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Sanofi Halves Price of Cancer Drug Zaltrap After Sloan-Kettering Rejection

By ANDREW POLLACK

In an unusual move, a big drug company said on Thursday that it would effectively cut in half the price of a new cancer drug after a leading cancer center said it would not use the drug because it was too expensive.

The move — announced by Sanofi for the colon cancer drug Zaltrap — could be a sign of resistance to the unfettered increase in the prices of cancer drugs, some of which cost more than $100,000 a year and increase survival by a few months at best.

Zaltrap came to market in August at a price of about $11,000 a month. Soon after, Memorial Sloan-Kettering Cancer Center in New York decided not to use the drug, saying it was twice as expensive but no more effective than a similar medicine, Avastin from Genentech. Both drugs improved median survival by 1.4 months, doctors there said.

Three doctors at Sloan-Kettering publicized the cancer center’s decision last month in an Op-Ed article in The New York Times.

“Ignoring the cost of care is no longer tenable,” they wrote. ”Soaring spending has presented the medical community with a new obligation. When choosing treatments for patients, we have to consider the financial strains they may cause alongside the benefits they may deliver.”

Sanofi executives argued that the price they had set was very similar to that of Avastin. “The intent was not to charge a premium,” Christopher A. Viehbacher, the chief executive of Sanofi, said in an interview last month.

Sloan-Kettering, he said, was basing its price comparison on a dose of Avastin that was half the dose Sanofi used in its own comparison.

On Thursday, Sanofi backed down. “We believe that Zaltrap is priced competitively as used in real-world situations,” it said in a statement. “However, we recognize that there was some market resistance to the perceived relative price of Zaltrap in the U.S. — especially in light of low awareness of Zaltrap in the U.S. market. As such, we are taking immediate action across the U.S. oncology community to reduce the net cost of Zaltrap.”

The move was first reported on Thursday by The Cancer Letter, a newsletter about cancer issues.

Sanofi said it would not change the official price for Zaltrap but would offer discounts of about 50 percent. Zaltrap, which is given intravenously, is not bought directly by patients but is sold to doctors or hospitals, which administer it. The cost is then reimbursed by Medicare or private insurers. Patients could be liable for a co-payment.

Dr. Leonard B. Saltz, chief of gastrointestinal oncology at Sloan-Kettering and one of the authors of the Op-Ed article, said Sanofi’s offer of discounts “doesn’t really address the problem from our perspective” because Medicare reimbursement and patient co-payments would still be based on the higher list price, at least for several more months.

Also, he said, the discounts could give doctors and hospitals an incentive to use Zaltrap because they could profit from the difference between the discounted price they pay for the drug and the higher price at which they are reimbursed by insurers.

Dr. Saltz said even at the lower price, he did not foresee Sloan-Kettering doctors using Zaltrap because it was no better than Avastin and might be more toxic.

Dr. Saltz is now a consultant to Genentech and has been one to Sanofi.

Zaltrap, developed by Sanofi and Regeneron Pharmaceuticals, a biotechnology company in Tarrytown, N.Y., was approved by the Food and Drug Administration in August for use as a second-line treatment for colorectal cancer, meaning after an initial regimen had stopped working. Like Avastin, Zaltrap impedes the formation of blood vessels that nourish cancer cells.

Dr. Peter B. Bach, director of the Center for Health Policy and Outcomes at Sloan-Kettering and one of the authors of the Op-Ed piece, said the price of Zaltrap reflected a bigger problem — that over all there was little relation between drug prices and the value they provided.

“Normal markets wouldn’t behave like this,” he said on Thursday. “You couldn’t introduce something twice as expensive and no better and still sell it.”

Dr. Lee Newcomer, senior vice president for oncology at UnitedHealthcare, said it was the first time he could recall a company cutting the price of a cancer drug so much. “It was the first time physicians have stood up and said, “Enough is enough,’ ” he said. “And I think that was a watershed moment.”