

EpiPen makers held lavish summits for bloggers

BY DAVE MCKINNEY
REUTERS

CHICAGO— When Mylan NV recruited food allergy bloggers to learn about its campaign to get allergic shock antidotes into schools, many were eager to join the maker of the EpiPens they carry in purses and stash in book bags to protect their children against potentially lethal attacks.

The bloggers, more than a dozen mothers of children with serious allergies, embraced the effort Mylan outlined in a series of “summits” it held for them beginning in 2013.

They wrote impassioned posts on blogs shared with tens of thousands of followers on social media. Their personal testimony helped persuade a number of state lawmakers to pass bills to get schools to stock epinephrine injectors, such as the EpiPen, according to legislators and others familiar with the lobbying effort.

During the same period, the company was marking up its EpiPen to more than \$600 per twin pack, six times the 2007 price, creating a burden for many of the bloggers’ followers, other parents of children whose lives are threatened by bee stings and peanuts.

At least four of the bloggers told Reuters they believe Mylan took advantage of their goodwill. Some have joined public criticism of those price hikes.

“I personally believe that Mylan held the summits to gain blogger trust and then used those bloggers to spread word about their initiatives. They raised prices while those initiatives gained traction,” Ruth LovettSmith, a former food-allergy blogger from Massachusetts who attended three summits, said in an email.

Mylan spokeswoman Lauren Kashtan declined to comment on the criticism.

But in an email, she said the company regretted that it had not anticipated “the potential financial issues for the growing minority of patients” whose EpiPens are not covered by insurance or a patient assistance program.

Mylan now offers coupons to more families to cover out-of-pocket costs and said it would soon release a half-price EpiPen.

Kashtan also said the blogger summits served a worthy purpose.

“Mylan aimed to provide access to information, resources and expertise about anaphylaxis and life-threatening allergies,” said Kashtan, who represented the company at four summits. “We are proud to have brought together such a passionate and dedicated group of advocates.”

Chief executive Heather Bresch was blasted Wednesday at a hearing before U.S. lawmakers who, along with prosecutors in several states, are investigating the price hikes.



YURI GRIPAS | REUTERS
Mylan NL CEO Heather Bresch holds EpiPens during a House Oversight and Government Reform Committee hearing on the rising price of EpiPens at the Capitol in Washington, D.C., Wednesday.

EpiPen sales exceed \$1 billion a year and command more than 90 percent of the market.

Steaks and blog polishing

The effort to get epinephrine injectors into schools is a point of pride for Mylan, which has credited its alliances with advocates for its success.

“We have collaborated with government officials, leading advocacy organizations, parents, caregivers and healthcare professionals to successfully champion legislation and policies,” Mylan said in a 2015 report on its social responsibility efforts.

LovettSmith, whose son has nut allergies, went to her first Mylan blogger summit in January 2013 at a boutique midtown Manhattan hotel overlooking the Empire State Building.

It was the first of at least four summits, each involving about 15 bloggers, some of whom attended more than one event. They wrote about being treated to three-course dinners featuring pan-seared yellow fin tuna or marinated grilled hanger steak.

At a 2014 summit at the company’s Canonsburg, Pa., headquarters, Mylan brought an outside communications consultant to help the women polish their blogs, advocate to policymakers, practice on-camera television interviews and speak at public events, participants told Reuters.

Homa Woodrum, a lawyer in Las Vegas whose 8-year-old daughter relies on EpiPens for nut and oat allergies, attended that summit. But she skipped an invitation to a May 2015 event at California’s Disneyland, uncomfortable with the shift in venue to a resort.

“It starts to seem a little like you’re being buttered up,” Woodrum said.

Bloggers who attended summits testified on behalf of schools’ bills in Nevada, Maine and Michigan, according to interviews and legislative records. In all, 48 states adopted laws requiring or enabling schools to stock epinephrine injectors. In many cases, Mylan subsequently donated EpiPens to

The woman, who attended the Disneyland summit, brought her son to a legislative hearing, where he demonstrated how he would press an EpiPen into his thigh to stop an allergic reaction.

Mylan’s lobbyist attended the hearing, but the boy’s show-and-tell “sealed the deal,” Short said. “With me and most of the legislators, it’s that first-hand experience of a mother talking about her child and a child talking about what they go through personally that did it.”

Mixed reactions

Bloggers who went to Disneyland told Reuters pricing was not on the drugmaker’s agenda. By then, some were aware of the hikes and brought them up. Mylan talked about the role of other

parties, including insurers, in determining what consumers pay, they said.

Blogger Kelly Rudnicki’s food allergy advocacy led to work as a paid Mylan spokeswoman. But, she said in an email, she quit last month because of the pricing controversy. She said she believes Mylan should apologize and cut its prices on EpiPens, and Bresch should step down.

Rudnicki, whose 14-year-old son has severe food allergies, said the bloggers supported Mylan because they believed it “had our back and manufactured a device that we couldn’t live without.”

Mylan declined to discuss Rudnicki’s criticism. The company confirmed she resigned, adding it had thanked her for her work.

Some bloggers like Caro-

line Moassessi, a food allergy activist from Reno, Nev., take a more nuanced view.

She attended three summits and testified in Nevada to allow schools and other public venues to stock epinephrine.

She also has felt the full effect of price hikes. As a small business owner, she paid \$3,000 in 2015 for EpiPens for her son and daughter. Each child carries two pens at all times and keeps two more at school. Moassessi also carries two injectors.

While Moassessi would rather pay less, she said she recognizes that Mylan is in business to make a profit.

“I know they’re a business trying to make as much as they can, like Ford, Chevy, Macy’s,” she said. “I’m not naive about that, whatsoever.”

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Limits on Wall Street energy bets proposed

Firms would have to hold more capital

BY PATRICK RUCKER AND
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REUTERS

WASHINGTON — The Federal Reserve on Friday outlined a plan to limit Wall Street bets on the energy sector by forcing companies such as Goldman Sachs and Morgan Stanley to hold more capital against such investments.

Under current law, Goldman Sachs Group Inc. and Morgan Stanley may invest in energy storage and transportation in ways that other banks cannot, but the U.S. central bank’s new plan would make such bets more costly.

Banks would have to hold more capital against energy and commodity investments under the plan. The Fed also contemplated other limits such as banning Wall Street control of power plants and prohibiting bank holding companies from owning copper.

At this stage the plan is only a proposal that is subject to comment and change.

The Fed has opened a three-month window for comment.

The Fed, which regulates the banking and financial services sector, said the new measures would help shield banks and the broader financial system from a costly mishap like the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.

Under the plan, Fed officials said, banks would have to hold roughly \$1 in capital for every \$1 of energy infrastructure they owned.

In the Fed’s calculus of bank safety, that amounts to a 1,250 percent capital charge — the regulator’s highest tariff for the riskiest investments.

Wall Street would have to offer roughly \$4 billion in fresh capital to satisfy the proposal. Firms on Wall Street have already been scaling back their ownership of refinery, shipping and storage facilities in the face of scrutiny from regulators who have asked what benefit comes from banks in the raw material market.

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