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State has sued Lilly over drug: ZYPREXA: Suit is one of 1,200 still pending; 28,000 claims settled.

By: Lisa Demer

Feb. 13--Zyprexa, a medication for schizophrenia and bipolar disorder, is Eli Lilly's best-seller. But the company has been embroiled in controversy over it for years.

A lawsuit filed last year by the state of Alaska against Eli Lilly over Zyprexa is among hundreds still unresolved.

The state contends Lilly failed to warn of serious health risks for people who take Zyprexa, including the risk of diabetes. It wants the company to cover treatment costs of Medicaid patients who suffered serious health effects, including diabetes, after being on the drug.

"The state Medicaid agency is going to incur a huge expense to treat these conditions going forward ... things that we can attribute to taking Zyprexa," said Ed Sniffen, the assistant attorney general handling the state suit .

During the 12 months that ended June 30, 2006, 1,739 Alaskans on Medicaid were prescribed Zyprexa, said Dave Campana, Medicaid's pharmacy program manager.

At issue is whether Lilly adequately warned of possible side effects and how it marketed the drug, Sniffen said.

Eli Lilly says it hasn't done anything wrong, and that the drug is an effective medication against hard-to-treat mental illnesses. Nearly 20 million people worldwide have taken it since 1996.

The company admits links between Zyprexa and weight gain but denies that it failed to warn consumers of risks from the drug.

So far, Lilly has settled 28,000 Zyprexa claims, setting aside more than \$1 billion to pay damages, said Lilly spokeswoman Marni Lemons.

"But we still contend they are without merit," she said.

Another 1,200 individual cases appear headed for trial, she said.

Alaska is one of five states that have sued, along with Louisiana, West Virginia, Mississippi and New Mexico.

Even with all the controversy, global sales for Zyprexa in 2006 were \$4.36 billion, up 4 per cent from the year before, the spokeswoman said in a follow-up e-mail.

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