The Race Is on for an Effective Treatment for the Fatty Liver Disease NASH

Madrigal Pharmaceuticals is the latest company to enter into what's becoming a crowded market.

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Pharmaceutical companies continue to battle to find an effective treatment for non-alcoholic steatohepatitis (NASH), an obesity-related form of fatty liver disease that affects up to 25 percent of American adults. Madrigal Pharmaceuticals is the latest company to enter the fray, joining competitors such as Intercept Pharmaceuticals, Viking Therapeutics, Genfit, Gilead Sciences and more in the increasingly crowded race to be the first to market, Bloomberg reports.

According to Bloomberg, Madrigal is expected to report results from a mid-stage NASH study sometime in the second half of 2018. The study is testing an experimental NASH therapy known as MGL-3196. Preliminary results published in December 2017 seemed promising, with MRI studies showing a decrease in liver fat at the three-month mark. Now, investors and researchers await biopsy results from patients treated with the therapy over eight months.

If successful, analysts say, the small pharmaceutical firm could get snapped up by one of its larger competitors, such as Gilead Sciences. Currently, Intercept is considered to be in the lead in the fatty liver disease treatment market with its drug Ocalvia, although recent safety concerns have put a damper on shares and investments. So far, Madrigal's drug has not raised any red flags.

Potential investors are looking for a two-point change in what is known as an NAS score (which tracks disease progression in patients with non-alcoholic fatty liver disease), as well as a "strong trend" in NASH resolution and "directional improvement" in patients' fibrosis scores. If the three criteria are met, the drug will likely succeed in late-stage testing.

Analysts estimate that at this point Madrigal's fatty liver disease drug has about a one in two chance of resulting in a major change in fibrosis. If successful, the treatment could cause Intercept shares to drop 5 percent and give hope to the millions of yet-untreated individuals living with fatty liver disease.

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