Oncology Issues

ISSN: 1046-3356 (Print) 2573-1777 (Online) Journal homepage: https://www.tandfonline.com/loi/uacc20

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To cite this article: (1994) Biotech Industry Sees Cuts Ahead, Oncology Issues, 9:2, 9-9, DOI: 10.1080/10463356.1994.11904456

To link to this article: https://doi.org/10.1080/10463356.1994.11904456

Published online: 18 Oct 2017.

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Biotechnology research into breakthrough drugs and therapies for cancers including breast, lung, ovarian, and prostate has been cut back due to a lack of investment. That's according to Charles E. Ludlam of the Biotechnology Industry Organization (BIO), which represents more than 525 companies, organizations, and academic institutions involved in the research and development of biotechnology products. Ludlam spoke at the ACCC-sponsored Presidents' Retreat held in February.

Ludlam presented results of a recent BIO survey, which showed that 44 percent of biotech companies have already delayed or curtailed their cancer research. Forty-one percent said the dominant reason for the cuts was the decline in investment due to investor uncertainty over the Clinton Administration's proposals for de facto price controls on new breakthrough drugs. Sixty-two percent predicted their cancer research faced further reductions should the Administration's proposals become law.

The Administration's health care proposals include mechanisms that would affect the prices of breakthrough drugs and new medicines. One such mechanism is a new breakthrough drug advisory council that would review introductory prices for cures and treatments for diseases.

The Secretary of HHS would also be allowed to require payment of special rebates for new drugs and medicines for cancer, AIDS, and other diseases and to blacklist them from reimbursement if the prices were considered more unacceptable than others. The biotech industry considers these proposals to be de facto price controls.

"Costs and universal coverage are not the only issues in health care reform," said Ludlam. "You can have cost controls, but they don't do you much good if your centers do not have effective therapies to give to your patients."

Also concerned about the Administration's proposal for de facto price controls were Michael L. Kranda, President and Chief Operating Officer, Immunex Corporation, and Carol Webb, Acting President, Ortho Biotech, Inc., who both spoke at February's Presidents' Retreat.

"What company would be willing to spend 10 to 12 years and $350 million only to have the Secretary of Health and Human Services kill the market," said Webb. "Investors who think that their return will be determined by a few government officials, rather than by the competition in the marketplace, are already taking their money elsewhere."

Kranda noted that only 1 percent of biotech companies are profitable, while just 5 percent have revenues.

COMPENSATION SURVEY

Since 1991, the average total compensation (salary, plus incentives and bonuses) for full-time medical directors in hospitals has increased 8.4 percent. The average yearly compensation is $155,220.

These findings are from a new survey released by the Physician Executive Management Center, a company specializing in physician executive search. The report, *Physician Executive Compensation Report - A 1993 Survey of Physician Leadership*, contains complete results of the 1993 compensation survey of medical directors in hospitals, group practices, and managed care organizations who provided information on their salary, bonuses, executive benefits, contracts, and job responsibilities.

Chiefs of Staff of hospital medical staffs were paid a median compensation of $20,000 for their leadership roles in 1993. Forty percent of hospitals provide direct financial compensation to their medical staff officers and another 34 percent provide other benefits in lieu of cash compensation. The survey shows that 75 percent of the hospitals recognize the need for some level of compensation for voluntary physician leadership.

For information about obtaining the *1993 Physician Executive Compensation Report*, contact the Physician Executive Management Center, 4014 Gunn Highway, Suite 160, Tampa, FL 33624. Or call 813-963-1800. The report costs $125. ■

CLARIFICATION

The January/February 1994 *Oncology Issues* featured a story entitled "Cytokine Combinations Facilitate Outpatient BMT." William P. Peters, M.D., Ph.D., of Duke University's Outpatient Transplant Clinic Program, is *not* using a combination of cytokines. Instead, as one step in his protocol, he gives patients G-CSF *or* GM-CSF, both FDA-approved growth factors. A number of other cytokines, including interleukin-3 (IL-3), interleukin-11 (IL-11), interleukin-6 (IL-6), and the PIXY321 (an IL-3/GM-CSF fusion molecule), are showing early promise as platelet-stimulating agents, but are not yet approved for clinical use.