



Leading U.S. Health Systems Announce Plans to Develop a Not-for-profit Generic Drug Company

Will help patients by ending shortages and reducing prices

SALT LAKE CITY, UTAH, USA, January 18, 2018 /EINPresswire.com/ -- Salt Lake City, UT – January 18, 2018 – To help patients by addressing the often unwarranted shortages and high costs of lifesaving generic medications, Intermountain Healthcare is leading a collaboration with Ascension, SSM Health, and Trinity Health, in consultation with the U.S. Department of Veterans Affairs* (VA), to form a new, not-for-profit generic drug company. The five organizations represent more than 450 hospitals around the U.S. Other health systems will soon be joining this not-for-profit initiative, which will make essential generic medications more available and more affordable, bringing healthy competition to the market for generic drugs.

The new company intends to be an FDA approved manufacturer and will either directly manufacture generic drugs or sub-contract manufacturing to reputable contract manufacturing organizations, providing patients an affordable alternative to products from generic drug companies whose capricious and unfair pricing practices are damaging the generic drug market and hurting consumers. The company will also seek to stabilize the supply of essential generic medications administered in hospitals, many of which have fallen into chronic shortage. The new initiative will result in lower costs and more predictable supplies of essential generic medicines, helping ensure that patients and their needs come first in the generic drug marketplace.

As has been widely reported, certain generic drug manufacturers have been widely criticized for unwarranted and arbitrary price increases and for creating artificial shortages of vital medications. These activities have resulted in some generic drugs increasing in cost by more than 1,000 percent in just a few months for seemingly no reason. Research into the actual costs of manufacturing and distributing generic drugs suggests that, in many instances, generic drug prices can be reduced to a fraction of their current costs, saving patients, and the healthcare systems that care for them, hundreds of millions of dollars each year.

Many of the well-publicized problems in the U.S. generic drug market can be attributed to a reduction in the number of suppliers, consolidation of production volumes, and a concentration of market pricing power. These market factors are particularly problematic with older generic medications that hospitals rely on every day to take care of desperately ill patients. This new initiative will bring together healthcare systems from around the country to help address these generic drug market failures, providing the new not-for-profit generic drug company with plenty of customers ready and eager for its products.

Marc Harrison, MD, president and CEO of Intermountain Healthcare, believes this collaboration will be game-changing for the generic drug market. “It’s an ambitious plan,” said Dr. Harrison, “but healthcare systems are in the best position to fix the problems in the generic drug market. We witness, on a daily basis, how shortages of essential generic medications or egregious cost increases for those same drugs affect our patients. We are confident we can improve the situation for our

patients by bringing much needed competition to the generic drug market.”

Laura Kaiser, president and CEO of SSM Health, stated, “All Americans deserve access to high-quality, affordable care. The best way to control the rising cost of health care in the U.S. is for payers, providers and pharmaceutical companies to work together and share responsibility in making care affordable. Until that time, initiatives such as this will foster our ability to protect patients from drug shortages and price increases that limit their ability to access the care they need.”

Anthony R. Tersigni, EdD, FACHE, president and CEO of Ascension, said, "This initiative has the potential to greatly expand the availability and affordability of critically needed medications for millions of Americans, especially for people living in poverty and those most vulnerable. Rather than waiting and hoping for generic drug companies to address this need, we are taking this bold step on behalf of those we are privileged to serve. I'm pleased to see our respective systems come together along with the VA to ensure affordability and access to these essential medications."

Richard J. Gilfillan, MD, CEO of Trinity Health, said, “For people in the United States, there is a dangerous gap today between the demand and supply of affordable prescription drugs. If the only way to provide our communities with affordable drugs is to produce them ourselves, then that is what we will do. We look forward to more healthcare systems around the country joining this people-centered effort.”

Carolyn M. Clancy, MD, executive in charge, Veterans Health Administration said of this initiative, “As an organization which must have an affordable and stable supply of generic pharmaceuticals to fulfill its healthcare mission, the Department of Veterans Affairs looks forward to the value this new company will bring to healthcare in the United States and applauds Intermountain Healthcare, Trinity Health, SSM Health, and Ascension for this initiative. Increasing generic drug manufacturing capacity will generate a more stable generic drug supply and will reduce the negative clinical impact of chronic drug shortages, including the impact on our nation’s veterans.”

The formation of the new not-for-profit generic drug company will be guided by an Advisory Committee that includes a roster of well-known experts from the pharmaceutical industry, business, and government. The Advisory Committee will include:

- Madhu Balachandran, retired executive vice president of Global Operations, Amgen
- Don Berwick, MD, president emeritus and senior fellow, Institute for Healthcare Improvement; former CMS administrator
- Clayton Christensen, professor at the Harvard Business School and founder of Innosight
- Bob Kerrey, managing director, Allen & Company; former Nebraska governor, U.S. senator, and pharmacist
- Martin VanTrieste, retired senior vice president and chief quality officer, Amgen
- Senior-level leaders from the organizations founding the company

About Ascension

Ascension (www.ascension.org) is a faith-based healthcare organization dedicated to transformation through innovation across the continuum of care. As the largest non-profit health system in the U.S. and the world’s largest Catholic health system, Ascension is committed to delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable. In FY2017, Ascension provided more than \$1.8 billion in care of persons living in poverty and other community benefit programs. Ascension includes approximately 150,000 associates and 36,000 aligned providers. Ascension’s Healthcare Division operates 2,500 sites of care – including 141 hospitals and more than 30 senior living facilities – in 22 states and the District of Columbia, while its

Solutions Division provides a variety of services and solutions including physician practice management, venture capital investing, investment management, biomedical engineering, facilities management, clinical care management, information services, risk management, and contracting through Ascension's own group purchasing organization.

About Intermountain Healthcare

Intermountain Healthcare is a not-for-profit health system based in Salt Lake City with 22 hospitals, 180 clinics, and a health insurance plan. Recognized for its excellent clinical care and low costs, Intermountain strives to help people live the healthiest lives possible. For more information, visit www.intermountainhealthcare.org.

About SSM Health

SSM Health is a Catholic not-for-profit fully integrated health system. Headquartered in St. Louis, SSM Health has care delivery sites in Missouri, Illinois, Oklahoma and Wisconsin. The health system includes 24 hospitals, more than 300 physician offices and other outpatient care sites, 10 post-acute facilities, home care and hospice services, a pharmacy benefit company, an insurance company, a technology company and an Accountable Care Organization. With more than 10,000 providers and 40,000 employees, SSM Health is one of the largest employers in every community it serves. For more information, find us on Facebook and Twitter.

About Trinity Health

Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. Trinity Health includes 93 hospitals, as well as 109 continuing care locations that include PACE programs, senior living facilities, and home care and hospice services. Its continuing care programs provide nearly 2.5 million visits annually. Based in Livonia, Mich., and with annual operating revenues of \$17.6 billion and assets of \$24.7 billion, the organization returns \$1.1 billion to its communities annually in the form of charity care and other community benefit programs. Trinity Health employs about 131,000 colleagues, including 7,500 employed physicians and clinicians. Committed to those who are poor and underserved in its communities, Trinity Health is known for its focus on the country's aging population. As a single, unified ministry, the organization is the innovator of Senior Emergency Departments, the largest not-for-profit provider of home health care services — ranked by number of visits — in the nation, as well as the nation's leading provider of PACE (Program of All Inclusive Care for the Elderly) based on the number of available programs. For more information, visit www.trinity-health.org. You can also follow @TrinityHealthMI on Twitter.

About the Department of Veterans Affairs' Veterans Health Administration

The Department of Veterans Affairs' Veterans Health Administration is the largest integrated health care system in the country, providing health care to more than 9 million veterans. VHA is one of three administrations within VA including the Veterans Benefits Administration and the National Cemetery Administration. For more information, visit www.va.gov. *VA has provided no financial support for this project.

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