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The Honorable Elizabeth Warren
United States Senate
Washington, DC 20510

The Honorable Tina Smith
United States Senate
Washington, DC 20510

June 8, 2018

Dear Senators Warren and Smith,

Thank you for your recent letter to Pfizer Chairman and CEO Ian Read regarding medicine pricing and the Administration's recent proposals to address affordability and access to medicines. I am responding on behalf of Pfizer.

Pfizer is committed to pricing our medicines in a way that reflects the benefit they bring to patients and society; ensuring patients have reasonable access and enabling us to continue to invest in new medicines. We may consider several factors when setting a price for a product. This may include the product's likely impact on patients and their disease, the role of generic developments, affordability, investments to maintain quality, safety, reliability; and our ability to continue to innovate to bring new, life-changing medicines and vaccines to patients. We also consult physicians, payers and patient groups, as appropriate.

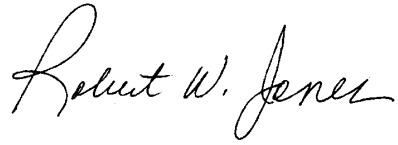
Given our concerns with affordability, we are considering the Administration's *Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs* very carefully. We are in the process of reviewing and assessing the wide-ranging proposals and questions included in the Request for Information (RFI) that accompanied the *Blueprint*. The RFI poses more than a hundred questions, and touches upon numerous federal and state programs which are significant to our business, and addresses critical aspects of our commercial operations. We would be pleased to share with you a copy of our response after we have submitted it to the Department of Health and Human Services.

We are particularly encouraged to see that the *Blueprint* furthers momentum around rebate pass-through, which we believe has the potential to meaningfully improve affordability at the pharmacy counter for the many patients for whom pharmaceutical manufacturers provide substantial rebates. More needs to be done to ensure beneficiaries directly benefit from significant price negotiations taking place in the Part D market. Seniors share the costs; they should also share the savings.

While health plans might use some portion of these rebates to lower premiums, that practice dilutes the benefits of the rebates and diverts them from the patients who need them most. Analysis by the actuarial firm Milliman finds that passing through 50% of manufacturer rebates and 100% of pharmacy discounts would reduce beneficiaries' average total out-of-pocket spending, and could save beneficiaries between \$4B and \$28B over 10 years. Milliman also estimates that over time, beneficiary premiums could decline once anticipated changes in plan-manufacturer contracting strategies occur. (Milliman, 2018)

Again, thank you for your letter. We look forward to working with Congress, the Administration, and other key stakeholders to help ensure that all Americans have access to affordable medicines.

Sincerely,

A handwritten signature in black ink that reads "Robert W. Jones". The signature is written in a cursive style with a large initial 'R' and a long, sweeping tail on the 's'.

Robert W. Jones
Senior Vice President, US Government Relations