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Kevin J. Gorman to Speak at Wharton's 2009 Health Care Business Conference

Health Care Policy Reform from Perspective of Putnam Associates,

Strategy Consultants to Biopharmaceutical Industry

February 20, 2009 -- Putnam Associates, a Boston-based strategy consulting firm serving the biotechnology and pharmaceutical industries globally, is pleased to announce that **Kevin J. Gorman, Managing Partner**, is speaking today as a panelist at the 2009 Annual Wharton Health Care Business Conference (www.whcbc.org), "Catalyzing Change: Accelerating Health Care Advancement," held at the Park Hyatt in Philadelphia on February 19-20, 2009.

The panel, taking place at 2:30 – 3:30 p.m., is entitled "**Health Care Policy: Will Reform Become Reality?**" In addition to Mr. Gorman, panelists include: Michael Conway, Moderator, Director, McKinsey & Company; Dr. Steven Udvarhelyi, Senior Vice President and Chief Medical Officer, Independence Blue Cross; J. James Rohack, MD, President-Elect, American Medical Association; and Len Nichols, Director, Health Policy Program, New America Foundation.

A dialogue will occur around these health care policy questions:

- What are the key health care policy changes that are likely to be implemented?
- What reforms are feasible given current budget constraints?
- Who will be the winners and losers under the new administration?
- What will likely occur regarding key policy issues such as Medicare, re-importation, and insurance coverage?

In remarks prepared for today's conference responding to a question posed to his panel on what were believed to be the top health care reform priorities for the biopharmaceutical industry, Mr. Gorman stated:



“I think the biopharmaceutical community has several key objectives and concerns in the health care reform efforts we will see this year.

“The first is **universal coverage**. This is simple, do the math. 47 million more Americans with health care. It greatly benefits society and expands their markets. It’s win-win. It will also cost a tremendous amount of money with any promised savings through increased efficiency and avoided cost of illness years in the future. How this will be paid for is the \$500 billion question. Their (biopharmaceutical industry’s) desire in general is that this expansion be accomplished within the existing insurance frameworks.

“The second is **the need to fix the FDA**. There is a tremendous opportunity to restore faith in the FDA’s ability to professionally and consistently carry out their mission. They need strong new leadership and substantial resources to carry out an increasingly global set of responsibilities. The lack of consistency and predictability in the FDA’s new drug approval process has created great uncertainty. This has harmed the investment environment for what are already very risky early stage therapies under development. A restoration of science-based decision making in the FDA and timely, consistent and transparent processes are needed.

“**Medicare drug price negotiation** is also at the top of their list. The concern is that these could become “Godfather negotiations” where HHS makes companies “an offer they cannot refuse.” Biopharma is generally worried that this will lead to de facto price controls, greatly restricted formularies, as are seen in the VA system, and ultimately reduce both profit margins and the capital available to develop new therapies.

“How the **comparative clinical effectiveness data** to be developed by NIH will be collected, analyzed and utilized is of concern to biopharma. Depending on the strength of their individual product portfolios and pipelines, they more or less favor the development of the data as useful tools. Where the concern arises is the bias that may go into the development of the analyses and whether the findings that result will create mandatory treatment guidelines.”



Kevin Gorman is the Managing Partner and Founder of Putnam Associates. Prior to establishing Putnam in 1988, Kevin worked for strategy consulting firms in Europe and Boston. He was a member of the White House staff under President Carter and served as Assistant to the Undersecretary of Energy. Over the past two decades his practice has been devoted to working with life science companies to establish and maintain competitive advantage for their businesses. His recent thought leadership publications include: “Alliance Management – Fix it Before it Breaks: Alliance Diagnostic and Repair” and “Not Your Father’s Generics: How a Rapidly Changing Global Generics Industry is Challenging Lifecycle Planning.” He is an author and the editor of “The First Twenty Years are the Hardest,” an about-to-be-published book of collected essays from a variety of expert perspectives on changes in the competitive health care environment over the past two decades. Kevin received his BA from Boston College and his MBA from Harvard Business School.

Putnam Associates (www.putassoc.com) is a strategy consulting firm headquartered in Boston, founded in 1988, and serving the pharmaceutical, biotechnology, diagnostics, and medical device industries on a global basis. Two decades of experience and focus in the firm’s industries enable them to create significant value for their clients. Creative and disciplined strategy development processes blend with deep market knowledge for one purpose: to help their clients succeed. The company’s leadership includes: Kevin J. Gorman, Managing Partner (BA, Boston College; MBA, Harvard Business School); Richard J. Tinsley, Partner (BA, Wharton School, University of Pennsylvania; MA, Stanford University; MBA, Stanford University); John A. Gordon, Partner (BA, summa cum laude, Tufts University; MBA, Harvard Business School); Eric C. Auger, Partner (BA, Providence College; MA, Boston University); and Domenick Bertelli, Partner (AB, Harvard University; MBA, MIT Sloan School of Management).

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