BRIAN E. FROSH
ATTORNEY GENERAL

MEDIA CONTACTS:
PRESS@OAG.STATE.MD.US
410-576-7009

PRESS RELEASE

Governor Hogan, Attorney General Frosh Announce Proceeds from Mallinckrodt Settlement to be Used for Critical Health Research

Research Programs for Multiple Sclerosis, Pediatric Seizures and Kidney Disorder to Receive Funds

BALTIMORE, MD (May 24, 2017) – Governor Larry Hogan and Maryland Attorney General Brian E. Frosh today announced that proceeds from the settlement of a lawsuit against Mallinckrodt ARD, Inc. will be used to fund critical research at Johns Hopkins and the University of Maryland, Baltimore. In January 2017, Attorney General Frosh announced Maryland, three other states and the Federal Trade Commission had reached a $100 million settlement of a lawsuit against Mallinckrodt ARD, formerly known as Questcor Pharmaceuticals, Inc., and Mallinckrodt PLC, for allegedly monopolizing the market for a lifesaving medication, Acthar, a therapeutic medication used to treat certain life-threatening diseases, including infantile spasms, a rare but devastating neurological disease; nephrotic syndrome, a kidney disorder; and multiple sclerosis.

The lawsuit alleged that Questcor blocked competition for its ACTH drug, HP Acthar Gel, by disrupting the bidding and acquiring the U.S. rights for the only other ACTH drug sold in the world. When Questcor acquired those rights in 2001, the drug cost $40 a vial. By buying the U.S. rights for its only existing competitor, Questcor then charged over $34,000 per vial for H.P. Acthar Gel, an 85,000% increase. Per the terms of the settlement agreement, Mallinckrodt was ordered to pay $100 million and to transfer its recently purchased competing drug to a pharmaceutical company that will develop and market the drug in competition with Acthar. In addition to the Federal Trade Commission, Maryland was joined by the States of Alaska, New York, Texas and Washington in the settlement.

"Recent studies have ranked Maryland as the 5th most innovative state in America, and third in the nation for research and development intensity," said Governor Hogan. "The proceeds from this settlement will enable these world class universities to enhance their robust research programs and keep Maryland at the forefront of innovation."

"It was outrageous that Questcor blocked competitors and charged unconscionably high prices for a drug needed by adults and children with life-threatening diseases," said Attorney General Frosh. "I want to thank Senate President Miller and House Speaker Busch for their support in ensuring Maryland's portion of the settlement would be used to continue much-needed research at our finest medical institutions."

RESEARCH PROJECTS

The University of Maryland School of Medicine, Division of Nephrology, was awarded $1 million to be spent over ten years for research aimed at identifying chemicals in the blood or other tissues that can be used as a marker of Nephrotic Syndrome. Nephrotic Syndrome is a disorder of the kidney where the filter mechanism becomes more porous than normal, resulting in the loss of a variety of proteins critical for such important functions as blood clotting and bone health. These chemical markers can not only identify Nephrotic Syndrome, but may also be used to identify a patient's unique disease and its progression or its improvement as a result of therapy. Ultimately, this technique could lead to new drug treatments and allow the use of highly personalized therapy to manage Nephrotic Syndrome. If untreated, Nephrotic Syndrome can progress to kidney failure requiring dialysis or transplantation. The principal investigator for this project is Dr. Matthew R. Weir, M.D., Professor and Director of the Division of Nephrology.

The Johns Hopkins Precision Medicine Center of Excellence in Multiple Sclerosis was awarded $800,000 to be spent over three years to use epidemiological, biomarker and imaging data to follow Multiple Sclerosis (MS) patients whose disease progresses differently over time. The Center hopes to identify new, accurate biomarkers of subgroups of MS patients in order to develop targeted therapies for individual patients. MS is an autoimmune disease characterized by immune cell attacks on the brain and spinal cord myelin. It causes variable degrees of neurological disability. Patients with an advanced form of the disease and a poor prognosis my wish to institute aggressive treatment despite serious side effects while patients with a milder form may opt for safer drug therapies. This center is led by Peter Calabresi, MD, Professor of Neurology and Ellen Mowry, MD, MCR, Associate Professor of Neurology.

The Johns Hopkins School of Medicine, Department of Pediatric Neurology was awarded $200,000 over three years to study Infantile Spasms, including seizure types, EEG changes and cognitive impairments, using a rat model. From these animal studies, Johns Hopkins scientists hope to find one or more diet methods that can be used in humans to control seizures and reduce long-term brain damage. Infantile spasms is a form of severe epilepsy that affects babies during the first year of life. It can cause long-term detrimental effects on a child's brain development, mental capacity and ability to interact with other people. Current drug therapies have serious side effects. The principal investigator for this project is Dr. Carl E. Stafstrom, M.D., PhD, Professor of Neurology and Pediatrics and Lederer Chair in Pediatric Epilepsy.