

California State University, Northridge

IBECC 2024 EXECUTIVE SUMMARY

Name	Graduation Year	Major
Dominic Garcia	2024	Business Law
Joseph Coulombe	2024	Business Analytics
Christopher Mendoza	2024	Marketing
Eric Quinn	2024	Systems and Operations Management
Gillian Watkins	2024	Systems and Operations Management

Advisors: Valerie Flugge, J.D, Roxana Naraghi, Ed.D.

Topic: Pricing of Xtandi

Division: Undergraduate

Audience: Board of Directors of Pfizer

Mata-Med Consulting has been engaged by Pfizer’s Board of Directors to provide recommendations regarding the pricing of its prostate cancer drug Xtandi. Our engagement arises in the context of growing political and social pressure to reduce the price of essential drugs, particularly those that have been developed with public funds. In preparing our recommendation, we have been guided by Pfizer’s mission to make the world a healthier place.

Our report includes three analyses: legal, financial, and ethical. The legal analysis focuses on drug approval, licensing, subsidies, march-in rights, and relevant legal cases. The financial analysis examines Pfizer's market share, the industry's revenue, the extent to which the U.S. government funded Xtandi's research and development, and an analysis of the cost of Xtandi to the consumer. The ethical analysis addresses three issues: the impact of the pricing of Xtandi on American society, Americans as individuals, and Pfizer. The societal section examines the strain of high drug prices on the healthcare system and its overall stress on consumers. The second section provides examples of how individual pricing impacts the availability of effective treatment for life-threatening diseases. The final section of the ethical analysis showcases the impact of Xtandi's pricing on Pfizer itself, including public perception of the company.

We conclude with our recommendation that Pfizer should significantly reduce the price of Xtandi. While Pfizer has the legal right to set its price for Xtandi as it wishes while it holds its patent rights, that strategy risks the government exercising its march-in rights and controlling the price-setting decision. By proactively reducing its pricing, Pfizer could protect itself from government intervention, as well as provide a positive benefit to society. While lowering the price of Xtandi may decrease Pfizer's profits in the short term, in the long term, it could financially benefit from such a decision by improving its public perception and avoiding government intervention, not just on Xtandi but also on other drugs that it manufactures. Lastly, a price reduction of this essential medication would advance Pfizer’s mission of making the world a healthier place.