

Interview

Peter Rost: Whistle Blower, Pharma Blogger, ???

By John Mack

It might be fair to call former Pfizer marketing VP Peter Rost “Pharma’s Black Knight” because of his confrontation with the drug industry over drug importation and his “whistle-blower” case against Pfizer. He achieved notoriety on *60 Minutes* and in testimony before the US Senate regarding high US drug prices and drug importation from Canada by US citizens. Using these pulpits, Rost has criticized the drug industry on their stance against importation, calling it “fundamentally unethical” (see box). After his *60 Minutes* interview, Pfizer temporarily cut off his phone and email service and eventually fired him.

Peter Rost the Whistle Blower

Whenever you read stories about Peter Rost, the words “whistle blower” always come up. Rost, however, sees himself as a reluctant whistle blower.

“I guess I am a whistle blower now, but people were calling me that before it was necessarily appropriate. When I talked to the press about drug reimportation, for example, I did not have any intention of discussing internal Pharmacia or Pfizer issues relating to the Genotrophin off-label marketing issue (see box, pg. 16). Prior to that, I was talking internally about things with my superiors and company attorneys, which was part of my job, not whistle blowing. Obviously, things have now gone beyond that.”

Peter Rost the Blogger

Rost’s case against Pfizer is ongoing, but he has also moved on. In March 2006, he started writing for Huffington Post, a celebrity blog site, where he caught my attention writing about pharmaceutical executive pay (see [“Rost to Roost in Blogosphere”](#)).

“I figured it might be fun to do,” says Rost. Recently, however, Rost got a dress down from the HuffPost editors after writing about a baby bird. The editors thought the piece was a bit “too personal.” Since then he has started his own blog as well.

“I have to admit that when I started blogging [at Huffington Post] I was fooled a little bit by the instructions for bloggers, saying ‘You should blog about anything you want. Politics, entertainment, children, sports, religion, food, sex, art, you name it. Basically, we want you to post about the things you’re already interested in.’”

Rost’s blog posts are peppered with photos and images, especially of sexy women, such as his infamous post entitled “What Italian Women Do Better,” which as the number one Huffington post for a time. When asked by his female readers, he was happy to post photos of himself when he was a male model working his way through medical school. Some of this may also have been on the minds of the Huffington Post editors. For Rost, however, it’s about “keeping a dialogue going with readers. It’s more fun than I expected,” said Rost.

A Unique Style

Some recent Rost posts give us some insight into his thinking vis-à-vis the pharmaceutical industry and possible personal interests (see box, pg. 17).

The list includes:

- Taking on Goliath
- Convincing Men That They Can’t Perform
- Is Big Pharma Paying FDA Staffers to Go Away?
- Is the Drug Industry Evil?
- Sex, Science, and Advertising Agencies
- The White House. The Drug Industry. Genocide.
- Good Advertising: An Oxymoron?

Rost writes about pharmaceutical corporate governance as well as advertising and medicine, both of which he has had some personal experience in. “It’s really about having fun with some really serious topics,” says Rost. The tone ranges, however, from serious to light-hearted bantering. “Humor helps reach people,” he says, “better than long scientific arguments, which I cannot read myself.”

Rost’s blog is designed to be “provocative, confrontational, irreverent, mocking, impertinent, flippant, impudent, bold, enlightening, naughty, mischievous, funny and tongue-in-cheek.”

Rost has also posted a disclaimer for lawyers who may be looking to make a buck off his confrontation with Pfizer: “If you are a lawyer and read this you can never use this blog in a court of law, since it does not always contain a full statement of facts, or even facts, but you can use it to entertain your

Pharmacia and Genotropin

Rost's whistle blowing case involves the off-label promotion of the growth-hormone drug Genotropin by Pharmacia, before it was purchased by Pfizer. The following is a brief history of the case (see "[EX-PFIZER VP PETER ROST TAKES ON GOLIATH](#)").

Beginning in 1997, Pharmacia, currently a subsidiary of Pfizer, sought to boost its sales of the drug Genotropin. To that end, the company illegally marketed the drug to spur growth in short children and as an anti-aging drug for adults looking for the fountain of youth.

In a nutshell, the off-label marketing scheme included: (1) direct payments to doctors; (2) all-expense paid junkets for doctors; (3) financial incentives to distributors; and (4) phony consultant contracts to funnel payments for the off-label promotion.

As a result of the scheme's success, sales of the Genotropin sky-rocketed and over the years, Medicaid and other public healthcare programs paid millions of dollars for its improper use. The full amount of damage to health care programs is not yet known.

"But this much is certain," former Pfizer Vice President turned whistleblower, Dr Peter Rost, says, "Pharmacia turned Genotropin into a cash cow by illegally peddling a dangerous drug to make short kids tall and their grandparents young."

fellow lawyers. And if you are an entertainment lawyer, feel free to call me because I need a gig or a speaking engagement."

The Andy Rooney of Pharma Bloggers

"What I try to do," Rost says, "is not just write a review about an article published in the press. I like to relate different things into the story. An example is the story about the drug industry falling off a cliff" (see Box, pg. 17).

"Very often, people are not shown the whole picture in the press. What I like to do is to take a number of bits of information and put them together to give people an overall perspective that they might not have received from the stories in the press." In this sense, Rost compares himself to Andy Rooney of the *60 Minutes* TV news show—only better looking!

Peter Rost on Medicare Part D

The implementation of Medicare Part D had the initial effect of slowing down drug importation via Canadian Web pharmacies by twenty or thirty percent according to Rost. In addition, the US government has been clamping down on re-importation from Canada and seizing packages over the last few months. "Apparently now those sales are coming back," says Rost. "First, it is still cheaper, people realize, to get drugs from Canada than through some Part D programs," Rost claims. "Now you have the 'donut hole' coming up where many elderly patients will hit their plan's ceiling and will not be getting any reimbursement."

The Medicare Part D program is an example where the market economy will not work, according to Rost. "The market economy is there because it gives us better products, at lower prices, and more efficiently than anything else," Rost says. "That's why we embrace those systems. But those systems don't necessarily work in all cases. Would you privatize the US army? That's a scary thought. It's not a matter of being socialist, it's a matter of common sense. Part D could have been done the way other Medicare programs are run—by the government purchasing services and negotiating prices."

Rost agrees, however, that Medicare is the "only game in town at this point" and the elderly who purchase drugs from Canada are a small, educated minority.

Peter Rost on Trustworthiness of Drug Industry

According to the most recent Harris Interactive poll the reputation of pharmaceutical companies, while still poor, has improved sharply for the second year in a row (see "[Pharma Industry Less Unpopular](#)"). Specifically, the poll asked respondents if they if they thought the pharmaceutical industry was generally doing a good or a bad job of serving their consumers. Sixty-one percent (61%) of the 2006 survey said the industry was doing a good job.

"There is another Harris Poll," Rost points out, "which paints a different picture of the industry."

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A Sampling of Rost Posts



Your Doctor Is Not the Little Red Riding Hood, which was followed up to another post entitled, Don't Trust Your Doctor, in which he compared doctors to stockbrokers. "Neither one looks out for you," said Rost, "they primarily care about themselves."

Is the Drug Industry Falling Off a Cliff? In this post, Rost talks about an internal reference by Pfizer's CEO to "The Cliff," which according to a story in Fortune Magazine, is the point in time when "key patents were due to expire, and there were far too few potential blockbuster drugs in the early-stage pipeline—Pfizer was approaching a period of steep decline. For everyone privy to the report, including McKinnell, then a VP, a single page stood out. On it was a graphic that forecasted a whopping 33% drop in Pfizer's revenues over a three- to four-year period starting around 2003. 'We called it the cliff,' says McKinnell." Rost contends that McKinnell is willing to talk about this now, rather than 10 years ago, only to serve his own self interest. "The problem is that during McKinnell's tenure as CEO, Pfizer stock has fallen more than 40%, so now he wants to explain himself and the fact that it isn't really his fault that Pfizer stock has fallen off a cliff, but that everyone inside Pfizer knew the bad things that would happen a long time ago."

The New Robber Barons, which lambasted pharmaceutical CEO compensation, received 140 comments from readers. "Today's system is built on greed," said Rost in this post. "Greed is defined as an excessive desire to acquire or possess more than someone needs or deserves. Greed is not a corporate executive who builds an organization such as Microsoft, creates a lot of jobs, and happens to get rich. Greed is to become CEO for a drug company such as Pfizer, be responsible for a stock price drop of 40% over his five year tenure, twice as much as the AMEX Pharmaceutical Index, secure a \$80 million retirement package while firing 16,385 Pharmacia and Pfizer employees, and get a 72% pay increase to \$16.6 million as his reward."

That poll—the Wall Street Journal Online/Harris Interactive Health Care Poll—asked respondents how much they trusted the pharmaceutical industry to do the right thing for the health care of those whom they have a responsibility for. "In the most recent poll asking that question," says Rost, "pharma decreased even further to where only 9% of the respondents trusted pharma."

Rost contends that the response to the first survey was influenced by recent news about new drugs coming to market. "That's part of doing a good job," says Rost. "On the other side is all the news about Vioxx and drug advertising practices, which influences the second survey results.

It's amazing how many negative articles there are about this industry. The guys running these companies simply don't get it. You can't change

public opinion by running another advertising campaign. You actually have to change."

What Does Rost Plan To Do For Money These Days?

When Rost was a VP at Pfizer, he claimed to have made over half a million dollars annually. Now he is on unemployment insurance making \$13,078 total.

"Contrary to press reports, however, I have received no severance payments," he said. One hopes he saved a few dollars before being fired. But where does he go from here?

"I haven't come up with anything yet really good to do," says Rost. "I was hoping that something will come up

as a result of doing things like writing the blog."

He does get calls from the heads of recruiting firms all the time. Unfortunately, they are not calling

Novartis Urges Employees to Buy More Generics

"Not even the drug companies want to pay for brand name drugs anymore. Novartis, one of the largest foreign drug makers, was so concerned about drug costs that the CEO sent a memo to all US employees urging them to choose more generics." – Rost

about specific job opportunities and Rost wonders why they are checking up on him, asking questions about why he was terminated by Pfizer, etc. "To me it's pretty obvious," he says. "Pfizer is asking them to call every once in a while to check what I am saying. It's pathetic!"

Pharma Marketing News

Rost Senate Testimony on Drug Importation

Drug Importation: The Realities of Safety and Security
Hearing Date: February 16, 2005, 10:00 am

http://help.senate.gov/Hearings/2005_02_16/rost.pdf

"The first question I usually get is 'you're drug executive, how can you speak in favor of reimportation.' What has influenced me is my on personal experience with reimportation in Europe while working for another pharmaceutical company. First I assisted the president of Europe; then I headed up the Nordic region. I had lots of reimported drugs coming into my market, and I was not happy about this. So I dropped my own prices. And you know what happened? I doubled sales and increased my company ranking from No. 19 to No. 7 in less than two years. So I know that the free market works and I think the industry is making a historic mistake, opposing drug importation."

My concern is that we have 67 million Americans without insurance for drugs. Many of them don't get the drugs they need because they can't afford them, because drugs cost twice as much in the US as in other countries.

And what really troubles me is that when we in the drug industry charge these high prices to the uninsured, we sell the rest of our drugs, right here in the US, today, at the same low prices we charge in Canada and Europe. It's done through rebates. These are given to those with enough power to negotiate drug prices, such as the Department of Veterans Affairs and various pharmacy benefit managers.

So the fight against reimportation is a fight to continue to charge our uninsured, our elderly, our poor, our weakest, full price, while giving everyone else a rebate. This is fundamentally unethical.

Threat of Terrorism

But the FDA has forgotten that we have thousands of secondary wholesalers that trade drugs. States license them, not the FDA. All it takes for a terrorist to become a drug wholesaler is a \$1,000 and a driver's license, [according to Aaron Graham, head of security for Purdue Pharma, quoted in the Providence Journal]. Another problem, right here in the U.S., is that our drugs are shipped in big vats to wholesalers, and then poured into smaller, bulk-size containers, from which tablets are dispensed manually to the patient. Lots of entry points for a terrorist. In Europe, drugs are sold in tamper-proof individual bottles or blisters, and no one touches a drug after it leaves the manufacturer.

Experts Consulted and/or Cited In Articles

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Pharma Marketing News

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