

Congress of the United States
Washington, DC 20510

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We are writing regarding findings from two new analyses of troubling price increases for brand name drugs in January 2022. These evaluations suggest rapid price hikes affecting the vast majority of popular brand name drugs, particularly those used by seniors and people with disabilities in the Medicare program. These analyses reveal that drug manufacturers are using their market power to impose extraordinary price increases, which also have the effect of driving up general inflation. Congress and the public deserve an explanation for how manufacturers have made these seemingly inexplicable pricing decisions.

The first analysis, conducted by Dr. Stephen Schondelmeyer of the University of Minnesota's PRIME Institute, found that:¹

- Manufacturers increased prices for 72% of all formulations² of the 100 top selling drugs in the first 25 days of 2022.
- Overall, brand name drug products accounted for a disproportionate share of these price increases compared to generic drugs – 26% of all brand name drugs had price increases, compared to less than 3% of generic drugs.³
- In just the first 25 days of January 2022, brand name drug products had a mean price increase of 5.1%, higher than the average 4.6% increase for brand name drugs in January 2021.⁴ And, because it is not unusual for drug products to have at least two price increases in a given year, the price increase for these brand name drugs will likely “substantially exceed” this amount on an annualized basis.
- For 118 brand name drugs, manufacturers made “extraordinary” price increases of 10% or greater, with the highest increase at over 60%.

¹ Stephen W. Schondelmeyer, PharmD, PhD, FAPhA, FNASI, *Prescription Drug Price Changes in January 2022*, PRIME Institute, University of Minnesota, February 9, 2022, on file with the Office of Senator Elizabeth Warren.

² These 100 drugs were sold in 187 different formulations (listings with unique NDCs, or national drug codes), and 135 of these had price increases. Stephen W. Schondelmeyer, *supra* note 1, Figure 1.

³ Data provided by Dr. Schondelmeyer reveals that there were 11,385 formulations of brand name drugs (28.5% of 39,496 total NDCs), and that 2,976 had price increases; there were 28,111 formulations of generic drugs, and 741 had price increases. Stephen W. Schondelmeyer, *supra* note 1, Figure 2.

⁴ U.S. Department of Labor, Bureau of Labor Statistics, “CONSUMER PRICE INDEX – JANUARY 2022,” press release, February 10, 2022, <https://www.bls.gov/news.release/pdf/cpi.pdf>; GoodRx Health, “Live Updates: January 2021 Drug Price Increases,” Tori Marsh, January 19, 2021, <https://www.goodrx.com/healthcare-access/drug-cost-and-savings/january-drug-price-hikes-2021>.

- Generic drugs – which are less expensive to begin with, and typically subject to strong market competition – were less likely to have price increases, and had smaller price increases.

The second analysis, provided at the request of my staff by the Johns Hopkins Drug Access and Affordability Initiative, reviewed price increases in January 2022 for the 20 drugs with the highest expenditures under the Medicare Part D program.⁵ Specifically, the researchers provided my staff with Wholesale Acquisition Costs – list prices – for each of these drugs at the end of January 2022 and compared those to list prices for the same drugs one month earlier.

These list prices – like the Average Wholesale Prices provided by Dr. Schondelmeyer – do not reflect discounts and rebates that some purchasers are able to obtain for these drugs. But as PhRMA has previously found, “commercially-insured patients pay undiscounted list prices for one in five brand prescriptions, accounting for half of out-of-pocket spending on brand medicines.”⁶ An increase in baseline prices, even if they are partially offset by rebates, will still result in an increase in net costs for providers, taxpayers, and consumers, who often pay cost-sharing based on list prices.⁷

This up-to-date pricing data shows that in January 2022, manufacturers increased prices for 16 of the top 20 Medicare Part D drugs (see Table 1). For nearly half of these drugs, manufacturers raised the price by 5% or more. Manufacturers increased the price of Humira, used to treat autoimmune diseases, from \$8,952 per month to \$9,615 – an increase of 7.4%. The cost of a three-month supply of the cancer drug Revlimid also increased by nearly \$3,600 in January. This 3.9% average increase in list prices for the top 20 Medicare Part D drugs – if it is also reflected in total expenditures – would result in an estimated \$2.5 billion in increased costs for seniors and taxpayers this year even if manufacturers did not impose any further price increases.⁸

⁵ Johns Hopkins Drug Access and Affordability Initiative, “Analysis of January 2022 Price Increases for Top 20 Medicare Drugs,” February 2022, on file with the Office of Senator Elizabeth Warren.

⁶ PhRMA, “Commercially-Insured Patients Pay Undiscounted List Prices for One In Five Brand Prescriptions, Accounting for Half of Out-of-Pocket Spending on Brand Medicines,” <https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/A-C/Commercially-Insured-Patients-Pay-Undiscounted-List-Prices-for-One-In-Five-Brand-Prescriptions-Accounting-for-Half-of-Out-of-Pocket-Spending-on-Brand-Medicines.pdf>.

⁷ See, e.g., Commonwealth Fund, “Pharmacy Benefit Managers and Their Role in Drug Spending,” April 22, 2019, <https://www.commonwealthfund.org/publications/explainer/2019/apr/pharmacy-benefit-managers-and-their-role-drug-spending>.

⁸ This estimate was made using the total 2020 dollar sales for each of the top 20 drugs, multiplied by the percentage price increase for each of these drugs. For example, Xarelto had \$4.7 billion worth of sales to Medicare in 2020, and increased in price by 4.9%. For a full year, the extra cost of Xarelto would therefore be (\$4.7 billion X 4.9%), or approximately \$230 million.

Table 1: Price Increases for Popular Medicare Drugs Per Common Pack in January 2022

	December 2021 Price	January 2022 Price	Price Increase	% Price Increase
Humira Pen	\$8,952.31	\$9,614.78	\$662.47	7.4%
Imbruvica	\$19,893.69	\$21,365.82	\$1,472.13	7.4%
Ibrance	\$13,071.84	\$13,973.80	\$901.96	6.9%
Eliquis	\$831.65	\$881.76	\$50.11	6.0%
Biktarvy	\$3,393.75	\$3,583.80	\$190.05	5.6%
Trulicity	\$211.09	\$221.64	\$10.55	5.0%
Januvia	\$1,656.00	\$1,738.00	\$82.00	5.0%
Xarelto	\$492.50	\$516.63	\$24.13	4.9%
Victoza 2-Pak	\$677.50	\$709.74	\$32.24	4.8%
Ozempic	\$851.60	\$892.06	\$40.46	4.8%
Revlimid	\$79,734.44	\$83,322.49	\$3,588.05	4.5%
Jardiance	\$548.50	\$570.48	\$21.98	4.0%
Breo Ellipta	\$143.56	\$147.87	\$4.31	3.0%
Myrbetriq	\$417.19	\$429.71	\$12.52	3.0%
Trelegy Ellipta	\$280.49	\$288.90	\$8.41	3.0%
Symbicort	\$371.66	\$379.10	\$7.44	2.0%
Lantus Solostar	\$425.31	\$425.31	\$0.00	0.0%
Xtandi	\$7,889.55	\$7,889.55	\$0.00	0.0%
Novolog Flexpen	\$558.83	\$558.83	\$0.00	0.0%
Levemir Flextouch	\$462.21	\$462.21	\$0.00	0.0%

These price increases are deeply troubling, especially when considering that many of these products have been on the market for several years (and sometimes decades) and have exceeded their patent life and market exclusivity period. Many of these companies also enjoyed massive profits in 2021.⁹ Yet in January alone, the average price increase of nearly 4% for these popular Medicare drugs was higher than overall inflation for medical care services for the entire year of 2021, which was only 2.7%.¹⁰ PhRMA claims that high research expenditures are the main component of drug development costs.¹¹ But research dollars are fixed, sunk costs (rather than manufacturing and distribution costs that vary), so the price increases for these popular drugs cannot easily be explained by supply chain concerns.

The large, across-the-board price increases of popular, brand name prescription drugs appear to be an example of pharmaceutical companies taking advantage of their abusive market power to expand already-large profits. And the coordinated and timely price increases ring of political opportunism.

⁹ Forbes, “World’s Largest Healthcare Companies 2021: Big Pharma And Insurers Profit Through The Pandemic,” Leah Rosenbaum, May 13, 2021, <https://www.forbes.com/sites/leahrosenbaum/2021/05/13/worlds-largest-healthcare-companies-2021-big-pharma-and-insurers-profit-through-the-pandemic/?sh=21065ce57270>.

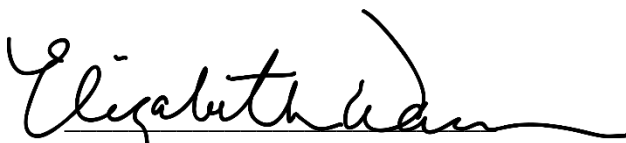
¹⁰ U.S. Department of Labor, Bureau of Labor Statistics, “CONSUMER PRICE INDEX – JANUARY 2022,” press release, February 10, 2022, <https://www.bls.gov/news.release/pdf/cpi.pdf>.

¹¹ PhRMA, “Research & Development Policy Framework,” <https://phrma.org/policy-issues/Research-and-Development-Policy-Framework>.

This behavior by drug manufacturers – which will drive up their already-exorbitant profits at the expense of middle-class families in need of medical care – demands an explanation. We therefore ask that you provide answers to the following questions no later than Tuesday, March 8, 2022:

1. Why did manufacturers increase prices for virtually all top-selling brand name prescription drugs in January 2022? By how much did these price increases increase total manufacturer profits?
2. What were the research costs associated with the development of the top-selling drugs in Medicare in January 2022? What are the cumulative gross revenues for each of these drugs since they came to market?
3. By how much did manufacturing and distribution costs increase between January 2021 and January 2022, and how did these increases compare to price increases on popular brand name drugs over the same period? Which brand name manufacturers and which drugs faced the greatest increases in such costs, and why?
4. Is there any reason other than difference in the level of competition for brand name drugs versus generic drugs to explain the large price increases for popular brand name drugs in January 2022 and relatively limited price increases for generic drugs?
5. Why did virtually every manufacturer of popular prescription drugs increase their prices, on average, more in January 2022 than in previous years?
 - a. Are you aware of PhRMA or any other person or entity advising drug manufacturers to delay price increases in 2021, holding them until 2022?
 - a. Are you aware of any other coordinated behavior by brand name drug manufacturers to increase prices?

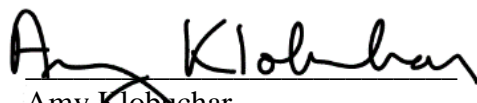
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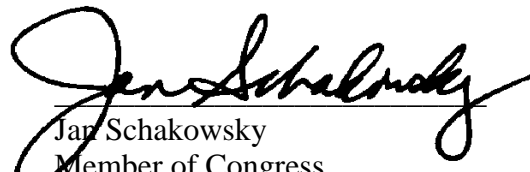
Elizabeth Warren
United States Senator



Katie Porter
Member of Congress



Amy Klobuchar
United States Senator



Jan Schakowsky
Member of Congress



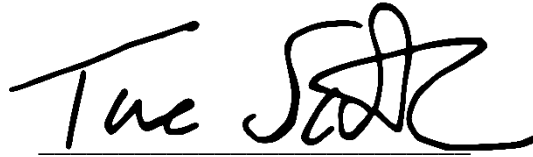
Tammy Baldwin
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Maggie Hassan
Margaret Wood Hassan
United States Senator



Bernard Sanders
United States Senator



Tina Smith
United States Senator



Sheldon Whitehouse
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