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## United States Senate

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August 30, 2016

The Honorable Chuck Grassley  
Chairman  
Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Patrick Leahy  
Ranking Member  
Senate Committee on the Judiciary  
152 Dirksen Senate Office Building  
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Dear Chairman Grassley and Ranking Member Leahy:

Over the August recess, many of my constituents raised concerns about the cost of the Mylan EpiPen. I am sure every other Senator heard similar stories. As you plan the schedule for the remainder of this Congress, I respectfully request that the Judiciary Committee hold a formal hearing on this issue.

Chairman Grassley, you noted in your letter to Mylan, dated August 22, the price of the EpiPen has risen over 400 percent; from around \$100 to over \$500, while *The Washington Post* noted the list price was over \$600 after a \$100 increase in recent months.<sup>1</sup> Senators McCaskill and Collins have also written to Mylan asking for the company to justify its prices.

I have a special interest in this problem. In Alaska, everything costs more than in the Lower 48, healthcare especially, and the remote nature of many of our communities exacerbates this problem. Alaskans want to hear directly from the company, under oath, exactly how a 400 percent or more price increase for an off-patent medication is justifiable.

An article published on August 25, 2016, in the *Alaska Dispatch News*, which is attached, found the lowest price for an uninsured person in the state to be \$683 dollars, while the highest was \$883.<sup>2</sup> This is well over the list price for the drug in the Lower 48. Alaskans already deal with higher prices for energy, food, housing, and other necessities; life-saving medication should not be added to the list.

In our rural communities, where there is often no doctor or emergency medical service available, people need to be able to afford this medication. Over 80 percent of Alaskan communities are not on a road system, and the weather often prevents flying to a medical facility. Alaskans must have affordable, reliable access to a life-saving product. When they cannot afford it, or have put off buying a new EpiPen after their old one has expired due to price increases, death is a very real possibility. This is unacceptable.

<sup>1</sup> <https://www.washingtonpost.com/news/to-your-health/wp/2016/08/23/u-s-lawmakers-demand-investigation-of-100-price-hike-of-life-saving-epipens/>

<sup>2</sup> <http://www.adn.com/alaska-news/2016/08/25/alaskans-feel-even-greater-sting-of-controversial-epipen-price-hikes/>

Analysts have estimated that EpiPens contain approximately \$1 worth of epinephrine,<sup>3</sup> while the product generates over \$1 billion in sales annually, accounting for about 40 percent of Mylan's profits.<sup>4</sup> The profit margin is estimated to be 55 percent.<sup>5</sup> Mylan appears to be exploiting the market after Sanofi's voluntary recall of its Auvi-Q product.<sup>6</sup> On the morning of August 29, Mylan announced it will begin selling a generic version of the EpiPen, with a list price of \$300.<sup>7</sup> That is a positive step, but the price is still very high for \$1 worth of medication, and only comes in the face of significant public backlash and after years of steady, significant price increases. An investigation into precisely how and why the company justifies those increases should be undertaken.

Thank you for considering this request.

Sincerely,



Lisa Murkowski  
United States Senator

Enclosure

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<sup>3</sup> <https://www.washingtonpost.com/news/to-your-health/wp/2016/08/23/u-s-lawmakers-demand-investigation-of-100-price-hike-of-life-saving-epipens/>

<sup>4</sup> <http://www.bloomberg.com/news/articles/2015-09-23/how-marketing-turned-the-epipen-into-a-billion-dollar-business>

<sup>5</sup> *Id.*

<sup>6</sup> <http://www.cnbc.com/2016/08/23/epipen-prices-are-out-of-control-heres-how-we-fix-the-problem-commentary.html>

<sup>7</sup> <http://www.cbsnews.com/news/mylan-generic-epipen-price-allergy-drug-epinephrine-pharma/>

## Alaskans feel even greater sting of controversial EpiPen price hikes

Author: Laurel Andrews, Alaska Dispatch News

August 25, 2016

EpiPens — the life-saving devices currently at the center of a national furor over skyrocketing costs — are even more expensive in Alaska, a state already struggling with high costs of health care.

Doctors at the Allergy, Asthma and Immunology Center of Alaska write about 20 to 30 EpiPen prescriptions a day.

Director Jeffrey Demain said Thursday that due to the increased cost not all of his patients can afford the device, which is used to ward off severe allergic reactions.

In those cases, "I do my best to find it for them," Demain said, using the few free samples that the clinic has on hand.

Outcry over the skyrocketing price of the EpiPen has swept the country, with Congress calling for an investigation. Mylan bought the product in 2007, when the list price was about \$100. Now, it has increased to a list price of \$609, The Washington Post reported.

"It is outrageous," Demain said of the price increases.

EpiPens, which contain epinephrine, are used to treat allergic reactions, including anaphylaxis. Food allergies are the most common reason an EpiPen is prescribed at Demain's office, followed by bee and wasp stings.

The pens are sold in packs of two, and patients need to carry both because the likelihood of needing a second shot is 20 percent to 30 percent, Demain said.

"What makes it even more critical in Alaska is the sheer distance," Demain said. Many people live far from a hospital or clinic, so having an EpiPen, which is used in the immediate aftermath of an allergic reaction, is even more important.

Like many aspects of health care, Alaska's EpiPen prices are higher than in other parts of the U.S., by about 10 percent to 20 percent, Demain said. And those prices vary from pharmacy to pharmacy.

Questions to eight different pharmacies in Anchorage — both independent and chains — found the lowest uninsured price at \$683 (Wal-Mart), and the highest at \$883 (Providence Medical Arts Pharmacy) for the EpiPen 2-Pak. The highest retail store was Carrs Grocery, which charges \$815.

These high costs don't necessarily translate to big payments from consumers. Fairbanks resident Shannon Colby-Boyle wrote Thursday that between insurance, which is charged \$850, and a company coupon, the EpiPen she buys for her son is completely covered.

Insurance coverage varies, Demain said. Premera Blue Cross, the state's largest insurer, was unable to provide information about its coverage by press time Thursday.

**'Imagine if we didn't have insurance'**

Anchorage resident Hollie Chalup's family needs a lot of EpiPens. Between Chalup, her husband and children's allergies to numerous foods and cats, they keep 18 EpiPens on hand – in the car, at home, at work and in their field bags.

"We can't really go a day without having EpiPens on hand," Chalup wrote in a Facebook message.

Chalup's family is doubly insured and out-of-pocket expenses are still \$60 per refill, Chalup wrote. Chalup used to pay \$10 for the prescription. The family uses about four a year, and refills them as they expire.

"Imagine if we didn't have insurance?!" Chalup wrote.

There are alternatives to the EpiPen. Adrenacllick is another, less expensive option, although still topping \$400 in Alaska, and not available at every pharmacy.

But Adrenacllick isn't as easy to use, and at Demain's clinic, 90 percent of patients are more comfortable with, and ultimately choose, an EpiPen.

Some people have resorted to self-administering the drug with a syringe, but Demain said that studies have shown a large margin of error for someone attempting to get the correct dosage.

There are also \$100 coupons that reduce the price for those covered by insurance. However, if someone is uninsured, or on a federal health care program, they can't use the coupon.

Mylan has reportedly increased its coupon amount to \$300, a move some decried as a public relations front that would affect only a small portion of consumers and sales. And not all pharmacies recognize the coupon, Demain said.

"If they want to maintain lower prices they should just walk back the price hike rather than provide coupons which may or may not be used by consumers," wrote Mouhcine Guettabi, an economist at the Institute of Social and Economic Research at the University of Alaska Anchorage.

Social media threads have exploded with people discussing their EpiPen experiences. Some people say they keep their EpiPens past the expiration date instead of buying a new one.

"I'd rather have an old EpiPen than no EpiPen," Demain said, but warned that the expiration date is "a real one." He noted a study that found the epinephrine degrades significantly after the expiration date – but concluded that a device can still be used as long as there's no discoloration or solids, and if no other options are available.

When buying an EpiPen, ask the pharmacy for the expiration date before you even touch the box.

"If they tell you it's going to be less than six months, say, 'I don't want that one,'" Demain said.

The price problem isn't isolated to EpiPens. A similar furor swept through the U.S. last year over the increase in Daraprim, a drug used to treat a life-threatening parasitic infection.

"It's serious, not just with EpiPens but with the cost of other medications," Demain said. "The costs of pharmaceuticals are driving up health care costs."