

Congress of the United States

Washington, D.C. 20515

October 15, 2018

David A. Ricks
Eli Lilly and Company,
Lilly Corporate Center,
Indianapolis, IN 46285

Dear David A. Ricks:

Your company is one of the largest pharmaceutical corporations producing many lifesaving and life-sustaining drugs, but a life-saving drug is 100% ineffective when it is unaffordable. Eli Lilly, like many other pharmaceutical manufacturers, benefits from taxpayer assistance through publicly funded research and corporate tax breaks. We write on behalf of our constituents who are paying multiple times over for their prescription drugs with questions to ensure that the products they help pay to develop are affordable.

Despite resounding pleas from the American public to lower prescription drug prices, an AARP analysis found that the prices of 268 brand name drugs increased at least 15% a year from 2013 to 2015.¹ A recent Americans for Tax Fairness (ATF) report found retail prices for a sample of leading American drugs had soared by 40% to 70%, or increased 14 times the rate of inflation, between 2011-2015.² In that time period, Eli Lilly raised its prices on Humalog and Humulin, insulin drugs used to treat Type 1 Diabetes. ATF also found that over that same period profits for the ten largest pharmaceutical corporations rose by almost 40% and a report from Oxfam found that large pharmaceutical corporations may be dodging \$3.8 billion in taxes each year through off-shore tax havens.³ This is especially troubling to tax-payers (our constituents) as publicly funded research contributed to every new drug that was approved from 2010–2016.⁴

The Republican Tax Cuts and Jobs Act was introduced in November and signed into law December 22, 2017, the corporate tax rate was reduced by 40% and it is estimated that Eli Lilly would receive nearly \$164 million in tax cuts in 2018.⁵ In addition, Eli Lilly will receive an

¹ Rx Price Watch Report: Trends in Retail Prices of Prescription Drugs Widely Used by Older Americans: 2006 to 2015, <https://www.aarp.org/ppi/info-2016/trends-in-retail-prices-of-drugs.html>

² The Pharma Big 10: Price Gougers, Tax Dodgers, December 2017, <https://americansfortaxfairness.org/wp-content/uploads/Pharma-Drug-Price-Gougers-Tax-Dodgers-Report-FINAL-12-5-17.pdf>

³ Prescription for Poverty, <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620548/cr-prescription-for-poverty-pharma-180918-en.pdf>

⁴ Contribution of NIH funding to new drug approvals 2010–2016, February 2018, <http://www.pnas.org/content/early/2018/02/06/1715368115>

⁵ Trump Tax Law and the Health Care Industry: A \$100 Billion Bonanza, April 17, 2018, <https://www.finance.senate.gov/imo/media/doc/Wyden%20Report%20-%20Trump%20Tax%20Law%20and%20the%20Health%20Care%20Industry%20041718.pdf>

estimated one-time tax cut of \$4.4 billion on offshore profits.⁶ Given these large windfalls, we ask that you respond in writing to the following questions:

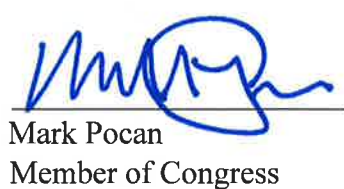
- 1) Since November 28, 2017, has your company changed the list price of any pharmaceuticals? If so, please list every drug that had a price increase or decrease along with the original prices and the percentage change.
 - a. Despite severe problems in access to affordable insulin, a recent study showed that Eli Lilly prices its insulin product, Humalog, 5.6 to 7.8 times higher than its production cost.⁷ Why has the price of Humalog continually risen and priced 5.6 to 7.8 times higher than its production cost?
- 2) Since November 28, 2017, how much have you invested in:
 - a. each clinical trial sponsored or funded by the company,
 - b. preclinical data development,
 - c. acquisition costs of startup firms, patent license or other drug development assets from third parties,
 - d. direct-to-consumer advertising including television, digital, and any other platform,
 - e. direct to prescriber marketing including all costs for Continuing Medical Education, provider office visits, and company sponsored trips and speaking fees.
- 3) Since November 28, 2017, have you discontinued certain drug development portfolios? If so, what drug development products were discontinued and why?
- 4) What is the median and of annual total compensation for all executives at present?
- 5) What is your country-by-country financial report?

Thank for you the attention to this matter. We respectfully request that you answer us no later than November 12, 2018.

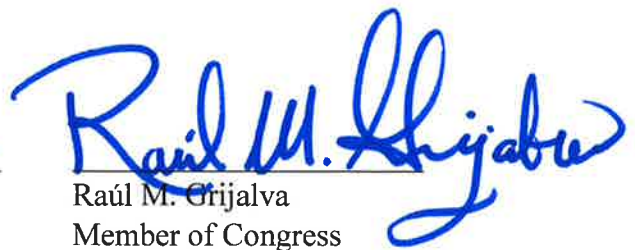
Sincerely,



Jan Schakowsky
Member of Congress




Mark Pocan
Member of Congress




Raúl M. Grijalva
Member of Congress

⁶ BAD MEDICINE: How GOP Tax Cuts Are Enriching Drug Companies, Leaving Workers & Patients Behind, April 2018, <https://americansfortaxfairness.org/wp-content/uploads/Pharma-Tax-Cut-Report-4.26.18-FINAL-.pdf>

⁷ Production costs and potential prices for biosimilars of human insulin and insulin analogues, BMJ Journal, September 25, 2018, <https://gh.bmj.com/content/3/5/e000850>




Kathy Castor
Member of Congress




Steve Cohen
Member of Congress



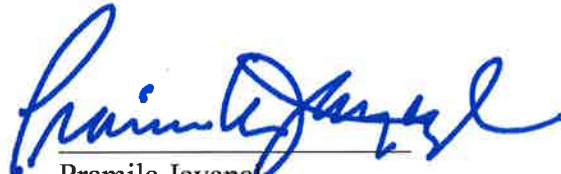
Peter A. DeFazio
Member of Congress



Rosa L. DeLauro
Member of Congress



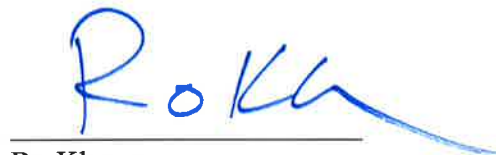
Eleanor Holmes Norton
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Pramila Jayapal
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