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Insys Update

In a previous blog post last September AMS cited a CNN report about the drug company Insys Therapeutics and how it faked cancer patients to sell more Subsys, its potent fentanyl-based opioid drug. (Subsys was FDA approved in early 2012 for the treatment of Breakthrough Cancer Pain.) Clearly unethical and unlawful, falsifying medical records and misleading insurance companies surely helped contribute to the deadly opioid crisis that America is currently suffering.

Recently, the New York Times Magazine ran a feature article entitled The Pain Hustlers, an expose on what Insys called its “speaker program” — which, in reality, was nothing more than an elaborate drug kickback scheme. Most pharmaceutical companies pay speaker fees to doctors for organizing a talk or holding a dinner in order to literally spread the word about a particular drug and tout its benefits. Insys had a different take: “We pay doctors to write scripts. That’s what the speaker program is.”

An exclusive report from CNN earlier this year about the opioid scourge confirms that “doctors who write the most opioid prescriptions get paid the most money by pharmaceutical companies that make opioids.” But Insys already knew that. According to the NYT article, in 2014 Insys quadrupled the budget devoted to its speaker program to \$10 million.

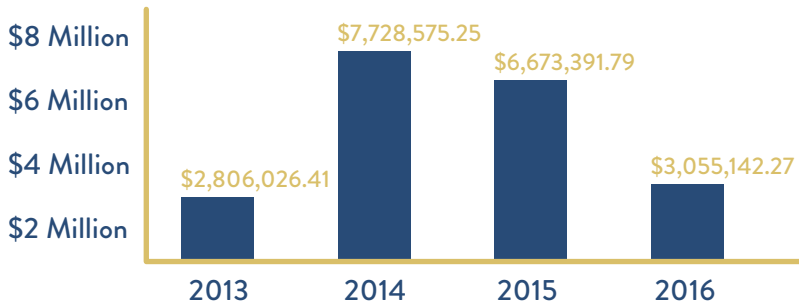
Their speaker program worked very well. That quid pro quo regarding Subsyst had physicians (and some non-physicians as well) making thousands of dollars—some were taking in six figures (see Table 1). Insys was raking in hundreds of millions.

TOP SUBSYS PRESCRIBERS IN AMERICA, 2014					
DOCTOR	LOCATION	2013 PAYMENT FROM INSYS	2014 PAYMENT FROM INSYS	2015 PAYMENT FROM INSYS	WHERE ARE THEY NOW?
Gavin Awerbuch	Saginaw, MI	\$56,140	\$33,835	N/A	Pleaded guilty to defrauding Medicare/ Blue Cross Blue Shield for \$3.1M
Mahmood Ahmad	Anchorage, AK	\$7,559	\$103,000	\$45,439	Faced charges in Alaska, his license was suspended in Alaska and Arkansas
Bart Gatz	Boynton Beach, FL	\$37,026	\$118,000	\$74,322	He and 2 partners paid \$1.1M for unnecessary Medicare billing
Edward Lubin	Winter Haven, FL	\$9,826	\$100,000	\$42,114	He and Insys are being sued for over-prescribing medication
John Couch	Mobile, AL	\$27,008	\$48,441	\$24,470	Faces decades in prison for running a "pill mill" out of his Alabama clinics
Steven Chun	Sarasota, FL	\$45,236	\$148,000	\$76,611	Paid a \$750,000 fine in 2014 for over-charging Medicare
Lisa Banchik	Boca Raton, FL	\$14,028	\$33,436	\$24,350	Practicing
Xiulu Ruan	Mobile, AL	\$40,940	\$103,000	\$27,194	Faces decades in prison for running a "pill mill" out of his Alabama clinics
Parveen Khanna	Jacksonville, FL	\$9,903	\$58,306	\$9,741	Practicing
James Rho	Rancho Cucamonga, CA	\$14,837	\$79,363	\$29,257	Practicing
Christopher Clough	Somersworth, NH	N/A	N/A	N/A	Indicted for accepting kickbacks from Insys, lost physicians assistant license
Heather Alfonso	Derby, CT	N/A	N/A	N/A	Admitted to accepting kickbacks from Insys, cooperating with authorities
Jeffrey Kesten	Golden, CO	\$62,423	\$122,000	\$109,000	N/A
Rony Lee	Foley, AL	N/A	\$34,057	\$33,103	Practicing

Table 1: Skye Gould/Business Insider

We are all well aware of the aftermath: those opioids were killing people in record numbers.

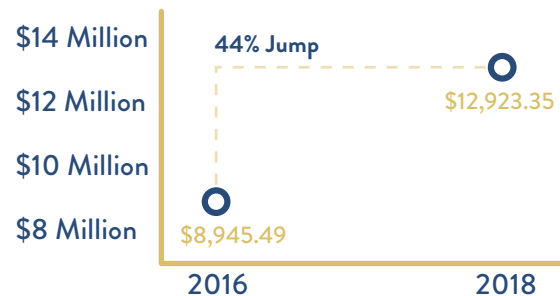
According to Open Payment¹ data from the government’s CMS website, here is a breakdown of General Payments² to physicians from 2013 to 2016 (the latest available year):



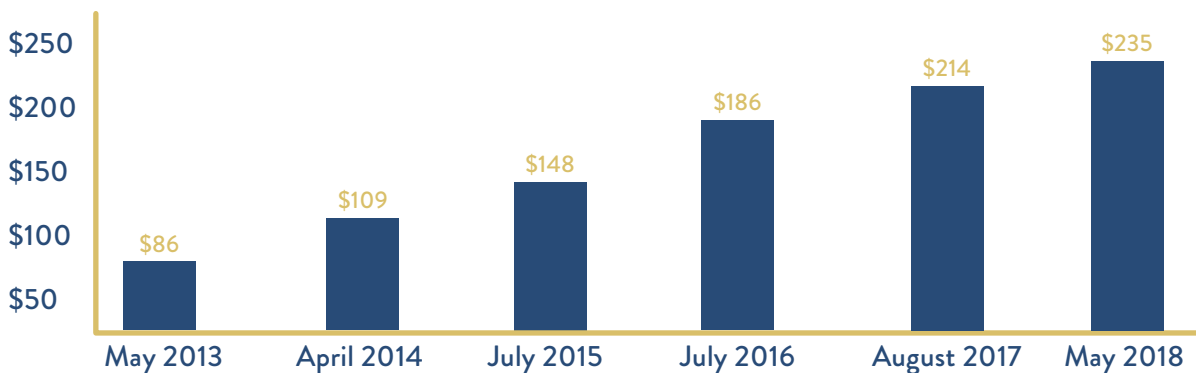
That’s over \$20M handed out to doctors alone. Sounds like a lot. And it is. But the ROI was fantastic. Insys revenue during those four years was well over \$800 million.

Currently, Subsys is available in the following dosages: 100/200/400/600/800/1200/1600 mcg spray units supplied in 10/30 cartons. In terms of PredictRx ART³ for the 30 unit carton of 1600 mcg spray bottles:

That’s an overall increase of nearly \$4000—a 44% jump in just two years.



The 1600 mcg size debuted in mid-2013 with an average wholesale price (AWP) of \$86 per unit. Here’s a shocking look at its price history over the years:



In total, the 1600 mcg spray bottle has nearly tripled in less than five years—a 173% increase from its original price.

AMS founder and CMO Dr. Stacy Borans spoke in great detail about opioids like Subsys in her ***Inside the Physician Lounge with Dr. Stacy*** podcast, entitled Addicted America: The Opioid Crisis. In the first section of that two-part podcast, How We Got Here, Dr. Stacy delves into the bad actors who contributed to the scourge, including Insys Therapeutics.

In addition to the millions of dollars funneled to doctors through Insys' notorious speaker program Dr. Borans notes that money was also directed to funding opioid advocacy groups. These groups promoted Subsys' (and other opioids) safety, efficacy, and non-addictive nature to government, clinicians, and the general public. In fact, many of these "key opinion leaders" and associations were fronts, paid by the industry to peddle these drugs whose dangers were well known. **To these groups Insys contributed a further \$3.5 million from 2012 to 2017.**

In case you missed it, click here for **Part One: How We Got Here** to listen—and subscribe—to Dr. Stacy's podcast.

¹Open Payments is a national transparency program that collects and publishes information about financial relationships between the health care industry (i.e. drug and device companies) and providers (i.e. physicians and teaching hospitals). The purpose of the program is to provide the public with a more transparent healthcare system.

²General Payments that are those not associated with a research study.

³ART represents a fiscal red line of cost tolerance. AMS Risk Threshold (ART) is the absolute maximum specialists should tolerate as billed on a claim. Anything approaching—and certainly beyond—this price threshold should be reviewed for additional cost containment. Additionally, in an underwriting/lasering scenario where one has little to no information at hand (other than the patient will be receiving this drug) the ART is a conservative estimate of what the drug will cost.