

United States Senate  
WASHINGTON, DC 20510

June 16, 2021

Stephen J. Ubl  
President and Chief Executive Officer  
Pharmaceutical Research and Manufacturers of America  
950 F Street NW  
Suite 300  
Washington, D.C. 2000422202

Dear Mr. Ubl:

We write today to request information on the scope of Pharmaceutical Research and Manufacturers of America's (PhRMA) lobbying efforts during the coronavirus disease 2019 (COVID-19) pandemic to prevent the implementation of key policies—including the negotiation of prescription drug prices in Part D of the Medicare program—that would lower drug costs for millions of Americans.

Americans pay more for prescription drugs than consumers in any comparable country. Each year, patients and insurers in the United States spend over \$1,200 per person on prescription drugs<sup>1</sup>—leaving families unable to afford critical medications and forcing many to ration prescriptions for diabetes, heart disease, and other health conditions.<sup>2</sup>

Democratic lawmakers have consistently supported and fought for policies that would lower prescription drug costs—including through Medicare Part D price negotiation. Under current law, the Department of Health and Human Services (HHS) cannot “interfere with the negotiations between drug manufacturers and pharmacies and [plan] sponsors” or “institute a price structure” for prescription drugs covered by Medicare.<sup>3</sup> This noninterference clause harms patients and robs the federal government of bargaining power, eliminating the opportunity to systemically lower Medicare drug costs. Allowing HHS to negotiate Part D drug prices could reduce federal prescription drug spending by nearly \$500 billion over 10 years.<sup>4</sup>

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<sup>1</sup> Organisation for Economic Co-operation and Development, “OECD Data: Pharmaceutical spending,” <https://data.oecd.org/healthres/pharmaceutical-spending.htm/>.

<sup>2</sup> CNBC, “Americans are skipping medically necessary prescriptions because of cost,” Megan Leonhardt, February 27, 2020; Healthline, “1 in 8 People with Heart Conditions Avoid or Ration Meds Due to Cost,” Shawn Radcliffe, November 25, 2019, <https://www.healthline.com/health-news/1-in-8-people-with-heart-disease-avoid-or-ration-meds-due-to-cost>; NPR, “Insulin’s High Cost Leads to Lethal Rationing,” Bram Sable-Smith, September 1, 2018, <https://www.npr.org/sections/health-shots/2018/09/01/641615877/insulins-high-cost-leads-to-lethal-rationing>.

<sup>3</sup> Kaiser Family Foundation, “What’s the Latest on Medicare Drug Price Negotiations,” Juliette Cubanski, Tricia Neuman, Sarah True, and Meredith Freed, October 17, 2019, <https://www.kff.org/medicare/issue-brief/whats-the-latest-on-medicare-drug-price-negotiations/>.

<sup>4</sup> The Commonwealth Fund, “Allowing Medicare to Negotiate Drug Prices,” Kristi Martin, May 5, 2021, <https://www.commonwealthfund.org/publications/explainer/2021/may/allowing-medicare-negotiate-drug-prices>.

Since taking office, President Biden has taken steps to reduce the cost of prescription drugs. The American Rescue Plan, passed in March 2021, lifted a cap on Medicaid drug rebates for high-priced drugs—a move expected to generate \$14.5 billion in savings.<sup>5</sup> During his recent address to Congress, the President urged lawmakers to “give Medicare the power to save hundreds of billions of dollars by negotiating lower prices for prescription drugs,” which “won’t just help people on Medicare—it will lower prescription drug costs for everyone.”<sup>6</sup> Meanwhile, on May 6<sup>th</sup>, his administration expressed its support for a temporary waiver of intellectual property rights under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) for COVID-19 vaccines—a move that will expand access to affordable vaccines across the globe. The Secretary of Health and Human Services, Xavier Becerra, agreed during his confirmation process to conduct a “thorough review” of “the tools at [HHS’] disposal to reduce the prices of drugs,” including the use of compulsory licensing and march-in authorities.<sup>7</sup>

The pharmaceutical industry, however, in 2021, and for decades prior, has fought efforts to lower drug prices at every turn. In just the first three months of this year, companies have spent over \$90 million on lobbying, after spending \$308.5 million in 2020.<sup>8</sup> PhRMA, alone, spent \$25.9 million on lobbying in 2020 and has already shelled out \$8.6 million this year.<sup>9</sup> PhRMA and other pharmaceutical companies have pushed the Biden Administration to oppose the TRIPS waiver, arguing that it would “undermine the global response to the pandemic”<sup>10</sup>; stated that drug pricing provisions of the American Rescue Plan would “lead to fewer new cures and treatments”<sup>11</sup>; and opposed Medicare Part D price negotiation.<sup>12</sup> While taking credit for the development of new COVID vaccines – which were developed with massive infusions of federal funds - the pharmaceutical industry has not backed off of its efforts to block drug pricing proposals and maintain the status quo.

To help us better understand PhRMA’s efforts to influence federal lawmakers, including ourselves and our colleagues, we request the following information no later than June 30, 2021:

1. How much money have PhRMA and its member companies spent to date in 2021 to lobby federal officials in opposition to the TRIPS waiver? Specifically, how much money

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<sup>5</sup> Kaiser Family Foundation, “Medicaid Provisions in the American Rescue Plan Act,” MaryBeth Musumeci, March 18, 2021, <https://www.kff.org/medicaid/issue-brief/medicaid-provisions-in-the-american-rescue-plan-act/>.

<sup>6</sup> USA Today, “Read the full transcript from President Joe Biden’s address to a joint session of Congress,” April 29, 2020, <https://www.usatoday.com/story/news/politics/2021/04/28/joe-bidens-speech-congress-read-full-transcript/4883244001/>.

<sup>7</sup> The Hill, “Becerra tells Warren he will do ‘thorough review’ of executive actions on drug prices,” Peter Sullivan, March 2, 2021, <https://thehill.com/homenews/administration/541243-becerra-tells-warren-he-will-do-thorough-review-of-executive-actions>.

<sup>8</sup> OpenSecrets.org, “Industry Profile: Pharmaceuticals/Health Products,” <https://www.opensecrets.org/federal-lobbying/industries/summary?cycle=2020&id=H04>.

<sup>9</sup> Id.

<sup>10</sup> OpenSecrets.org, “Pharma lobby fights Dem proposals on vaccine access, drug pricing,” Karl Evers-Hillstrom, April 1, 2021, <https://www.opensecrets.org/news/2021/04/vaccine-access-pharma-lobbying-fight/>.

<sup>11</sup> Kaiser Health News, “Democrats Eye Medicare Negotiation to Lower Prices,” Emmarie Huettelman, March 23, 2021, <https://khn.org/news/article/democrats-eye-medicare-negotiations-to-lower-drug-prices/>.

<sup>12</sup> OpenSecrets.org, “Pharma lobby fights Dem proposals on vaccine access, drug pricing,” Karl Evers-Hillstrom, April 1, 2021, <https://www.opensecrets.org/news/2021/04/vaccine-access-pharma-lobbying-fight/>.

has PhRMA spent lobbying Members of Congress, agency officials, and White House officials, respectively, on this issue? How many lobbyists have been involved in these efforts?

2. How much money have PhRMA and its member companies spent to date in 2021 to lobby federal officials in opposition to Medicare Part D pricing negotiation, including H.R. 3? Specifically, how much money has PhRMA spent lobbying Members of Congress, agency officials, and White House officials, respectively, on this issue? How many lobbyists have been involved in these efforts?
3. How much money have PhRMA and its member companies spent to date in 2021 to lobby federal officials in opposition to the use of compulsory licensing authorities and march-in rights to reduce drug prices? Specifically, how much money has PhRMA spent lobbying Members of Congress, agency officials, and White House officials, respectively, on these issues? How many lobbyists have been involved in these efforts?

Sincerely,

\_\_\_\_\_/s/\_\_\_\_\_  
Elizabeth Warren  
United States Senator

\_\_\_\_\_/s/\_\_\_\_\_  
Tammy Baldwin  
United States Senator

\_\_\_\_\_/s/\_\_\_\_\_  
Sheldon Whitehouse  
United States Senator

\_\_\_\_\_/s/\_\_\_\_\_  
Bernard Sanders  
United States Senator