Building a wall against biosimilars

The brand biotech industry is erecting barriers to biosimilars that will slow market entry and torpedo price competition.

The biosimilars business is a long game, a very long game, indeed. And it is arcane, with many sets of interwoven rules, most of which are being made up as the game progresses and knowledge about biologics progresses. Ultimately, legislators make these rules, usually on the advice of regulators who have to administer them. And, in turn, regulators 'form their views' by liaison with experts from industry and academia active in their areas. In the case of biosimilars, the companies most active in trying to influence regulators are those with brand markets to protect, the self-styled 'originators' of biologics—such companies as Amgen, Genentech, Biogen Idec and Sanofi's Genzyme division, to name the most prominent. Thus far, these companies have played the game so well that biosimilar products are not only penetrating European markets at a glacial pace but also failing to provide savings anywhere near those of generic small molecules.

The process of drawing up rules for biosimilars has involved intensive industry consultation. In Europe, when biosimilar rules were being drawn up before 2005 and during subsequent revisions, the working groups were populated with senior representatives from originator and other companies. The regulatory committees of the European Union administrative machine interviewed these same people as 'industry witnesses'.

When it was unclear what the European pathway was going to look like, and before any biosimilar drugs arrived on the market, biotech industry lobbyists were strong on steering the nomenclature debate away from terms, such as 'biogeneric' or 'copy biologic', that might imply some undue equivalence for their emerging, cost-effective competitors. As the regulatory pathway matured into sharper focus, originator companies changed emphasis to casting suspicions on the safety and effectiveness of biosimilar competitors. Then, as the market has recognized that biosimilars are not poisons or snake oil, the public relations machine took over from the lobbyists and the message has segued into subtle sideswipes at the 'alien' character of producers of biosimilars that do not make brands.

That same tendency persists in the US debate. In December 2011, when Amgen and Watson Pharmaceuticals agreed to collaborate in developing biosimilar drugs, Amgen's vice president for biosimilars, Scott Foraker, was quoted by *Forbes* magazine as saying, "One of our built-in advantages is to use the same quality of manufacturing. You can trust the new products the same way you trusted Amgen biologics over the past 30 years." Implying, perhaps, that biologics produced by companies without 30 years' experience might not be of the same quality and should not be trusted.

Of course, each of the high-profile biologics producers has already made its deposition with the US Food and Drug Administration as that agency attempts to codify its own approach to biologic-ish molecules. But companies are not sitting idly by while the regulators hash out the rules; in the meantime, they are intervening elsewhere in the regulatory structure, preparing for the day when, despite their best efforts, a biosimilar approval pathway is introduced in the United States.

This means they are doing everything they can to make the US market for biosimilars as awkward for incomers as possible. *The New York Times* reported recently that Amgen and Genentech have sponsored legislation in many US states to prevent pharmacists from switching prescriptions away from branded drugs to biosimilars, or at least forcing pharmacists to consult with physicians and patients before doing so (see p. 279).

In a separate US move propelled by the same two companies, copy-biologics producers would not be able to use slogans such as "Just like Herceptin" or "Avastin biosimilar" or "Better than Rituxan" in marketing or labels. The companies want all references to originator brands to be expunged from communications.

This is rather problematic, of course, as the whole reason that a new biologic product is registered as a biosimilar is because it has been compared with a reference brand originator compound and been found to be similar. Yet biosimilars companies would not, if Amgen and Genentech have their way, be allowed to refer to the process that defines their product.

Most glaringly, biosimilars are similar enough to originator molecules to fall within the reach of originator companies' intellectual property. And yet they are not assumed to be similar enough to be interchangeable in the clinic, which means pharmacists cannot substitute brands for biosimilars, and physicians do not feel comfortable switching their prescriptions to biosimilars from a brand product.

All of which knock-off, knock-about and self-preserving business rough-and-tumble is helping to fortify the market brick by brick against biosimilars. As a result, only a few subsidiaries of big pharma, a handful of established multinational generic manufacturers and the dominant large-cap biotech companies are likely to make the biosimilars business a success. The tables are currently tilted so far in favor of these few companies, it is difficult to see how sufficient new entrants can come into the market and drive down pricing, especially when originator companies are playing the game from both sides—betting on brands and biosimilars at the same time.

For patients, physicians, payers and governments, it really doesn't matter who produces the biologics that a nation needs, as long as the market operates in a way that better products do better, and equivalent products compete on price. However, this does not seem to be how the biosimilars market is being molded to work.

The question for policymakers is whether they realize how meager the economic advantages are likely to be of introducing a biosimilar onto the market compared with a generic small molecule, especially under the constraints currently being erected by the brand industry. If introducing competition and bringing down prices is the end, then biosimilars currently looks like not only a long game, but also a futile one.