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BRIEF

Bluebird to withdraw gene therapy from Germany after dispute over price

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By Ned Pagliarulo

Dive Brief:

- Bluebird bio will withdraw its gene therapy for a rare blood disorder from the German market after failing to reach an agreement with health authorities there on the treatment's price, a sign of the challenges biotech companies face in attempting to sell genetic medicines as extremely expensive one-time treatments.
- Partly as a result, the biotech announced Tuesday plans to reduce staff and restructure its business in Europe to focus on "priority" markets. Pricing negotiations continue with other European countries and the company expects to share updates on those processes later this year.
- Bluebird set a $1.8 million price for its gene therapy, called Zynteglo, soon after winning European approval for severe beta thalassemia in June 2019. But manufacturing issues forced the company to delay Zynteglo's launch for many months and it wasn't until January that the treatment first became commercially available.

Dive Insight:

The European approval of Zynteglo was a first for Bluebird and a notable milestone in gene therapy development. But nearly two years passed before the first patient was treated outside of a clinical trial and Bluebird's announcement Tuesday suggests more lasting challenges.

When Zynteglo was approved, Bluebird had proposed spreading payments over five years and linking each installment to patient benefit — an arrangement the company had said it reached with multiple "statutory health insurances" in Germany when it officially launched the treatment three months ago.

But negotiations, which had continued afterward, now appear to have fallen through. In a statement Tuesday, Bluebird said the price proposed by German regulators didn't reflect Zynteglo's value as a one-time treatment for a disease that typically requires lifelong blood transfusions. (Pricing decisions in Germany can be applied retroactively.)

Bluebird is continuing discussions with other major European countries, including the U.K., Italy and Spain.

"Through our continued engagement across Europe, we are optimistic that countries will reach pricing decisions that recognize the value of one-time gene therapies and provide the necessary access to the people who need them," said Andrew Obenshain, head of severe genetic diseases at Bluebird.

While regulatory approval of medicines in the EU is centralized through the European Medicines Agency, member states negotiate independently on pricing. Compared to the U.S., European countries are generally more aggressive in demanding lower prices and, because many have single-payer healthcare systems, can negotiate forcefully for discounts.

Zynteglo was not expected to be a major seller in Europe but the setback in Germany, the most populous EU member, is nonetheless a blow to Bluebird. The company is in the midst of splitting in two, planning to spin out its cancer drug business into a separate, publicly traded company while its research into severe genetic diseases remains under the Bluebird banner.

Under that plan, Zynteglo would serve as an anchor and proof of concept for a company focused solely on developing and commercializing therapies for rare, inherited conditions like beta thalassemia. Bluebird is studying a related gene therapy product, under the name LentiGlobin, in sickle cell disease and has another, dubbed eli-cel, in advanced testing for cerebral adrenoleukodystrophy.

The difficulties in commercializing Zynteglo could make Bluebird's plan a harder sell to investors, however.

Bluebird had recently suspended commercial sales of Zynteglo following reports of two cancer diagnoses in clinical trials of LentiGlobin in sickle cell disease. An investigation by the company subsequently found one diagnosis — a case of acute myeloid leukemia in a trial participant treated five years ago — to be "very unlikely" caused by its gene therapy.

On Tuesday, Bluebird said the second reported case, of myelodysplastic syndrome in a patient treated more recently, was misdiagnosed and was actually transfusion-dependent anemia rather than cancer.

The company hopes to use this information to convince the Food and Drug Administration to end the suspension it had imposed on testing by mid-2021.

"We are confident that working with the FDA and EMA, we will be able to determine a positive path forward as we seek to re-open

our clinical studies," said Obenshain.

Both Zynteglo and LentiGlobin are created from stem cells extracted from each patient. The cells are made in a laboratory with a gene for a modified form of hemoglobin, the oxygen-carrying protein that's misformed in sickle cell and beta thalassemia. Scientists add the gene using an engineered virus, which integrates into the cell genome. Such viruses are commonly used in gene therapy research so Bluebird's reports of cancer earlier this year raised broader concerns about the field's progress.

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