

Amgen's Just-Approved Migraine Drug Will Cost \$6,900 a Year (1)
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By Rebecca Spalding

(Bloomberg) -- Amgen Inc. will charge a lower-than-expected \$6,900 a year for a novel migraine treatment that investors hope will become the biotechnology giant's next blockbuster.

The Food and Drug Administration approved the drug, which will be marketed under the brand name Aimovig, on Thursday. It's part of a class of therapies known as a CGRP-inhibitors that offer new options to patients who get the recurrent, painful headaches.

Amgen's pricing plans for Aimovig have been closely watched amid a wider U.S. debate over high prescription costs. Last week, the Trump administration unveiled a number of proposals designed to pressure the industry to lower drug costs and list prices.

Amgen shares advanced 0.5 percent to \$175.50 at 9:56 a.m. in New York.

Renewed political pressure over drug costs has added to the challenge of finding the right price for innovative medications.

While drugmakers want to maximize returns on the substantial investment required to develop new therapies, some payers have begun to push back.

A pricing misstep helped slow sales of Amgen's cholesterol fighter Repatha, which failed to live up to commercial expectations after insurers and pharmacy-benefit managers balked at its \$14,000-a-year cost. Though sales of the drug have picked up, topping expectations in the company's most recent quarter after receiving an updated label from regulators showing it reduced heart risks, competitors have taken steps to lower prices for similar drugs.

"The payers recognize that there is a clear and longstanding unmet need in migraine," said Tony Hooper, executive vice president of global commercial operations at Amgen, on a call with analysts Friday. Hooper said the company is in talks with pharmacy-benefit managers and insurers and "by and large, they are supportive of our price."

Amgen and partner Novartis AG said that they will launch the drug within one week in the U.S. Hooper said that the company expects patients will take the drug if they have tried and failed on other migraine treatments.

The drug's lower-than-expected price was met positively by analysts who said they expect it will win broad reimbursement from insurers.

"Overall, we think their pricing strategy fits well into the current reimbursement environment," said Michael Yee, an analyst with Jefferies wrote in a note. Yee, who has a "buy" rating on Amgen shares, said the lower price "sends a good message."

But Baird analyst Brian Skorney said once rival treatments come to market, insurers and drug middlemen may pit drugs against each other to get the lowest possible price.

"If anything it just makes the eventual lowest net price that much lower once there are several on the market," wrote Skorney, who rates Amgen shares "neutral."

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