

**Congress of the United States**  
**Washington, DC 20515**

October 16, 2014

The Honorable Sylvia Burwell  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Burwell:

We write today regarding recent staggering increases in the prices being charged for generic drugs, and to request the assistance of the Department of Health and Human Services in addressing this growing healthcare crisis.

Prices for some generic drugs—which are used to treat everything from common medical conditions to life-threatening illnesses—have recently risen at alarming rates. For example, according to the Healthcare Supply Chain Association (HSCA), the average price for a bottle of 100 2 mg pills of Albuterol Sulfate, which is used to treat asthma and other lung conditions, was \$11 last October. By this April, the average charge had shot up to \$434. The antibiotic Doxycycline Hyclate cost, on average, \$20 last October for a bottle of 500 100 mg tablets. By April, the average price was \$1,849.

HSCA has documented at least eight generic drugs that have increased in average market price by more than 400% in the six months between October 2013 and April 2014. The prices being charged for many other generic drugs have also increased dramatically during this time period, including some that have been manufactured for decades.

These huge price increases are affecting the pocketbooks and health of millions of Americans. According to the National Community Pharmacists Association, pharmacists report that some patients are refusing to fill their prescriptions as a result. Since we began looking into this issue two weeks ago, we have received more than 1,500 stories from individuals who have been directly affected by rising drug prices.

The rapidly increasing prices being charged for generic drugs is also directly affecting the budgets of Medicare, Medicaid, the Department of Defense, and the Department of Veterans Affairs, as well as the budgets of hospitals, nursing homes, and home health agencies across the country. In fact, recent reports indicate that two Walgreens executives were let go because they underestimated the size of generic drug price increases by \$1 billion.<sup>1</sup>

Historically, generic drugs have helped make medications affordable for millions of Americans, and they have resulted in huge savings for consumers and taxpayers. However,

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<sup>1</sup> See, e.g., *Walgreen Shakeup Followed Bad Projection*, Wall Street Journal (Aug. 19, 2014) (online at <http://online.wsj.com/articles/walgreen-shakeup-followed-bad-projection-1408494546>).

recent cost increases are now preventing some patients from getting the drugs they need, and we need to understand what factors are driving these price spikes. That is why we have sent letters to 14 generic pharmaceutical manufacturers asking why the prices they are charging for these drugs has risen so dramatically in such a short period.

We believe the federal government must act immediately and aggressively to address the increasing costs of these drugs. With that goal in mind, we ask that you provide to our offices the analysis of the National Average Drug Acquisition Cost data maintained by the Centers for Medicare and Medicaid Services that our staff has requested so we can better understand these price increase trends.

We would also like to know what steps the Department is currently taking to address this issue, as well as steps the Department may take in the future. We request a description of the authorities the agency possesses to address this issue, and your assessment of whether legislative action may be required.

We look forward to hearing from you about what we can do to address this critical issue.

Sincerely,



Representative Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
United States House of Representatives



Senator Bernard Sanders  
Chairman  
Subcommittee on Primary Health and Aging  
Committee on Health, Education, Labor and  
Pensions  
United States Senate