

THE TRUTH ABOUT BOB HUGIN

A New Report on a Disturbing Pattern of Actions

PATIENTS FOR AFFORDABLE DRUGS ACTION

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carefully examined the record of former Big Pharma CEO Bob Hugin and found a disturbing pattern of actions. Hugin made millions at the expense of cancer patients and taxpayers by repeatedly raising the price of a lifesaving drug and blocking generic competition.

Hugin doubled the price of Celgene's Revlimid which is essential for many blood cancer patients to stay alive.

Hugin systematically abused federal law to block a cheaper generic version of his drug from coming to market. In a rare display of bipartisanship, Congress is moving legislation to stop the abuses Hugin made famous.

FDA Commissioner Scott Gottlieb referred to the tactics Hugin used as **"unfair and exploitive,"** and the FDA lists Hugin's company Celgene as the number one offender in denying samples of drugs for generic testing and development.

Patients have suffered - going into debt, refinancing their homes, and going without food and other necessities to pay for their drug.

Hugin's unethical practices made him \$140 million by raising prices for people on fixed incomes and milking Medicare.

**"I think in a company,
the CEO is responsible
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-Bob Hugin

BOB HUGIN: DOUBLED THE PRICE OF A LIFESAVING CANCER DRUG

"I think in a company, the CEO is responsible for everything that happens in the company," Hugin said.¹

For 19 years Bob Hugin worked in leadership roles at Celgene, including as CEO, from 2010 to 2016, and as Executive Chairman of the Board of Directors, a position he held through January 2018.²

While helming Celgene, Hugin doubled the price of the cancer medication Revlimid, a move that has forced cancer patients across the country into financial ruin.³

¹ Transcript of "Celgene Corp at Thomson Reuters Health Summit New York," FD (Fair Disclosure) Wire, May 10, 2011.

² Celgene, "Celgene Announces Retirement of Executive Chairman Bob Hugin and Appointment of CEO Mark Alles as Chairman of the Board of Directors," Jan. 29, 2018.

³ HBO, Vice Weekly, Season 6, Episode 10, "The Cost of Living/Paradise Lost," June 2018.

By Hugin's own admission, "the CEO is responsible for everything that happens." He was behind the price hikes and should take responsibility for patients' suffering as a result.

Gulay Turan from East Rutherford, New Jersey said, "When my mother was diagnosed with Multiple Myeloma, I never would have guessed that I would be more at war with the cost of her treatment than her cancer. Every day I live in fear of no longer being able to afford the high cost of the medication keeping my mother alive. My mother and I already live in a world run by Bob Hugin, and we are suffering because of it. Sending Bob Hugin to the Senate would allow him to write policies that make pharma executives rich while putting the financial health of patients like my mother in jeopardy."



Kuzeyde Turan, Revlimid Patient

"Sending Bob Hugin to the Senate would allow him to write policies that make PHARMA executives rich while putting the financial health of patients like my mother in jeopardy"
- Gulay Turan, daughter of Revlimid Patient

In 2007, with Bob Hugin at the helm as President and Chief Operating Officer of Celgene, a single capsule of Revlimid cost \$247.28. By the time he retired in early 2018, after more than a dozen price hikes, it cost \$662.36.⁴

According to independent journalists, Hugin's policy ideas "just so happen to be more business-friendly than patient-friendly."⁵

⁴ Rebecca Spalding, "Pharmaceutical Titan's Senate Bid Will Test Voters' Views on Drug Price," Bloomberg, Feb. 20, 2018.

⁵ Rebecca Robbins, "Trump fumes at drug makers for many reasons. This pharma exec (and Trump donor) embodies them," STAT News, October 30, 2017.

Bob Hugin's Price Hikes

Table 1: Revlimid Price Change 2010-2017⁶

Year	Price	Change
2010	\$9,853	--
2011	\$10,445	6.01%
2012	\$11,071	5.99%
2013	\$11,745	6.09%
2014	\$13,140	11.88%
2015	\$14,075	7.12%
2016	\$15,483	10.00%
2017	\$18,546	19.78%

**The cost to make each 10-milligram capsule?
Less than a dollar.⁷ A year's worth of pills
costs \$240 to produce.⁸**

⁶ Todd Campbell, "Price Hikes Insulate Celgene From a Failure," The Motley Fool, Oct. 25, 2017.

⁷ Calculated from Cynthia Koons and Robert Langreth, "The Loopholes Drug Companies Use to Keep Prices High," Bloomberg, Dec. 20, 2017; and "Benefits of maintenance therapy," Revlimid.com, accessed Jul. 16, 2018.

⁸ Cynthia Koons and Robert Langreth, "The Loopholes Drug Companies Use to Keep Prices High," Bloomberg, Dec. 20, 2017

Despite the low manufacturing costs, one online drug price monitor listed a months' supply of Revlimid at between \$14,500 and \$20,000.⁹



Bob Hugin's Price Hikes Continued

Table 2: Revlimid Price 2018

Dosage	Quantity	Price Per Unit	Price
2.5mg	28	\$691.79	\$19,370.15
	100	\$691.58	\$69,158.45
5mg	28	\$691.79	\$19,370.15
	100	\$691.58	\$69,158.45
10mg	28	\$691.79	\$19,370.15
	100	\$691.58	\$69,158.45
15mg	21	\$691.89	\$14,529.65
	100	\$691.58	\$69,158.45
20mg	21	\$691.89	\$14,529.65
	100	\$691.58	\$69,158.45
25mg	21	\$691.89	\$14,529.65
	100	\$691.58	\$69,158.45

⁹ "Revlimid Prices, Coupons, And Patient Assistance Programs," Drugs.com, accessed June 11, 2018.

BOB HUGIN: RAISED DRUG PRICES WHILE BLOCKING GENERIC COMPETITORS



After a limited period of time, brand-name drugs lose patent and exclusivity protection so cheaper generic versions can enter the market, bringing relief to taxpayers and patients.

But, under Hugin's leadership, Celgene exploited loopholes to prevent generic versions of Revlimid from coming to market. Generic drugmakers have accused Celgene of refusing to sell samples for generic analysis, a tactic employed by brand-name drugmakers to delay competition and keep prices high.¹⁰

By one estimate, the type of unethical games played by Hugin will cost Americans \$45 billion through 2026—just for one drug, Revlimid.¹¹ Hugin's maneuvers caught the federal government's attention and even led to three lawsuits against Celgene in federal court.

In their rebuttal of Celgene's positions in a 2014 lawsuit, the Federal Trade Commission (FTC) said "Competition from lower-priced generic drugs saves American consumers billions of dollars a year."

Celgene's view that it has a virtually absolute right to block access to the samples generic firms need to compete threatens to foreclose these cheaper alternatives, perhaps indefinitely.¹² In response to moves to delay generic competition, Congress advanced the bipartisan CREATES Act, a crackdown on tactics like those Celgene used under Hugin that stall generic drugs from hitting the market.¹³

With Hugin in charge, Celgene spent \$2.7 million lobbying,¹⁴ much of it spent to block the CREATES Act, which could bring relief to patients, like retired firefighter and cancer patient Bob Kelsey, whose out-of-pocket expenses, even with Medicare, top \$10,000.¹⁵

"I want to be here to see my grandchildren," Kelsey, who has had to rely on help from family and friends to stay alive, told Bloomberg reporters.

¹⁰ Editorial, "Is Menendez's Republican challenger even more ethically challenged?," The Newark Star-Ledger, Mar. 4, 2018.

¹¹ Cynthia Koons and Robert Langreth, "The Loopholes Drug Companies Use to Keep Prices High," Bloomberg, Dec. 20, 2017

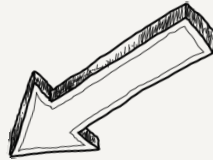
¹² Jonathan Salant, "Trump wants lower drug prices. Menendez's Republican challenger fought to keep them high," NJ.com, Feb. 17, 2018.

¹³ Michael Mezher, "Senate Judiciary Committee Advances CREATES Act," Regulatory Focus, Regulatory Affairs Professional Society, June 14, 2018.

¹⁴ Tom Moran, "With Hugin In Charge, The Company Spent \$2.7 Million Lobbying To Block Legislation That Could Have Sped Up A Generic Replacement For One Of Its Blockbuster Cancer Drugs, Revlimid," NJ.com, Feb. 18, 2018

¹⁵ Cynthia Koons and Robert Langreth, "The Loopholes Drug Companies Use to Keep Prices High," Bloomberg, Dec. 20, 2017

Patients Suffer Under Hugin



“I want to be here to
see my
grandchildren,”
-Bob Kelsey, Cancer
Patient

FDA TAKES NOTICE OF HUGIN'S UNETHICAL TACTICS

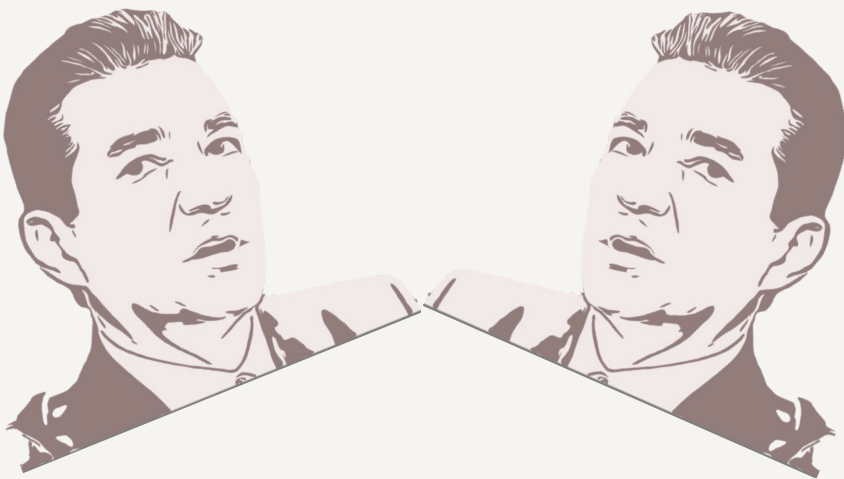
The FTC and Congress aren't alone in condemning Celgene's actions under Hugin.

Scott Gottlieb, the commissioner of the U.S. Food and Drug Administration under President Trump, issued a sharp rebuke to drugmakers like Hugin's Celgene in November 2017. He called the tactics Hugin used "unfair and exploitive," and demanded companies like Celgene "End the shenanigans!"¹⁶

Since then, the FDA released a list of nearly 50 drug makers accused by generic drug corporations of stalling providing samples that would increase competition and lower prices.¹⁷

In the database, Celgene was the worst offender with a whopping total of 31 inquiries for access to generic samples — 13 of those requests for Revlimid, the second most cited drug.¹⁸

"END THE SHENANIGANS!"
-FDA Commissioner Scott Gottlieb
on games Hugin played



¹⁶ Cynthia Koons and Robert Langreth, "The Loopholes Drug Companies Use to Keep Prices High," Bloomberg, Dec. 20, 2017

¹⁷ U.S. Food and Drug Administration, "Reference Listed Drug (RLD) Access Inquiries," accessed May 17, 2018.

¹⁸ Max Nisen, "The Punching Bag of Biotech Absorbs More Blows," Bloomberg, May 18, 2018.

BOB HUGIN'S UNSCRUPULOUS BEHAVIOR MADE HIM MORE THAN \$140 MILLION

While Americans were priced out of affording the life-extending medication Revlimid, Bob Hugin made more than \$140 million. As Americans saw their Revlimid prices soar, Hugin used his 62-foot yacht¹⁹ to win more than \$52,000 in fishing tournaments²⁰ and watched his millions grow.

**Table 3: Hugin's
Compensation as CEO of
Celgene²¹**

Year	Compensation
2011	\$8.92 million
2012	\$10.57 million
2013	\$21 million
2014	\$24.24 million
2015	\$22.5 million
2016	\$16.5 million
2017	\$40.5 million
Total	\$144.23 million

¹⁹ "The Right Place," MidAtlantic.com, accessed Jul. 16, 2018.

²⁰ Jonathan D. Salant, "Menendez foe would take a huge pay cut if he wins U.S. Senate race," May 16, 2018.

"UPDATED: Biogen CEO Scangos scores 19% pay hike during stellar 2012," FierceBiotech.com, May 1, 2013; Justin Heifetz, "2. Robert Hugin - Celgene,"

²¹ FiercePharma, accessed Jul. 16, 2018; Tracy Staton, "Celgene chief Hugin nabs \$22M for his CEO swan song," FiercePharma, May 2, 2016; "BRIEF-Celgene says CEO's 2016 compensation was \$16.5 mln," Reuters, Apr. 27, 2017; Sam Baker, "Vitals," May 3, 2018.

PATIENTS SUFFERED UNDER HUGIN'S LEGACY OF SKYROCKETING DRUG PRICES



Jackie Trapp, Revlimid Patient

Patients continue to suffer under the legacy of Bob Hugin's price hikes.

Jackie Trapp, a multiple myeloma patient from Muskego, Wisconsin, spent her entire life's savings on the only drug available — Revlimid — that would keep her alive. She refinanced her home, blew through bank account and fears she'll leave her husband bankrupt.²²

Unscrupulous price hikes and games to extend the monopoly have created a horrific choice for cancer patients: The drug or death.²³

And when patients choose life over the drug, they are forced to grapple with the heartbreak and stress that accompanies taking on debt just to stay alive.



"We've blown through the bank accounts. They're pretty much empty. We had to refinance our house. We took a home equity line of credit."

²² HBO, Vice Weekly, Season 6, Episode 10, "The Cost of Living/Paradise Lost," June 2018.

²³ "Cancer Patients' Dilemma: Expensive Pills Vs. Invasive Chemo Treatment," Kaiser Health News, April 27, 2010

THE DECISION

Voters in New Jersey should take heed of Revlimid patients' stories. A man, who by his own admission, is responsible for every cold and calculated price hike should face the pain and suffering he caused.

In Nancy Cartwright's case, financial stressors from her husband's multiple myeloma were so extreme, the couple declared bankruptcy and moved out of the country.

"Besides bearing witness to my husband's physical pain, I also witnessed the immense mental toll the cost of his medication took on him," she said. "It's so hard to watch someone suffer and not be able to do anything to help. My hair even began to thin from stressing over his medication costs."

"If given a chance to become Senator, Bob Hugin will only look out for the rich and gouge the rest of the people like us," Cartwright said. "He cost us everything. He cannot win."



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- Nancy Cartwright, Widow of Thalomid Patient



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