

**Congress of the United States**  
**House of Representatives**

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074  
MINORITY (202) 225-5051  
<http://oversight.house.gov>

December 2, 2015

Martin Shkreli  
Chief Executive Officer  
Turing Pharmaceuticals LLC  
1177 Avenue of the Americas, 39th Floor  
New York, NY 10036

Dear Mr. Shkreli:

Over the past several weeks, your company has issued several press releases touting steps to lower the price of Daraprim, a drug used to treat potentially life-threatening parasitic infections in people with compromised immune systems, such as pregnant women and people with HIV/AIDS and cancer. However, your press releases appear to be nothing but a transparent, shameless, and wholly inadequate attempt to resuscitate your image after your company acquired this critical drug in August and increased the price by 5,000% overnight—from \$13.50 per tablet to \$750 per tablet.<sup>1</sup>

**Press Release Touting 50% “Price Cut” After 5,000% Price Increase**

On November 24, 2015, your company issued a press release with the headline, “Turing Reduces Cost of Daraprim.” Your press release touted these price reductions as great news: “Price Cuts of up to 50 Percent for Hospitals, Improving Access & Affordability.” Your press release also proclaimed that “this is an important step in our commitment to ensure ready access to Daraprim at the lowest possible out-of-pocket cost for both hospitals and patients.”<sup>2</sup>

To claim that a 50% discount after a 5,000% increase is a “price cut” is Orwellian double-speak. Because of your actions, hospitals are now being forced to pay about \$375 for just one tablet of Daraprim—even after your company’s “price cut”—when less than six months ago the same hospitals paid only \$13.50 per tablet. Contrary to your press release, your company has increased the price of Daraprim by more than 2,600% just since August.

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<sup>1</sup> *Drug Goes From \$13.50 a Tablet to \$750, Overnight*, New York Times (Sept. 20, 2015) (online at [www.nytimes.com/2015/09/21/business/a-huge-overnight-increase-in-a-drugs-price-raises-protests.html?\\_r=0](http://www.nytimes.com/2015/09/21/business/a-huge-overnight-increase-in-a-drugs-price-raises-protests.html?_r=0)).

<sup>2</sup> Turing Pharmaceuticals LLC, *Turing Reduces Cost of Daraprim*<sup>®</sup> (*pyrimethamine*) (Nov. 24, 2015) (online at [www.turingpharma.com/media/press-release?headline=turing-reduces-cost-of-daraprim%2526reg%253b-%28pyrimethamine%29%250d%250a](http://www.turingpharma.com/media/press-release?headline=turing-reduces-cost-of-daraprim%2526reg%253b-%28pyrimethamine%29%250d%250a)).

Your press release also claims that your company is taking other positive steps: “New, smaller bottles of 30 tablets for hospitals to make it easier to stock Daraprim as well as lower their carrying costs.” Obviously, you are not doing hospitals any favors by exponentially increasing the price of Daraprim and then decreasing the size of the bottles.

The HIV Medicine Association (HIVMA) and the Infectious Disease Society of America called your company’s original 5,000% price increase “unjustifiable for the medically vulnerable patient population in need of this medication and unsustainable for the health care system.”<sup>3</sup> When your company announced its 50% “price cut” after its 5,000% price increase, the Chair of HIVMA stated:

While Turing continues to promise that all patients who need Daraprim have access to it, physicians will be forced to continue looking for less expensive alternative therapies for their patients with toxoplasmosis. ... We urge Turing to return the price of this medication to a level comparable to its price prior to the August increase and to offer pricing parity across settings to truly ensure all patients who need it have access.<sup>4</sup>

A project director for an AIDS research and policy organization remarked more directly, “This is, as the saying goes, nothing more than lipstick on a pig.”<sup>5</sup>

#### **Press Release Touting \$1 Bottles of Daraprim for AIDS Drug Assistance Program**

On November 24, 2015, your company issued a second press release announcing that it reached an agreement to sell Daraprim to the Texas AIDS Drug Assistance Program (ADAP) for \$1 per bottle, or \$0.01 per tablet. Your press release touted these efforts, stating: “Turing continues commitment to keep Daraprim accessible and patients’ out-of-pocket costs low.”<sup>6</sup>

However, this agreement merely appears to bring your company into compliance with federal law. It appears that this agreement became necessary after your massive price increases

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<sup>3</sup> Letter from Stephen B. Calderwood, President, Infectious Disease Society of America and Adaora Adimora, Chair, HIV Medicine Association, to Tom Evegand and Kevin Bernier, Turing Pharmaceuticals LLC (Sept. 8, 2015) (online at [www.hivma.org/uploadedFiles/HIVMA/HomePageContent/PyrimethamineLetterFINAL.pdf](http://www.hivma.org/uploadedFiles/HIVMA/HomePageContent/PyrimethamineLetterFINAL.pdf)).

<sup>4</sup> *Turing Announces Hospital Discount for Daraprim, But No Price Reduction*, Healio Infectious Disease News (Nov. 25, 2015) (online at [www.healio.com/infectious-disease/hiv-aids/news/online/%7B0ea466a5-b456-48d6-9b67-1074f8cef668%7D/turing-announces-hospital-discount-for-daraprim-but-no-price-reduction](http://www.healio.com/infectious-disease/hiv-aids/news/online/%7B0ea466a5-b456-48d6-9b67-1074f8cef668%7D/turing-announces-hospital-discount-for-daraprim-but-no-price-reduction)).

<sup>5</sup> *Turing Refuses to Lower List Price of Toxoplasmosis Drug*, New York Times (Nov. 24, 2015) (online at [www.nytimes.com/2015/11/25/business/turing-refuses-to-lower-list-price-of-toxoplasmosis-drug.html](http://www.nytimes.com/2015/11/25/business/turing-refuses-to-lower-list-price-of-toxoplasmosis-drug.html)).

<sup>6</sup> Turing Pharmaceuticals LLC, *Texas HIV Medication Advisory Committee Unanimously Votes to Recommend Daraprim<sup>®</sup> be Added to its Formulary* (Nov. 24, 2015) (online at [www.turingpharma.com/media/press-release?headline=texas-hiv-medication-advisory-committee-unanimously-votes-to-recommend-daraprim%25c2%25ae-be-added-to-its-formulary](http://www.turingpharma.com/media/press-release?headline=texas-hiv-medication-advisory-committee-unanimously-votes-to-recommend-daraprim%25c2%25ae-be-added-to-its-formulary)).

and restricted distribution scheme made it nearly impossible for state ADAPs to access Daraprim at affordable prices.

Drug companies that participate in Medicaid are required to pay rebates when their drug prices rise more rapidly than the rate of inflation. The 340B Drug Discount Program sets a ceiling price that drug companies are allowed to charge to covered entities, such as ADAPs. This ceiling price is calculated using the rebates drug companies pay to Medicaid. When the rebate a drug company is required to pay is so high that it would result in a negative 340B drug price, the company instead is directed to charge covered entities \$0.01 per pill.<sup>7</sup>

On September 22, 2015, the National Alliance of State and Territorial AIDS Directors (NASTAD) submitted a complaint raising serious concerns that your company's restricted distribution scheme may violate federal anti-discrimination regulations. Specifically, NASTAD warned that several ADAPs reported being unable to obtain Daraprim at the price required by law under the 340B Drug Discount Program. Of greatest concern, the letter warned that "Turing's restrictive purchasing program for 340B covered entities has harmed patients."<sup>8</sup>

When asked about your company's recent press release highlighting its new agreement with Texas, NASTAD officials responded:

Texas and all ADAPs have always been legally eligible to purchase at the 340B price, but Turing set up a discriminatory distribution arrangement that made it incredibly difficult for them to purchase at that price, forcing them to purchase at full price or remove it from formulary. Turing has made ad hoc arrangements with some ADAPs to access the drug (including Texas, it appears), and other ADAPs have found work arounds. However, this is not how the system should work, and, as detailed in our original complaint, it hurt patient access.<sup>9</sup>

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<sup>7</sup> Department of Health and Human Services, Health Resources and Services Administration, *Clarification of Penny Pricing Policy* (Nov. 21, 2011) (online at [www.hrsa.gov/opa/programrequirements/policyreleases/pennypricingclarification112111.pdf](http://www.hrsa.gov/opa/programrequirements/policyreleases/pennypricingclarification112111.pdf)).

<sup>8</sup> Letter from Murray C. Penner, Executive Director, National Alliance of State and Territorial AIDS Directors, to Captain Krista Pedley, Office of Pharmacy Affairs, Health Resources and Services Administration (Sept. 22, 2015) (online at <http://files.nastad.org/media/NASTAD-Letter-to-OPA-on-Daraprim.pdf>).

<sup>9</sup> Briefing by National Alliance of State and Territorial AIDS Directors to House Committee on Oversight and Government Reform, Democratic Staff (Nov. 24, 2015).

## Conclusion

You have repeatedly defended your company's massive price increase for Daraprim, arguing that it is "a great thing for society."<sup>10</sup> You argued that "the price of the drug isn't meaningful" and that your exponential price increase "doesn't affect the system at all" because Daraprim is "such a small drug."<sup>11</sup> At the same time, you have claimed that small drugs like Daraprim "can still be blockbusters."<sup>12</sup> As you stated: "They have to be high-priced—otherwise there's just not enough volume to make up for the revenue."<sup>13</sup>

Your comments contradict years of previous experience in which Daraprim was sold at a fraction of your current price, and they reveal your ultimate aim to profiteer at the expense of some of the most vulnerable individuals in our country.

As you know, I wrote to you on September 21, 2015, along with Senator Bernie Sanders, requesting documents and information justifying your company's massive price increase.<sup>14</sup> I also wrote to you on September 23, 2015, requesting documents relating to your company's pricing for Daraprim under the 340B Drug Discount Program.<sup>15</sup> On October 30, 2015, your company sent a letter responding to both inquiries, but declining to provide any of the requested documents. Instead, the letter, sent by your Chief Commercial Officer, stated: "under the advice of counsel we are unable to provide certain numbers and data related to proprietary information."<sup>16</sup>

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<sup>10</sup> *Martin Shkreli is Big Pharma's Biggest A\*\*hole*, Daily Beast (Sept. 21, 2015) (online at [www.thedailybeast.com/articles/2015/09/21/martin-shkreli-is-big-pharma-s-biggest-asshole.html](http://www.thedailybeast.com/articles/2015/09/21/martin-shkreli-is-big-pharma-s-biggest-asshole.html)).

<sup>11</sup> *Shkreli Says Price Increases for Turing Drug Don't Matter*, Bloomberg (Nov. 25, 2015) (online at [www.bloomberg.com/news/articles/2015-11-25/shkreli-says-price-increases-for-turing-drug-matter-little](http://www.bloomberg.com/news/articles/2015-11-25/shkreli-says-price-increases-for-turing-drug-matter-little)).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, and Ranking Member Bernard Sanders, Subcommittee on Primary Health and Retirement Security, Senate Committee on Health, Education, Labor and Pensions, to Martin Shkreli, Chief Executive Officer, Turing Pharmaceuticals LLC (Sept. 21, 2015) (online at <http://democrats.oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/2015-09-21%20EEC%20Sanders%20to%20Turing%20Pharmaceuticals.pdf>).

<sup>15</sup> Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, to Martin Shkreli, Chief Executive Officer, Turing Pharmaceuticals LLC (Sept. 23, 2015) (online at <http://democrats.oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/2015-09-23%20EEC%20to%20Martin%20Shkreli.pdf>).

<sup>16</sup> Letter from Nancy Retzlaff, Chief Commercial Officer, Turing Pharmaceuticals, to Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, and Ranking Member Bernard Sanders, Subcommittee on Primary Health and

Mr. Martin Shkreli  
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If you truly are committed to ensuring the lowest possible costs for hospitals and patients—as your recent press releases claim—then I ask you to stop obstructing congressional oversight efforts and immediately provide the documents we have requested.

Sincerely,



Elijah E. Cummings  
Ranking Member

cc: The Honorable Jason Chaffetz, Chairman