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# Can Pharma Rebuild Its Reputation? COVID-19 Means A Big Responsibility, And Opportunity

by **Jessica Merrill**

The global health crisis has presented a chance for the industry to improve its reputation by highlighting the value of its R&D engines. Pharma execs and observers talk to *Scrip* about why they are optimistic about industry's chance to regain public trust.

The pharmaceutical industry has found itself in a place few could have imagined at the start of the year – fulfilling the role of scientist hero, trying to end a global pandemic. The industry now hopes that if it is indeed successful at helping to end the global health crisis caused by COVID-19 through the development of treatments and vaccines, it will offset some of the bad press that has built over decades.

The rare chance for pharma to reset its reputation in the eyes of the public with the whole world watching has been on the minds of industry leaders as they navigate the unexpected and precarious path COVID-19 has taken.

[Novartis AG](#) CEO Vas Narasimhan called the it a "remarkable, perhaps once-in-a generation opportunity" back in April during the company's first quarter earnings call. (Also see "[Pharma Can Reset Reputation In Pandemic, Says Novartis CEO](#)" - Scrip, 29 Apr, 2020.) In interviews, many industry leaders and outside observers told *Scrip* they are cautiously optimistic that the industry's response to

## **What COVID Spotlight Means For Pharma – In Their Own Words**

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Several experts spoke with *Scrip* about their

COVID-19 could create an inflection point in its interactions with the public. And they said industry's effort is motivated mostly by a genuine desire to end the pandemic – not commercial opportunity.

"Most of us got into this field because we were excited about the opportunity to make an impact on human health, and there are lots of other professions we could have chosen," [Roche Holding AG](#) pharmaceuticals CEO Bill Anderson said. "When something like this comes along, I have to say, I think people put away the calculators and think about 'hey, what does our company want to be known for.'"

take on how the biopharmaceutical industry's efforts to respond to COVID-19 might help industry's image problem.

[Read the full article here](#)

Industry's reputation problem has been earned over decades. In the 1980s, the fraud and corruption of the generic drug scandal cast a pall over the industry and while pharma came up with antiretroviral therapies for HIV/AIDS, it came under fire for how those drugs were priced. The blockbuster era of the 1990s that introduced drugs like [Bristol Myers Squibb Company's Plavix](#), [Merck & Co., Inc.'s Zocor](#) and [Pfizer Inc.'s Lipitor](#) and [Viagra](#) had a massive impact on primary care, but the decade also came to be known for me-too drugs, pharma greed and marketing might that long impacted public perception of the industry. The 21<sup>st</sup> Century so far has been marked by major scientific advancement, but the high cost of drugs – and particularly a longstanding pattern of double-digit price increases – has made a lasting impression on the industry. (See [timeline below](#).)

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Changing the public dialogue around pharmaceuticals from prices and copays to science and innovation has been a top priority for the industry for several years now, but a safe and efficacious vaccine for COVID-19 could do what no Pharmaceutical Research and Manufacturers of America (PhRMA) Go Boldly advertising campaign could ever do on such a large scale – renew faith in maintaining a well-funded industry that can deliver valuable medicines in a crisis. (Also see "[PhRMA Uses Allergan Stage In Campaign To Keep Focus On Industry's Reputation For Innovation](#)" - Scrip, 14 Apr, 2017.)

Some early studies have shown the public perception of the industry has improved this year, like the FutureBrand Index 2020 survey and study conducted in April and May – which showed health care companies gaining on perception and goodwill. (Also see "[Pharma Industry Reputation: What Is At Stake With COVID-19?](#)" - In Vivo, 18 Aug, 2020.)

"I think trust is the foundation stone of the enterprise," [Amgen, Inc.](#) senior VP-global development Elliott Levy said. "For the biopharmaceutical industry, it is absolutely critical for the public to be able to trust in the quality, the safety and the efficacy of our medicines, and I think it is also critically important for them to believe that the sector as a whole offers benefit to the society. That is what ultimately justifies our patents, our pricing freedom, our competitive model. It is ultimately the belief that society benefits from all of that."

But winning over the court of public opinion for the long-term won't be easy and any positive uptick for the industry will have to be considered one step in a longer recovery. It will mean establishing trust with the public, sidestepping politics, being absolutely transparent about the safety and efficacy of new products, and not appearing greedy or cavalier when it comes to selling them. In other words, it will require not messing this chance up.

Some outside industry observers think it may already be too little too late. Peter Bach, the director of Memorial Sloan Kettering's Center for Health Policy and Outcomes and a frequent industry antagonist, said the public's concerns are too deeply seated to turnaround because of COVID-19.

"There are a couple of things that I think will prevent this from being a transformational moment for the industry," he said. "This horrendous reputation has been hard-earned by the industry for years and years, and it cuts across a bunch of dimensions."

### **A Good Rep Has Its Benefits**

There has never been a chance quite like COVID-19 for the industry to show off the power of its long-term investments over decades – in science, human capital, manufacturing and supply chain expertise. Industry hopes now to remind the public why those investments are valuable and that they may need to be deployed again in the future.

"It's the culmination of years and years of investment by so many across our industry," said [Sanofi's](#) Adam Gluck, who leads the company's external communications, including public affairs, patient advocacy and government affairs. "It speaks to the importance of maintaining, to continue to invest in science because you don't know what is going to come next, you don't know when it is going to come next."

PhRMA believes that reminder could even be helpful on Capitol Hill, where the debate over high drug prices in the US is being waged and various policy proposals are under consideration that would be negative for the industry.

"I hope that through this process people have an appreciation for the fact that it isn't a given that companies can come forward and do this kind of work, but it really is dependent on the system that we have in place in the US today and it is a fragile system," PhRMA chief operating officer

Lori Reilly told *Scrip*.

"The fact that we have a policy dynamic in place in the US that allows companies to go at risk, to take the kinds of necessary risks in the case of the global pandemic or multitude of other conditions depends upon the ability to have a public policy environment that incentivizes innovation and entrepreneurship and risk taking," she said.

The industry is arguing that now is not the time to distract drug makers from the acute challenge at hand – ending the global pandemic. Industry would especially like to diminish political support for some of the harsher drug pricing policies that have been floated – like President Trump's "most-favored-nation" order, which would limit the amount Medicare pays for Part B and Part D drugs based on global benchmarks. (Also see "[Trump's Executive Order Limiting Medicare Drug Payments Faces Hurdles](#)" - Pink Sheet, 14 Sep, 2020.)

Trump hasn't entirely gotten industry's message, releasing four executive orders on drug pricing in July and a regulation almost on the eve of the November election. (Also see "[Presidential Arm Twisting: Drug Pricing Order Would Advance International Benchmarks Unless Industry Offers Alternative](#)" - Pink Sheet, 24 Jul, 2020.) (Also see "[Health Plan Disclosure Of 'Negotiated' And 'Historical Net' Drug Prices Required In HHS Rule](#)" - Pink Sheet, 29 Oct, 2020.) Pfizer CEO Albert Bourla spoke out against the exec orders during the company's second quarter earnings call in July, arguing, "They pose enormous distraction at a time where the industry needs to be completely focused on developing a potential COVID-19 vaccine or treatment."

House Democrats also convened a drug pricing hearing in September and called in several drug company CEOs to testify, but the hearing didn't make big headlines, and several Republican members used pharma's COVID-19 response as an opportunity to show appreciation for the industry. (Also see "[COVID-19 And The Drug Pricing Debate: Disruption Helps Industry More Than R&D](#)" - Pink Sheet, 14 Oct, 2020.).

Some pharma outsiders think an improved reputation could help manufacturers beat back policy changes in Washington, DC, even if it is not necessarily a significant long-term boost.

"An enhanced brand and reputation will have broader public relations benefit, and at a minimum reduce some of the distractions from management of having to battle back against political shots by politicians," PwC pharmaceutical and life science advisory leader Greg Rotz said. "When you are an easy target you have to spend more time defending yourself."

Steven Pearson, the president of the Institute for Clinical and Economic Review (ICER), a non-profit drug pricing watchdog, agreed.

"They are like all [regulated] industries to some extent," he said of pharma. "The extent to which

the public trusts their broader strategic interests aligns with the public's interest, they will get lighter touch regulation."

Wolfe Research analyst Tim Anderson, who has long followed the large pharma sector, was skeptical the industry's response to COVID-19 would have more than a short-term effect, particularly when it comes to US drug policy.

"I do think it is short-lived politically. It only helps if the lay public does better. I think the politics part of it is not going to get you very far," he said. "But I think at the end of the day you are still going to be able to point the finger and say that the industry is changing a lot."

### Looking Beyond Policy

Outside of policy momentum, there are other benefits a good reputation could deliver to pharma, like recruiting top talent and clinical trial awareness that could benefit trial recruitment and diversity.

Roche's Anderson said he is hopeful that widespread exposure to clinical trials and drug development could be positive for clinical trial participation among the public, including minority populations – where the industry recognizes it has even more work to do to rebuild trust. "Clinical trials and recruitment, all of that kind of thing, now that has gone mainstream. It's on the front page of *USA Today*, so it's possibly a unique opportunity to highlight to people the important role that clinical trials play," he said.

A better reputation could also help recruit more talent to the industry. As PwC's Rotz pointed out, "highly specialized talent in data analytics have multiple choices on what they can do in their careers and it is more attractive to work for an industry that is held in high regard," he said.

ZS Associates managing principal Pratap Khedkar pointed to the unique opportunity pharma has to partner with physicians, payers, the government and employers to communicate with the public and assist in a widescale vaccination effort if a vaccine is approved that could have long-term partnering consequences.

"If they come out with a much better relationship with large INDs [integrated delivery networks] and large payers, I think that is a huge win for pharma," he said. "It's soft capital, but a huge win in the long-term."

### Caution Ahead

It appears increasingly likely the industry will be able to bring to market novel treatments and vaccines for COVID-19 beyond the initial rounds of treatments for advanced COVID, like [Gilead Sciences, Inc.](#)'s Veklury (remdesivir). [Eli Lilly and Company](#) and [Regeneron Pharmaceuticals, Inc.](#) have both filed emergency use authorizations (EUAs) for antibodies to treat COVID-19.

Regeneron's antibody cocktail has had a particularly high profile after it was given to President Trump when he was diagnosed with COVID. (Also see "[Coronavirus Update: Praised By Trump, Regeneron Files Antibody Cocktail For Emergency Use Authorization](#)" - Scrip, 8 Oct, 2020.)

On the vaccines front, Pfizer, [Moderna, Inc.](#), [AstraZeneca PLC](#) and [Johnson & Johnson](#) are all in Phase III clinical trials. It is an exciting time but one with perils too – for example, if the efficacy disappoints or the safety becomes an issue.

"I think it offers a tremendous opportunity, and with every opportunity comes a risk because the public has a certain view of what a fantastic outcome would be whether it's a vaccine or a treatment," ICER's Pearson cautioned.

As has been the case with Gilead's antiviral Veklury, early promise has not necessarily delivered the long-term efficacy data some were hoping for, though the drug is already on track to become a fast blockbuster. Veklury was first approved under an EUA in May based on limited data that it could shorten hospitalizations. However, a large-scale open-label study by the World Health Organization of repurposed drugs for COVID-19 found remdesivir did not improve survival, raising more questions about its value. (Also see "[Coronavirus Update: No Mortality Gains From Remdesivir In WHO Trial, Gilead Questions Results](#)" - Scrip, 16 Oct, 2020.)

MSKCC's Bach has been publicly outspoken about his frustration with Gilead's development and commercialization of Veklury. Bach has questioned the value and price of Veklury and is disappointed Gilead has not run a clinical trial testing remdesivir in hospitalized COVID-19 patients receiving dexamethasone, the combination that is most frequently being used.

"They snapped the ball and took a knee," he said of the way Gilead is commercializing Veklury. "They are running out the clock and no one is going to stop them," he said.

Indeed, despite potentially modest efficacy, Veklury generated \$873m in the third quarter. (Also see "[Veklury Takes Gilead Earnings On Wild Ride](#)" - Scrip, 28 Oct, 2020.) If the efficacy benefit to blockbuster revenues ratio for COVID-19 treatments and vaccines should be perceived by the public as out of balance that could create backlash. At the same time, it's not clear how long blockbuster window for a product like Veklury will last, especially as newer antibody treatments and vaccines reach the market.

There are no guarantees the new products will be safe and efficacious across the board, and there are plenty of other risks for the industry ahead – including negative perceptions that could materialize longer-term around the cost of vaccines or treatments, product safety or politics. Industry has been trying to avoid getting pulled into the US presidential election, even as President Trump sought to make an imminent approval of a vaccine part of his campaign strategy.

Industry has pushed back against politicization of a vaccine. Several CEOs of the top manufacturers pledged not to file for an approval or authorization until Phase III data is available. Pfizer's Bourla has issued public letters, voicing frustration over the politicization and reiterating that public trust in a vaccine must be safeguarded. Staying focused on the science and being transparent with the data will be the best way for industry to navigate the polarized US political landscape. (Also see "[Pfizer/BioNTech COVID-19 Vaccine Will Miss US Election, Bourla Clarifies](#)" - Scrip, 16 Oct, 2020.)

"While I think it is in some sense a perilous moment for the companies as these scientific decisions are dragged into the political realm, it is also an opportunity for the companies to exhibit the highest standards of science-based and public-spirited behavior," Amgen's Levy said. He pointed to the release of the clinical trial protocols by the vaccine frontrunners as an example of how the industry is trying to improve transparency with the public.

### **Pricing Pressure**

The pricing of any vaccines and treatments – and how much industry ultimately profits from the pandemic – will also play a role in how the public views the industry over the long-term. While no vaccine prices have been established, some government contracts have made it possible to infer a price per dose. Pfizer's contract with the US government, for example, implies a price of about \$19.50 per dose, or \$39 for the two-dose regimen. (Also see "[Pfizer's US Contract Sets The Financial Bar For COVID-19 Vaccines](#)" - Scrip, 22 Jul, 2020.) Moderna's contracts with the US and other countries have indicated a price of between \$25 and \$37 per dose. Both companies have said they expect to profit from their investment, while Johnson & Johnson and AstraZeneca have said they will not profit from a vaccine during the acute phase of the pandemic. (Also see "[Stepping Up? Pharma's Early COVID Pricing Decisions May Be Resolving Concerns](#)" - Pink Sheet, 19 Aug, 2020.)

Lilly announced a \$375m contract with the US government to purchase an initial supply of its neutralizing antibody bamlanivimab (formerly LY-CoV555), which will be priced at \$1,250 per vial for wealthy countries – setting a benchmark for antibody therapeutics for COVID-19. (Also see "[Lilly Signs US Bamlanivimab Contract, Raising Unanswered Allocation Considerations](#)" - Scrip, 28 Oct, 2020.)

Wolfe's Anderson said the vaccine prices that have been floated thus far are low, especially compared to what the pricing power could be under normal pricing dynamics. "If you make billions in sales for a short window, you know there are going to be some negative headlines," he cautioned.

ICER's Pearson said he expects there will be a lot of attention paid to the price of a vaccine, but that public perception over the long term may depend on how much the individual has to pay – and that could last beyond the pandemic phase. "There will be a lot of talk about if it is too high

or too low," he said. "Ultimately, the public five years from now will be more impacted by what they have to pay out of pocket."

Public perception of the industry will certainly be formed over the long term. Any improvement COVID-19 brings will have to be the first step in a longer effort to regain trust society's trust.