

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

December 18, 2018

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

Dear Mr. Read,

The high cost of prescription drugs has made health care more expensive for patients and American taxpayers. As a recent example, the cost of Pfizer's drug, Lyrica, has grown tremendously over the past several years. In 2016 alone, over 850,000 Medicare beneficiaries were prescribed Lyrica resulting in \$2.1 billion Medicare spending.¹ The main cause of this increase has been Pfizer's consistent and egregious price increases.

Over several years, Pfizer has routinely increased the price of Lyrica. From 2009 to 2015, the price of Lyrica increased by 145%.² In 2016, Lyrica's price increased again by 9.4%.³ Then in 2017, Lyrica's price increased another 19.3%.⁴ Pfizer has already announced prices will go up for 41 drugs next month, but would not disclose the names of those 41 drugs.⁵

Recently, the Food and Drug Administration granted pediatric exclusivity for Lyrica, resulting in an additional six-months of market exclusivity for the drug.⁶ Given the large number of seniors who are prescribed Lyrica and the high cost to Medicare, competition from lower cost alternatives would greatly benefit seniors and taxpayers. With the latest news, this benefit will not come to fruition in less than a month as previously expected. In fact, given the past trend of Lyrica's pricing pattern, I expect Pfizer to continue to increase its price.

I have introduced legislation that would require drug manufacturers to justify to the American people the reason for excessive price increases. Patients and taxpayers are responsible for paying for these ever-increasing prices. As a first step, the veil of secrecy should be lifted on manufacturer's pricing practices. Specifically, the Stopping the Pharmaceutical Industry from Keeping Drugs Expensive (SPIKE) Act would allow the Department of Health and Human

¹ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Information-on-Prescription-Drugs/MedicarePartD.html>

² <https://www.bloomberg.com/graphics/2016-drug-prices/>

³ <https://www.reuters.com/article/us-pfizer-prices-idUSKBN0UM2FU20160109>

⁴ <https://www.aarp.org/health/drugs-supplements/info-2018/prices-rising-for-name-brand-drugs.html>

⁵ <https://www.usatoday.com/story/money/2018/11/16/drug-price-hike-pfizer-raise-cost-41-drugs-january/2029467002/>

⁶ <https://www.businesswire.com/news/home/20181127005811/en/Pfizer-Receives-Months-Pediatric-Exclusivity-LYRICA%C2%AE-pregabalin>

Services to make publically available a drug manufacturer's justification for a price increase as well as other individual factors that led to such an increase.

Although this legislation has not yet become law, price increases continue, and patients and taxpayers remain the in the dark as to why. In order to better understand the rationale behind the recent and potentially upcoming price increases of Lyrica, please answer the questions below, which are similar to the information that would be made publically available to the American people if the SPIKE Act was enacted into law. Just as the information would be under the SPIKE Act, I intend to make the information you provide public.

1. Is Lyrica among the 41 drugs set to see price increases in January 2019? If so, how much is the increase?
2. What is the rational for the most recent and upcoming price increases of Lyrica? What individual factors contributed to the price increase?
3. What was total revenue generated from Lyrica in 2017?
4. What was the total costs of sales and marketing associated with Lyrica in 2017?

Thank you in advance for your prompt reply.

Sincerely,



Ron Wyden
Ranking Member
U.S. Senate Committee on Finance