingly promoting their medicines for treating bipolar disorder, a different condition characterized by recurrent episodes of major depression.

By doing so, the pharmaceutical industry can double its potential pool of patients - there are about 2.3 million adults in America with this condition.

"There's established and more emerging research for using these drugs for other areas," said Keck of the University of Cincinnati.

AstraZeneca, for instance, is filing supplemental applications with the FDA to sell new formulations of Seroquel and is also conducting studies of the drug as a treatment for mania and Alzheimer's disease, according to James Pusey, a marketing vice president.

"The marketing opportunities can really dwarf schizophrenia," Lilly's Breier said. "In general, psychiatrists are electing to use different drugs off-label (for unapproved uses) for a whole list of disorders not diagnosed as schizophrenia. But these disorders need thought or mood control. It's really bigger than schizophrenia alone."