

United States Senate

WASHINGTON, DC 20510

July 11, 2018

Ian Read
Chief Executive Officer
Pfizer Inc.
235 East 42nd Street
New York, NY 10017

Dear Mr. Read,

According to the Financial Times, Pfizer announced effective July 1st that it “raised the prices of 100 products just weeks after President Donald Trump claimed the pharmaceuticals industry was about to implement ‘massive’ voluntary reductions.”¹ For instance, the price of the smoking-cessation drug Chantix increased by 17 percent and the glaucoma drug Xalatan increased by nearly 20 percent.

Yesterday, President Trump announced that “Pfizer is rolling back price hikes... We applaud Pfizer for this decision and hope other companies do the same. In a press release, Pfizer announced they are delaying the previously announced price increases, “as soon as technically possible... until the earlier of when the president’s blueprint goes into effect or the end of the year — whichever is sooner.”

In order to better understand the agreement made between the Administration and Pfizer, please respond to the following questions:

- 1) Under today’s broken system, drug manufacturers have numerous financial incentives to increase the price of their drugs without regard for the costs to consumers or taxpayers. Rolling back previously announced price increases based on a conversation with the President illustrates how arbitrary drug manufacturers’ decisions to increase prices. Please provide the complete list of drugs that are impacted by this agreement and the prices of each drug prior to July 1st and the previously-announced higher price. Additionally, please provide all price increases for these drugs in the previous five years.
- 2) What did the Administration specifically agree to in exchange for Pfizer’s decision to delay its previously announced price increases? Please provide the date by which it will be “technically possible” to return to the pre-July 1st price of the drugs impacted by this agreement. What is the estimate of the amount of revenue Pfizer is foregoing by not increasing its prices as planned?

¹ <https://www.ft.com/content/265c2012-7d9d-11e8-bc55-50daf11b720d>

- 3) In a public statement, Pfizer agreed to delay the previously announced price increase until the earlier of when the Administration's Blueprint goes into effect or the end of the year. In exchange for this agreement, did the Administration commit to provide special treatment to Pfizer, drugs manufactured by Pfizer, or in any way take into account the agreement announced on July 10th for any future announced policy, including, but not limited to, proposed regulations or payment models or demonstrations implemented by the Center for Medicare and Medicaid Innovation (CMMI)?
- 4) In order to implement policies included in the Administration's "Blueprint," the Centers for Medicare & Medicaid Services (CMS) must issue and finalize regulations with a public comment period and execute its yearly Part D bid cycle, both of which are unlikely to occur before the end of the year. What is the Pfizer's understanding of what must be "implemented" in order for Pfizer to further delay its previously announced price increases?
- 5) The "list price" of a drug is the starting point for a number of negotiations in the drug pricing chain, including negotiations between drug manufacturers and PBMs, Part D plans and wholesalers. Please describe how the negotiations with any actor in the pricing chain are impacted by a mid-year pricing increase such as what was reported in the Financial Times and also describe how those negotiations are impacted by a reversal of those price increases. Finally, how are the negotiations between Pfizer and these actors impacted for next year when these price increases are set to go into effect?

Please provide a response to these questions by July 25th. Should you have questions regarding this request, please contact Matt Kazan with the Senate Finance Committee at (202) 224-4515.

Sincerely,



Ron Wyden
Ranking Member
US Senate Committee on Finance