Antitrust
Oct. 4, 2023, 12:00 AM EDT

AbbVie, Amgen Among Coalition Formed to Oppose New Merger Rules

By Dan Papscun

- Coalition will oppose draft antitrust enforcement changes
- Life sciences sector needs deals to develop drugs, group says

Amgen Inc., Gilead Sciences Inc., Novartis AG, Merck & Co., AbbVie Inc. and about two dozen other life sciences organizations and trade associations are creating a coalition to oppose changes to federal antitrust deal review.

The Partnership for the US Life Science Ecosystem, or PULSE, launches Wednesday with 31 members. The group says it will work to raise awareness of the value of mergers and acquisitions in the sector in response to the Federal Trade Commission and Justice Department efforts to crack down on deal activity with new merger guidelines and a revamped disclosure regime.

M&A plays a vital role in the life sciences industry, giving upstart competitors a path to expand beyond internal development, according to a coalition press release. Deals can also increase company efficiency, speeding new drug development while saving costs, it said.

The coalition's formation reflects broader criticism of the agencies' changes to the standard merger disclosure documents, known as a Hart-Scott-Rodino (HSR) form, and to the merger guidelines.

Some attorneys, companies, and private equity firms say the changes are an overreach. But the agencies have defended the drafts, saying a bold response is necessary to combat broad consolidation in the economy, past failed oversight, and evolving dealmaking strategies. That includes industry roll-ups, when companies pursue a string of small acquisitions that don't individually raise anticompetitive concerns, but taken together can consolidate an industry.

Read More: Antitrust Deal Cops to Peek at Worker Abuses, Stirring Backlash

"If continued, the FTC's flawed approach to M&A review and enforcement would undermine the dynamic ecosystem responsible for many of the world's most innovative and important treatments," PULSE said in the release. "Deterring pro-innovation M&A would obstruct the many complementary relationships across the life sciences ecosystem, stalling treatments and cures for patients while risking jobs, wages and economic growth in every state."

The FTC recently targeted both dealmaking and allegedly illegal conduct in the life sciences and pharma industries.

It sued and then settled with Amgen in September over its $27.8 billion merger with Horizon Therapeutics Plc over concerns that the combined company would bundle two of Horizon's leading drugs. The agency filed suit against US Anesthesia Partners and its private equity parent Welsh Carson Anderson & Stowe LP Sept. 21, alleging they schemed to monopolize the Texas anesthesiology market via roll-ups.

The long timelines and high costs of development in the sector make M&A even more important to long-term success, PULSE said.

On average, it takes more than a decade, and $2.6 billion, to develop and bring new medicine to patients, according to research published in the Journal of Health Economics. Twelve percent of new drugs entering clinical trials receive Food and Drug Administration approval, according to the Congressional Budget Office.

Members plan to make their case for the value of dealmaking by highlighting new research and analysis on the effects of the proposed changes to the merger guidelines and HSR form, which merging parties submit to the federal government to enable to review deals. They'll also hold webinars and briefings, and members will weigh in on future changes directly to the agencies, a coalition spokesperson said.

To contact the reporter on this story: Dan Papscun in Washington at dpapscun@bloombergindustry.com

To contact the editor responsible for this story: Anna Yukhananov at ayukhananov@bloombergindustry.com