

October 9, 2024

The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue
Washington, D.C. 20580

Dear Chair Khan,

I am writing to urge the Federal Trade Commission (FTC) to carefully scrutinize Novo Nordisk's \$16.5 billion bid for the contract development and manufacturing organization (CDMO) Catalent¹ and to block this merger if it is found to be illegal under antitrust law. I am concerned that this deal could increase Novo Nordisk's dominance² over vital GLP-1 inhibitor drugs, reducing competition and increasing prices for patients.

Novo Nordisk commands a 55% share of the exploding market for drugs used to treat obesity and Type 2 diabetes, primarily through sales of its blockbuster drugs Ozempic and Wegovy.³ These drugs are part of a new class of GLP-1 receptor agonists that help manage glucose levels in people with Type 2 diabetes, and can also be used to treat obesity.⁴ Catalent is a major CDMO that fills and packages syringes and injection pens for Novo Nordisk and other drug manufacturers.⁵ Eli Lilly is Novo Nordisk's biggest competitor in the GLP-1 market — primarily through its Zepbound and Mounjaro products made with GLP-1 receptor tirzepatide — and also contracts with Catalent to fill and package its drugs at Catalent sites.⁶ Eli Lilly has described Catalent as an “integral” player in its manufacturing of diabetes and obesity drugs.⁷

I am concerned that Novo Nordisk's merger with Catalent will give Novo Nordisk unprecedented visibility into and control over its competitor's production capacity, costs, and business practices, and the ability to preference its own products and obstruct its competitors' use of Catalent to

¹ Pharmaceutical Technology, “Novo Nordisk to acquire CMO giant Catalent for \$16.5bn,” February 8, 2024, <https://www.pharmaceutical-technology.com/analyst-comment/novo-nordisk-to-acquire-cmo-giant-catalent-for-16-5bn/>.

² Axios, “Ozempic maker now worth more than \$500 billion,” Tina Reed, January 31, 2024, <https://www.axios.com/2024/01/31/novo-profits-jump-wegovy-ozempic>.

³ *Id.*

⁴ Cleveland Clinic, “GLP-1 Agonists,” <https://my.clevelandclinic.org/health/treatments/13901-glp-1-agonists>.

⁵ CNBC, “Weight loss drugs are still hard to find – but Novo Nordisk and Eli Lilly are trying to change that,” Annika Kim Constantino, February 10, 2024, <https://www.cnbc.com/2024/02/10/weight-loss-drugs-novo-nordisk-eli-lilly-are-tackling-supply-issues.html>; “As Catalent prepares to join Novo family, CDMO's sales continue to slide,” February 9, 2024, Fraiser Kansteiner, <https://www.fiercepharma.com/pharma/catalents-sales-slide-amid-covid-slump-cdmo-prepares-join-novo-family>.

⁶ *Id.*

⁷ *Id.*

produce GLP-1 drugs. Novo Nordisk has a history of trying to restrict competition and maximize profits on these drugs: the FTC issued a warning letter to Novo Nordisk in April regarding improperly listed patents for Ozempic and two other drug products used to treat Type 2 diabetes in the FDA’s Orange Book.⁸ Novo Nordisk’s purchase of Catalent risks further hindering competition.

This deal is part of a troubling trend of skyrocketing consolidation across the U.S. health care system. Between 1995 and 2015, the 60 most dominant pharmaceutical companies consolidated to a mere 10 firms,⁹ leading to higher prices for patients¹⁰ and decreased innovation.¹¹ Giant corporations increasingly control every link in the health care payment and delivery chain:¹² the largest insurers in the country also own their own pharmacies, pharmacy benefit managers (PBMs), physician groups, home health providers, claims processors, and more.¹³ In particular, growing vertical integration has allowed giant corporations to raise prices and disadvantage competitors,¹⁴ including through input foreclosure, whereby a vertically integrated company increases costs or reduces quality of a product provided to competitors of its parent company.¹⁵ This is a key risk in Novo Nordisk’s proposed merger with Catalent.

Limiting competition will further exacerbate the affordability crisis that is placing GLP-1s out of reach for many Americans. Americans already pay exceedingly high prices for prescription drugs, including GLP-1s. At \$936 per month, the price for Ozempic is 10 times higher in the U.S. than it is in the United Kingdom, where the drug costs just \$93 per month.¹⁶ Meanwhile, Wegovy carries a monthly cost of \$1,349 in the U.S., compared to just \$296 per month in the Netherlands.¹⁷ These

⁸ Office of Senator Elizabeth Warren, “Warren, Jayapal Push Eight Pharma Companies to Pull Over 100 “Sham” Patent Listings, Opening Opportunity for More Competition, Lower Drug Prices,” June 7, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-jayapal-push-eight-pharma-companies-to-pull-over-100-sham-patent-listings-opening-opportunity-for-more-competition-lower-drug-prices>; CNBC, “FTC challenges ‘junk’ patents held by 10 drugmakers, including for Novo Nordisk’s Ozempic,” April 30, 2024, Annika Kim Constantino, <https://www.cnbc.com/2024/04/30/ftc-challenges-patents-held-by-drugmakers-including-for-ozempic.html>; Letter from Federal Trade Commission to Novo Nordisk, April 30, 2024, https://www.ftc.gov/system/files/ftc_gov/pdf/novo-nordisk-ozempic-saxenda-victoza-4302024.pdf.

⁹ Washington Post, “Drug companies keep merging. Why that’s bad for consumers and innovation,” Robin Feldman, April 6, 2021, <https://www.washingtonpost.com/outlook/2021/04/06/drug-companies-keep-merging-why-thats-bad-consumers-innovation/>.

¹⁰ *Id.*

¹¹ Harvard Business Review, “Research: Innovation Suffers When Drug Companies Merge,” Justus Haucap and Joel Stiebale, August 3, 2016, <https://hbr.org/2016/08/research-innovation-suffers-when-drug-companies-merge>.

¹² American Economic Liberties Project, “Medicare Advantage and Vertical Consolidation in Health Care,” Hayden Rooke-Ley, April 2024, p. 33, <https://www.economicliberties.us/wp-content/uploads/2024/04/Medicare-Advantage-AELP.pdf>.

¹³ *Id.* at p. 20.

¹⁴ *Id.*

¹⁵ National Bureau of Economic Research, “Disadvantaging Rivals: vertical Integration in the Pharmaceutical Market,” August 2023, https://www.nber.org/system/files/working_papers/w31536/w31536.pdf.

¹⁶ Health System Tracker, “How do prices of drugs for weight loss in the U.S. compare to peer nations’ prices?” Krutika Amin, Imani Telesford, Rakesh Singh Twitter, and Cynthia Cox, August 17, 2023, <https://www.healthsystemtracker.org/brief/prices-of-drugs-for-weight-loss-in-the-us-and-peer-nations/#List%20prices%20of%20drugs%20used%20for%20weight%20loss%20in%20the%20U.S.%20and%20peer%20nations>.


¹⁷ *Id.*

prices are especially egregious given that Ozempic and Wegovy can be profitably manufactured for less than \$5 a month.¹⁸

While Novo Nordisk claims to “provide access to the medicines . . . to the greatest number of people living with diabetes . . . while addressing varying levels of affordability,”¹⁹ the company’s actions suggest otherwise. Earlier this year, Novo Nordisk announced plans to discontinue its production of Levemir, one of only three long-acting insulins and the only long-acting insulin approved for women in pregnancy, limiting competition and patient options in the insulin market.²⁰ Although Novo Nordisk has attributed this decision to the lack of favorable formulary placement, there’s no question that discontinuing Levemir also frees up manufacturing lines and delivery devices that Novo Nordisk can reallocate to its much more lucrative GLP-1s.

As diabetes and obesity rates continue to rise — 38 percent of Americans were estimated to be prediabetic in 2021, while more than 40 percent of adults in the U.S. experience obesity²¹ — it is all the more crucial that Americans can access life-changing drugs to treat these conditions at a fair price. I am encouraged by FTC’s Second Request to the merging parties for more information on this deal.²² Given the proposed merger’s potential to further limit competition in the weight loss and diabetes drug markets, making it harder for patients to access these drugs, I urge FTC to closely scrutinize this acquisition and block any activity found to be illegal under antitrust law.

Sincerely,



Elizabeth Warren
United States Senator

¹⁸ JAMA Network, “Estimated Sustainable Cost-Based Prices for Diabetes Medicines,” Barber et al, March 27, 2024, <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2816824>.

¹⁹ Novo Nordisk, “Access and affordability,” <https://www.novonordisk.com/sustainable-business/access-and-affordability.html>.

²⁰ Office of Senator Elizabeth Warren, “Warren, Shaheen, Warnock, Seek Answers from Novo Nordisk on Discontinuation of Levemir Insulin After Announced Price Reduction,” press release, April 17, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-shaheen-warnock-seek-answers-from-novo-nordisk-on-discontinuation-of-levemir-insulin-after-announced-price-reduction>; American Prospect, “Novo Nordisk Discontinues Insulin Medication After Cutting Its Price,” David Dayen, March 14, 2024, <https://prospect.org/health/2024-03-14-novo-nordisk-discontinues-insulin-levemir/>.

²¹ NIH, “Overweight & Obesity Statistics,” <https://www.niddk.nih.gov/health-information/health-statistics/overweight-obesity>.

²² United States Securities and Exchange Commission, “Catalent, Inc., Form 8-K”, May 3, 2024, p. 2, <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001596783/424c093c-0679-4eca-bd30-76eee22eb179.pdf>.