Management and Economics of the Pharmaceutical & Biotech Industries
HCMG 863
Spring 2018
[Last Updated 1/3/18]

Contact Information

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Lectures

Class Meeting:
Tuesday and Thursday, 10:30-11:50am, SHDH 1201

Course Objectives

This course provides an overview of the management, economic and policy issues facing the pharmaceutical and biotechnology industries. The course perspective is global, with emphasis on the U.S. as the largest and most profitable market.

We focus on issues that differentiate these industries from most others, including:

- An R&D-intensive cost structure and rapid technological change; the role of biotechnology, genomics etc. in transforming the industry structure;
- A complex global market place in which customers include governments and third party payers, as well as physicians, pharmacists and individual consumers;
- Government regulation of every dimension of the business, including market access (safety and efficacy), pricing, manufacturing, and promotion;
- Continually evolving M&A strategies, including mergers, joint ventures, options-based deals and alliances;
- Global products and multinational firms, with growing tension between the needs and ability to pay in different market segments.
Course Format

- Lecture/presentation by instructor and industry guest speakers
- Case discussions
- Student presentations

Course Materials


Additional readings are listed below and will be posted on the course website (cases are available through Study.Net).

Course Website: The course website is located at https://canvas.upenn.edu. The syllabus, case questions, assignments, and readings will be posted on this website.

Grading

<table>
<thead>
<tr>
<th>Grading Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Case Write-ups</td>
<td>20%</td>
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<tr>
<td>Midterm Exam</td>
<td>40%</td>
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<tr>
<td>Term Project</td>
<td>30%</td>
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<tr>
<td>Class Participation</td>
<td>10%</td>
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1. **Two Case Write-ups (20%)**: Students should come to class prepared to discuss all the assigned cases. Specific questions for each case will be posted on Canvas. Each student must write-up responses to the case questions for **two of the four cases** listed in the syllabus. You may work in teams to discuss the cases and responses. However, you must **independently write up the case**. The case write-up should be a maximum length of **two pages**. Your write-up is due via Canvas by **5:00 pm the day before the case is to be discussed**.

2. **Midterm Exam (40%)**: There will be an in class midterm exam on **Tuesday, February 27**.

3. **Term Project (30%)**: Students will work on a term project in teams of up to four students. A list of possible topics will be provided or you may select your own topic, subject to approval of the instructor. A one-page outline of the team’s project is due via Canvas at the **beginning of class on March 1**. The team’s final write-up (max. 10 pages plus optional tables) is due via Canvas at the **beginning of class on April 12**. The term project will be presented in class.

4. **Class Participation (10%)**: The class participation grade will be assessed using a combination of a class sign-in sheet for attendance and periodic online exercises. Missing one or two classes will not lower your participation grade. Beyond these two classes, I will only excuse absences for which I receive an email from the MBA Program Office.
Classroom Guidelines and Policies – “Concert Rules”

Attendance
Your on-time attendance for each class session is expected, as is your active participation. If you are unable to attend a class, please let me know in advance with a brief email.

Name Tents
Please display your name tent at each lecture including classes with guest speakers.

Laptops
Following Wharton’s electronics policy, all phones, laptops, and other electronic devices must be turned off during class. Violations of this policy will lead to a lower participation grade. See: https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html

Academic Honesty
All students should familiarize themselves with the University’s guidelines on citations, plagiarism and academic dishonesty, which are found at: http://www.upenn.edu/academicintegrity/ai_codeofacademicintegrity.html
Any violations of this policy will result in significant consequences, including but not limited to, grade deductions and reporting to the University.

Course Schedule and Readings

Part I: Overview of Current Issues in the Pharmaceutical & Biotech Industries

Jan 11: Introduction and Course Overview

Readings:
- *Understanding Pharma*– Chapters 1 & 2
- Standard & Poor’s Industry Surveys: Pharmaceuticals, June 2017 (pp. 7-45)
  Recommended reading order:
  1. “How the industry operates” (pp. 35-45)
  2. “Industry trends” (pp. 23-34)
  3. “Industry overview” (pp. 7-22)

Jan 16: Drug Discovery, Development, and Clinical Trials

Readings:
- *Understanding Pharma*– Chapters 4 & 5
Jan 18: Incentives for Innovation

Readings:
- **Case:** Organizing for Innovation at Glenmark (A)

Jan 23: Marketing and Commercialization

Readings:
- **Case:** Cialis: Getting Ready to Market
- *Understanding Pharma*– Chapter 8 (pp. 156-173)

Jan 25: Measuring Value: Cost Effectiveness and Comparative Effectiveness Analysis

Readings:

Jan 30: Measuring the Value of Pharmaceuticals in Practice

- **Guest speaker:** Scott Johnson, Principal, Medicus Economics

Feb 1: Managed Markets: The Role of Insurers in Managing Pharmaceutical Use

Readings:
- *Understanding Pharma*– Chapter 10

Feb 6: Medicare Part D

Readings:
Feb 8: Pricing and Reimbursement: U.S.

Readings:
- **Case:** Merck: Pricing Gardasil
- Scannell, J.W. “Four Reasons Drugs are Expensive, of Which Two are False.” Forbes. October, 13, 2015.

Feb 13: Pricing and Reimbursement: International

- **Case:** Gilead: Launching Truvada in Europe

Feb 15: Generics and Biosimilars


Feb 20: Pharmaceuticals vs. Medical Devices

- Standard & Poor’s Industry Surveys: Health Care Equipment and Supplies, October 2017 (pp. 5-34)
  Recommended reading order:
  1. “How the industry operates” (pp. 29-34)
  2. “Industry trends” (pp. 15-28)
  3. “Industry overview” (pp. 5-14)

Feb 22: Review Session/Catch-up

Feb 27: Midterm Exam

**Part II: Industry Perspectives**

Guest Speaker Lectures [Speakers and Dates Subject to Change]

Mar 1: Entrepreneurship in Pharma and Biotech: Application to Alzheimer’s Disease— Maria Maccecchini, CEO and Founder, QR Pharma
Mar 6: Spring Break

Mar 8: Spring Break

Mar 13: **Pharmaceutical Pricing and Reimbursement in Europe** – Volker Janssen, Senior Partner, Simon-Kucher & Partners

Mar 15: **Innovation from External Sources, M&A/L&A** – Henry Gosebruch, Chief Strategy Officer, AbbVie

Mar 20: **Pharmaceutical Markets in Asia** – Donald Yin, Associate VP and Head, Global Health Outcomes, Merck

Mar 22: TBD

Mar 27: **Inside the Black Box of PBM Negotiations** – Steve Miller, Chief Medical Officer, Express Scripts

Mar 29: **Gene Therapies** – Jeffrey Marrazzo, CEO and Co-Founder, Spark Therapeutics

Apr 3: **The Generic Drug Industry** – Alok Sonig, Executive Vice President, Head of Dr. Reddy’s, North America

Apr 5: **Artificial Intelligence for Pharma R&D** – Niven Narain, CEO and Co-Founder, BERG

Apr 10: TBD

Apr 12: **Valeant Case Study** – Scott Hirsch, Head of Business Strategy, Valeant Pharmaceuticals

*Part III: Student Presentations*

Apr 17: Wrap-up/Student Presentations

Apr 19: Student Presentations

Apr 24: Student Presentations