

Press Release

Attorney General Beemer announces multistate federal antitrust lawsuit against pharmaceutical companies

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The Office of Attorney General and 19 other states allege a widespread conspiracy among competitors to reduce competition and increase prices for generic prescription drugs

HARRISBURG — Attorney General Bruce R. Beemer today joined 19 other state attorneys general in filing a federal lawsuit that alleges six pharmaceutical companies violated antitrust laws by conspiring to fix prices and allocate markets for various generic drugs.

The alleged conduct reduced competition and led to artificially higher prices for consumers, Attorney General Beemer said.

The lawsuit against Heritage Pharmaceuticals, Inc., Aurobindo Pharma USA, Inc., Citron Pharma, LLC, Mayne Pharma (USA), Inc., Mylan Pharmaceuticals, Inc. and Teva Pharmaceuticals USA, Inc. was filed under seal in the U.S. District Court for the District of Connecticut.

"The conduct alleged in the lawsuit resulted in the Commonwealth and consumers throughout the nation paying substantially higher prices for many generic pharmaceutical drugs," Attorney General Beemer said. "It is critical for our office to be a part of the effort to prevent similar activity that will undoubtedly have a negative impact on consumers."

The lawsuit concerns two drugs — doxycycline hyclate delayed release, an antibiotic, and glyburide, an oral diabetes medication.

The states' investigation, which is still ongoing as to a number of additional generic drugs, uncovered evidence of a broad, well-coordinated and long running series of conspiracies to fix prices and allocate markets for a number of generic pharmaceuticals in the United States.

In the lawsuit, the states allege that the misconduct was conceived and carried out by senior drug company executives and their subordinate marketing and sales executives. The lawsuit further alleges that the defendants routinely coordinated their schemes through direct interaction with their competitors at industry trade shows, customer conferences and other events, as well as through direct email, phone and text message communications.

The anticompetitive conduct — including efforts to fix and maintain prices, allocate markets and otherwise thwart competition — caused significant, harmful and continuing effects in the country's healthcare system, the states allege.

The states further allege that the drug companies knew that their conduct was illegal and made efforts to avoid communicating with each other in writing, or in some instances, to delete written communications after becoming aware of the investigation.

The states allege that the companies' conduct violated the federal Sherman Act and are asking the court to enjoin the companies from engaging in illegal, anticompetitive behavior and for equitable relief, including substantial financial relief, to address the violations of law and restore competition.

The lawsuit was filed under seal in order to avoid compromising the states' ongoing investigation.

The state of Connecticut in July 2014 initiated the investigation of this matter. Connecticut has led the states' efforts to examine the reasons behind suspicious price increases of certain generic pharmaceuticals.

Generic drug sales in the United States were estimated at \$74.5 billion in 2015. Currently, the generic pharmaceutical industry accounts for approximately 88 percent of all prescriptions written in the country.

In addition to Pennsylvania and Connecticut, other plaintiff states in this lawsuit are Delaware, Florida, Hawaii, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nevada, New York, North Dakota, Ohio, Virginia and Washington.

This matter was handled on behalf of the Commonwealth by Senior Deputy Attorney General Joseph Betsko and Chief Deputy Attorney General Tracy Wertz of the Office of Attorney General's Antitrust Section. The section is tasked with protecting the free enterprise system by detecting anti-competitive practices and taking legal action to stop them.

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