

United States Senate

WASHINGTON, DC 20510

December 11, 2018

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

Dear Mr. Read:

I write to express serious concerns with Pfizer's recent announcement that you intend to increase prescription drug prices. On Friday, November 16, Pfizer announced that it would be increasing the price of 41 drugs starting in January.¹ This comes only a few months after your company announced that it would temporarily roll back a number of planned price increases until the end of this year or until the President's prescription drug "Blueprint" is implemented.² I called on you to instead make a firm commitment to permanently roll back prices. I am disappointed that your company has decided to continue playing political games and to raise prices once again in January instead of making a commitment to permanently reduce prescription drug prices for millions of families struggling to afford needed medications.

On July 16, 2018, I wrote to request that you make a firm commitment to permanently roll back prices and provide the public with more information on the announcement you made to temporarily defer certain drug price hikes.³ I am disappointed that your company's response did not make such a commitment, and did not answer my specific questions about your pricing decisions. Your response made broad statements that decisions concerning price changes "can be based on a range of considerations, reflecting competitive and market dynamics" and can include "fluctuations in the cost to produce and distribute a medicine, shifting disease patterns in a particular region or country, and investment costs associated with manufacturing and supply chain improvements." This provides no specific explanation for the temporary price deferral and no answers to consumers about whether it would help them better afford their medications now and in the long-run.

Pfizer's recent announcement to increase prices in January of 2019 calls into question the motivations for your company's previous actions to defer drug prices. Unfortunately, these New Year's price hikes are anything but new; in January of this year, Pfizer instituted 116 price hikes⁴ and at the beginning of 2017, your company increased the price of nearly 100 drugs.⁵ In addition, Pfizer received almost \$11 billion in tax benefits in 2017 from partisan tax legislation passed by congressional Republicans and signed by President Trump.⁶ Shortly after receiving this tax benefit, Pfizer announced more than \$10 billion in stock buybacks—largely benefitting top executives and wealthy shareholders—and the

¹<https://www.pfizer.com/sites/default/files/news/Pfizer%20Provides%20Transparency%20On%20Drug%20Prices.pdf>

²<https://www.pfizer.com/sites/default/files/news/Pfizer%20Statement%20July%2010,%202018.pdf>

³<https://www.baldwin.senate.gov/imo/media/doc/180716%20-%20Baldwin%20Letter%20to%20Pfizer.pdf>

⁴<https://www.fiercepharma.com/pharma/drug-price-hikes-a-few-bad-actors-or-widespread-pharma>

⁵<https://www.ft.com/content/b2e0dd80-47ab-11e7-8519-9f94ee97d996>

⁶<https://thehill.com/policy/finance/371391-pfizer-plans-investments-bonuses-in-wake-of-tax-laws-enactment>

company continues to raise prescription drug prices.⁷ I have heard from countless Wisconsinites who are struggling to afford medications that they have relied on for years as major drug companies continue to systematically raise drug prices with no transparency or accountability. That is why I have offered a bipartisan solution, the *FAIR Drug Pricing Act*, to institute basic transparency for drug companies that raise prices.

Leading drug companies' continued inaction to address rising prices in a serious way is exactly why we need transparency and accountability. Once again, I request that you please provide answers to the following questions concerning your upcoming price hikes:

1. Which drug products are subject to the price increase?
2. What are the current list prices for each drug and what will the list prices be when price increases take effect on January 15, 2019?
3. Were these drug products subject to the price increase deferral that your company announced in July?
4. Please explain why you increased prices for these drugs in January after the price increase deferral that was announced in July.
5. For each product subject to price increases this year, please include information on:
 - a. Any changes in the cost of raw materials used in manufacturing;
 - b. Marketing and advertising expenditures;
 - c. Total expenditures on research and development, including preclinical, basic, clinical and new drug development research;
 - d. Changes in the cost of research facilities or salaries for scientists involved in research and development;
 - e. Physicians, payers, and patient groups with whom Pfizer consulted;
 - f. Shifting disease pattern and prevalence;
 - g. Total revenue and the net profit generated since approval or acquisition.
6. Will you commit to working in good faith with Congress and the Administration to combat skyrocketing drug prices?

Transparency and accountability are critical first steps in tackling the complex problem of high prescription drug prices. I stand ready to work with you, the President and my colleagues in Congress to address skyrocketing prescription drug prices so that American families can finally be afforded the relief they so desperately need.

Sincerely,



Tammy Baldwin
United States Senator

⁷ <https://www.axios.com/pharma-share-buyback-tax-reform-40a30b93-6149-4c67-bd65-cd05ee814215.html>