



May 10 Symposium “Healthcare for the 21st Century”

“The Role of the Pharmaceutical and Biotech Industries”

Message from the Director

It gives me great pleasure to present to you the very first issue of the Lerner Center’s Newsletter. This covers the program and the highlights of presentations at the second annual symposium held on May 10, 2006. The program included a Keynote presentation by the Honorable Tommy Thompson, former Secretary of Health and Human Services, and currently Independent Chairman of the Deloitte Center for Health Solutions, and presentations by Professors Ernst Berndt of MIT, Patricia Danzon of Wharton, and Frank Lichtenberg of Columbia University. The program also included a CEO panel discussion participated by several CEOs of New Jersey based pharmaceutical and biotech companies. The Center appreciated the opening remarks by Provost Steven Diner and the introduction of the Keynote Speaker by



research proposals. The Center also organizes workshops involving participants from academia, government, pharmaceutical and biotech industries to disseminate information and knowledge concerning aspects and issues facing the pharmaceutical, biotech and health care industries in general.

Rutgers University President Richard McCormick.

The Lerner Center provides a resource of expertise to the pharmaceutical industry, the university, and other organizations. It facilitates pharmaceutical management research within Rutgers Business School by providing industry data, a forum to exchange ideas through colloquia and seminars, and basic organizational support to prepare

We would like to graciously thank the following individuals, companies and organizations for their support of this Symposium: Blanche and Irwin Lerner, Robert Campbell, Deloitte Center for Health Solutions, The Healthcare Institute of NJ, The Biotechnology Council of NJ, C.R. Bard Foundation, Hoffmann-La Roche Inc., Organon Pharmaceutical USA Inc., and Rutgers Business School Pharmaceutical Management Club. Mahmud Hassan, PhD Director

Inside this issue:

Keynote	1
Academic Presentations	2
Roundtable Panelists	3

KEYNOTE SPEAKER

The Honorable Tommy G. Thompson

The former Health and Human Services Secretary and four-term Governor of Wisconsin, is Independent Chairman of the Deloitte Center for Health Solutions and a partner at the law firm of Akin Gump Strauss Hauer & Feld.

At Deloitte and Akin Gump, Secretary Thompson is building on his efforts as HHS Secretary and Governor to develop innovative solutions to the healthcare challenges facing American families, businesses, communities, states and the

nation as a whole. These efforts focus on improving the use of information technology in hospitals, clinics and doctors offices; promoting healthier lifestyles; strengthening Medicare and Medicaid; and expanding the use of medical diplomacy around the world.

His key points were:

- The Health & Human Services (HHS) is the largest department funded by the federal government.

- The healthcare system in America needs to be updated and changed to our new life styles.

- Our system can only be improved if we apply the required technology like other departments have done.



Keynote Speaker: The Honorable Tommy G. Thompson



Rutgers University President, Richard McCormick, speaking at the Symposium

Academic Presentations

This segment of the Symposium consisted of three presenters, who discussed the important implications of the pharmaceutical industry with healthcare and with the consumer. They were moderated by Robert Campbell and each presenter had some important points to share.

Robert Campbell

Mr. Campbell is a retired Vice Chairman of The Board of Directors of Johnson & Johnson (J&J), where he also was Chairman of the Professional Sector.

Mr. Campbell joined J&J in 1955 and later served as an Air Force officer for three years, rejoining the Company in 1959. During his

career, he held numerous positions in financial and general management including Treasurer, Vice President Finance, and Executive Committee Member.

The Academic Presenters were: Ernst R. Berndt, PhD, Patricia Danzon, PhD, and Frank R. Lichtenberg, PhD.

“Traditional R&D productivity measures are likely biased down, at least for a few therapeutic classes.”

Ernst Berndt, PhD, MIT

Ernst R Berndt, PhD * First Presenter

The Louis B. Seley Professor of Applied Economics at the MIT Sloan School of Management, and Co-Director of the Biomedical Enterprise Program at the Harvard-MIT Division of Health Sciences and Technology.

Much of Professor Berndt's recent research has focused on price, output and outcomes measurement in the healthcare industries, and on regulatory policies at the U.S. Food and Drug

Administration. The key points from his presentation were:

- A substantial fraction of the total utilization of drugs is outside the “primary” indication corresponding to the NDA/BLA counted in traditional biopharmaceutical R&D productivity.
- Traditional R&D productivity measures are likely biased down, at least in three therapeutic classes: ACE inhibitors, proton pump inhibitors, and in serotonin reuptake inhibitors.



Robert Campbell (Vice Chairman-J&J-Retired) moderated the Academic Presentations

Patricia Danzon, PhD * Second Presenter

The Celia Moh Professor at The Wharton School of Management, University of Pennsylvania, where she is a Chair of the Health Care Systems Department and is also a Professor in the Department of Insurance and Risk Management.

Key points from her presentation were:

- US policies that undermine differential pricing --- drug importation and

referencing of foreign prices - -- could significantly reduce access for consumers abroad, with little if any gain to US consumers.

- Differential pricing is potentially more efficient (higher social welfare) and more equitable than uniform.



Volume 1, Issue 1

Frank R. Lichtenberg, PhD * Third Presenter

A Courtney C. Brown Professor of Business at the Columbia University Graduate School of Business, and a Research Associate of the National Bureau of Economic Research. He is a Director of the economics consulting firm LECG, LLC. Some key points from his

presentation were:

- Public health depends on the quality, as well as the quantity of pharmaceuticals consumed.
- Mean vintage (or the % of new drugs) varies across individuals, regions, and diseases.

- Micro and macro evidence indicate that drug vintage has important effects on mortality, hospital and nursing home utilization, and other health outcomes.

Roundtable Panelists

The Symposium also consisted of CEO Roundtable Panelists. The panel was moderated by Dean Howard P. Tuckman.

Among the Panelists were:

Donald L. Drakeman, PhD, Daniel E. Greenleaf, Robert M. Hallenbeck, and Martin H. Soeters.

The Panelists

leaf, Robert M. Hallenbeck, and Martin H. Soeters.

Each Panelist contributed to the answering of the questions that were asked.

Donald L. Drakeman, PhD is the co-founder, President and CEO of

Medarex, a Nasdaq-listed biotechnology company developing monoclonal antibodies for the treatment of life threatening and debilitating diseases.

Daniel E. Greenleaf

President and CEO, joined VioQuest from Celltech Group, a European biotechnology company, where he was President of U.S. Operations. Celltech was sold for \$2.7 billion in 2004.

Robert M. Hallenbeck

Vice President, Business Development and Strategic Investments for BD (Becton, Dickinson and Company). BD, is a leading global medical technology company that makes and sells medical devices.

Martin H. Soeters

Since 2000, Martin Soeters has been President of Novo Nordisk USA and Senior Vice President of Novo Nordisk North America. Mr. Soeters also is a member of the senior management board of Novo Nordisk A/S, the world leader in diabetes care, which is located in Denmark.



Dean Tuckman with Martin Hallenbeck, Dr. Donald Drakeman and Daniel E. Greenleaf



Above: Martin H. Soeters answering a question

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Current Research Projects by Lerner Center Fellows February, 2006

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| <p>(1) Transnational Technology Networks in the Pharmaceutical Industry - Investigating the Challenges for Firms and Governments</p> <p>Researchers Professor John Cantwell, and Professor Camilla Noonan, Department of Management & Global Business(Funded by the Lerner Center)</p> | <p>(5) Optimization for Patients Recruitment in Multi-Center Clinical Trials</p> <p>Researchers Professor Mahesh Kumar, Department of Management Science & Information Systems (Funded by the Lerner Center)</p> |
| <p>(2) Alliance Evolution and Networks in the Bio-Pharmaceutical Sector</p> <p>Researcher Dr. Farok J. Contractor, Department of Management and Global Business</p> | <p>(6) Optimal Marketing Strategies to Promote Prescription Drugs: The Case of Free Samples</p> <p>Researcher Professor Menahem Spiegel, Department of Finance & Economics (Funded by the Lerner Center)</p> |
| <p>(3) Do Mergers and Acquisitions Create Value in the Pharmaceutical Industry?</p> <p>Researchers Professor Mahmud Hassan, Dean Howard Tuckman, and Xiaoli Wang (PhD Student), Department of Finance and Economics</p> | <p>(7) Category Versus Branded: Examining the Effectiveness of the Direct-to-Consumer Advertising in the Pharmaceutical Industry</p> <p>Researchers Professor Sooyeon Nikki Lee-Wingate, and Professor Ying Xie, Department of Marketing (Funded by the Lerner Center)</p> |
| <p>(4) Costs of Hospital Acquired Infections and Who Pays for these?</p> <p>Researchers Professor Mahmud Hassan, Professor Bob Patrick, Dean Howard Tuckman, and Jennifer Kohn (PhD Student), Department of Finance & Economics</p> | |