

Congress of the United States

Washington, DC 20515

April 30, 2004

The Honorable Joe Barton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Barton:

We write you today regarding the costs of prescription drugs paid by American consumers.

As you know, American consumers continue to pay the world's highest prices for prescription drugs. In fact, prescription drugs in the United States are frequently sold at prices 30-300 percent more than identically-branded medications in other industrialized nations across the world. In cases where drugs have been developed by taxpayer dollars, the government has long held the right to demand "reasonable" prices. We believe that one case in particular has strained the bounds of reasonableness in pricing and warrants an investigation by your Committee.

Abbott Laboratories, which manufactures Norvir, an essential antiretroviral drug prescribed to AIDS patients, has recently increased its price from \$50 to over \$250 per daily pill in order to "make up...losses" in company profits. While we believe it is necessary for pharmaceutical manufacturers to recoup the costs of researching, developing, and marketing pharmaceutical products, the record on Norvir does not bear out the recent quintupling in prices for American buyers. Norvir has been on the market since 1996, and according to company lawyers, Norvir's manufacturer has already earned enough profit through sales to more than recoup the costs of research and development. Moreover, while Norvir was researched and developed with assistance from the National Institutes of Health (NIH), the federal government has recouped very little for its investment in this medication.

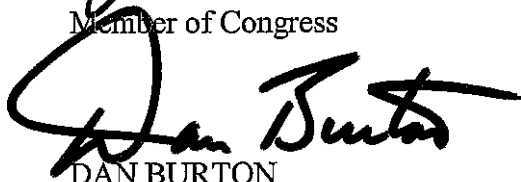
Currently, several federal entities, including the Department of Health and Human Services Task Force on Drug Importation and the NIH, are investigating Norvir pricing practices. In addition, a federal antitrust lawsuit has been filed against Abbott Laboratories in response to the skyrocketing price of Norvir. Given the Committee's expertise in issues of prescription drug costs and pricing, we believe it would be the appropriate entity to conduct a Congressional investigation of this developing situation. Therefore, we respectfully request that your Committee investigate the allegedly illegal price increases of Norvir in the context of the rising costs of prescription medications in the United States.

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Thank you for your attention to this matter. Please do not hesitate to contact us should you have any questions or need any additional information.

Sincerely,

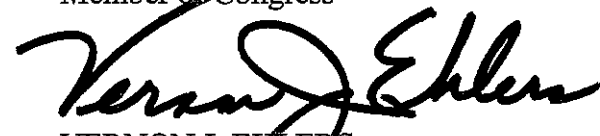

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