

March 1, 2024

Emma Walmsley
Chief Executive Officer
GlaxoSmithKline
9910 Belward Campus Dr
Rockville, Maryland 20850

Dear Ms. Walmsley,

I write regarding GlaxoSmithKline's (GSK) price-gouging strategy for its inhaler product, Flovent HFA, one of two preferred products on the market that are safe for children with asthma.¹ Last month, to avoid accountability for years of outrageous price hikes, including a nearly 50 percent price increase over the last decade,² GSK discontinued the brand-name version of Flovent HFA and chose to market its own authorized generic alternative at an artificially inflated price. This move is not consistent with GSK's mission of "unit[ing] science, technology and talent to get ahead of disease together."³ It does none of these things. Instead, the company has made a life-saving drug inaccessible for millions of children just months before allergy season — all to pad the profits of GSK's executives and shareholders.⁴

To reduce drug costs for taxpayers and patients, the *American Rescue Plan Act* requires drug manufacturers to pay new rebates to Medicaid based on historical price increases for their drugs.⁵ In anticipation of this policy change, which went into effect last month, many drug manufacturers significantly reduced list prices, delivering relief to millions of

¹ American Academy of Pediatrics, "Experts call on insurers to prioritize corticosteroid medicines appropriate for children," Melissa Jenco, December 8, 2023, <https://publications.aap.org/aapnews/news/27474/Experts-call-on-insurers-to-prioritize?autologincheck=redirected>.

² NPR, "A popular asthma inhaler is leaving pharmacy shelves. Here's what you need to know," Sydney Lupkin, December 30, 2023, <https://www.npr.org/sections/health-shots/2023/12/30/1222224197/a-popular-asthma-inhaler-is-leaving-pharmacy-shelves-heres-what-you-need-to-know>.

³ GSK, "Purpose, strategy and culture," <https://www.gsk.com/en-gb/company/purpose-strategy-and-culture/>.

⁴ Letter from the American Academy of Pediatrics to Payers, January 16, 2024, <https://downloads.aap.org/AAP/PDF/Flovent%20Formulary%20Replacements%20Letter.pdf>; American College of Allergy Asthma and Immunology, "Facts and Stats – 8.3% of Americans Have Asthma," <https://acaai.org/asthma/asthma-101/facts-stats/>.

⁵ Kaiser Family Foundation, "What Are the Implications of the Recent Elimination of the Medicaid Prescription Drug Rebate Cap," January 16, 2024, <https://www.kff.org/policy-watch/what-are-the-implications-of-the-recent-elimination-of-the-medicaid-prescription-drug-rebate-cap/>.

Americans that rely on their drugs. For example, three of the largest insulin manufacturers — Eli Lilly, Novo Nordisk, and Sanofi — cut prices for some of their insulin products by 70 percent or more.⁶

Along with key provisions in the *Inflation Reduction Act*,⁷ these laws have finally started to control the pharmaceutical industry’s relentless price increases, which have forced American patients to pay two and a half times as much for prescription drugs as patients in similar high-income countries.⁸ But GSK has chosen to abuse the law by removing Flovent HFA from the market entirely, effectively shielding the company from accountability for decades of price hikes.⁹

In defense of the move, GSK has pointed to the lower list price of their authorized generic, which is currently around \$310, compared to Flovent HFA’s list price of around \$340.¹⁰ But the reality is that GSK typically offered significant rebates to insurers and pharmacy benefit manufacturers for Flovent HFA, meaning that the net price of the brand-name drug was well below \$340.¹¹ These rebates, or discounts, can total more than half of the drug’s total list price.¹² But GSK — along with Prasco, a U.S. drugmaker that GSK contracts to distribute its authorized generic — does not appear to be offering these rebates for the authorized generic version of the drug, which is now the only option for patients, many of whom are children.¹³ At least one Pharmacy Benefit Manager (PBM) has indicated that “the authorized generics were more expensive than the brand-name medications” after accounting for rebates.¹⁴ That has led many insurers to choose not to cover the authorized generic, leaving patients with a terrible choice: “paying for [the

⁶ Wall Street Journal, “How Lowering The Price of a Common Asthma Drug Made It Harder to Get,” Joseph Walker, December 29, 2023, <https://www.wsj.com/health/pharma/how-lowering-the-price-of-a-common-asthma-drug-made-it-harder-to-get-ee101bff>.

⁷ Kaiser Family Foundation, “Explaining the Prescription Drug Provisions in the Inflation Reduction Act,” Juliette Cubanski, Tricia Neuman, and Meredith Freed, January 24, 2023, <https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/>.

⁸ Rand Corporation, “Prescription Drug Prices in the United States Are 2.56 Times Those in Other Countries,” press release, January 28, 2021, <https://www.rand.org/news/press/2021/01/28.html>.

⁹ The Campaign for Sustainable Rx Pricing, “GSK’s Flovent Scheme Designed to Sidestep Accountability for Egregious Price Hikes,” press release, <https://www.csrpx.org/csrpx-gsks-flovent-scheme-designed-to-sidestep-accountability-for-egregious-price-hikes/>.

¹⁰ NPR, “A popular asthma inhaler is leaving pharmacy shelves. Here’s what you need to know,” Sydney Lupkin, December 30, 2023, <https://www.npr.org/sections/health-shots/2023/12/30/1222224197/a-popular-asthma-inhaler-is-leaving-pharmacy-shelves-heres-what-you-need-to-know>; STAT, “GSK is replacing its popular Flovent inhaler with authorized generics, raising cost concerns for asthma patients,” Annalisa Merelli, January 5, 2024, <https://www.statnews.com/2024/01/05/flovent-asthma-inhaler-gsk-authorized-generic>.

¹¹ *Id.*

¹² BIG by Matt Stoller, “The Red Wedding for Rural Pharmacies,” Matt Stoller, March 28, 2022, <https://www.thebignewsletter.com/p/the-red-wedding-for-rural-pharmacies>.

¹³ STAT News, “GSK is replacing its popular Flovent inhaler with authorized generics, raising cost concerns for asthma patients,” Annalisa Merelli, January 5, 2024, <https://www.statnews.com/2024/01/05/flovent-asthma-inhaler-gsk-authorized-generic/>.

¹⁴ *Id.*

medication] out of pocket or switching to... a different drug... which may not work for all Flovent patients in the same way.”¹⁵

While it is unacceptable that PBMs have kept life-saving medications out of reach for patients, GSK bears unique responsibility for this crisis. GSK’s insidious tactics may cause millions of children to lose access to one of the few drugs that is appropriate to treat their asthma and allergies,¹⁶ which pediatricians say “will result in [more frequent] clinic visits, emergency department visits, hospitalization, or in some cases, loss of life.”¹⁷

This is a shameful money grab that puts millions of children at risk,¹⁸ and follows a year of aggressive price hikes by GSK that have allowed the company to top Wall Street’s expectations.¹⁹ To better understand GSK’s profit-padding scheme, I request responses to the following questions by March 15, 2024.

1. What was the average list price for Flovent HFA in 2023?
2. What was the average net price, after rebates and discounts, of Flovent HFA for the ten largest commercial health insurers in the country in 2023?
3. What is the current list price for the authorized generic of Flovent HFA?
4. What was the average net price, after rebates and discounts, for the authorized generic of Flovent HFA for of the ten largest commercial health insurers in the country in 2023?
5. What agreements or arrangements does GSK have with Prasco with regard to Prasco’s pricing or rebate decisions for the authorized generic?
6. What per-unit price does GSK charge Prasco to distribute its authorized generic?
7. What was the total dollar volume (net of rebates) from sales of Flovent HFA in 2023?
8. How much does GSK estimate it will save in 2024 by averting the Medicaid rebate on Flovent HFA that would have been applied on January 1, 2024?
9. What is GSK’s best estimate of how many patients have been denied access to the authorized generic version of Flovent between January 1, 2024, and the present?

¹⁵ STAT, “GSK is replacing its popular Flovent inhaler with authorized generics, raising cost concerns for asthma patients,” Annalisa Merelli, January 5, 2024, <https://www.statnews.com/2024/01/05/flovent-asthma-inhaler-gsk-authorized-generic/>.

¹⁶ American College of Allergy Asthma and Immunology, “Facts and Stats – 8.3% of Americans Have Asthma,” <https://acaai.org/asthma/asthma-101/facts-stats/>.

¹⁷ Letter from the American Academy of Pediatrics to Payers, January 16, 2024, <https://downloads.aap.org/AAP/PDF/Flovent%20Formulary%20Replacements%20Letter.pdf>.

¹⁸ American College of Allergy Asthma and Immunology, “Facts and Stats – 8.3% of Americans Have Asthma,” <https://acaai.org/asthma/asthma-101/facts-stats/>.

¹⁹ The Campaign for Sustainable Rx Pricing, “Big Pharma Earnings Watch: Pfizer & Glaxosmithkline,” <https://www.csrxp.org/big-pharma-earnings-watch-pfizer-glaxosmithkline/>.

10. Has GSK expanded its low-income assistance programs for patients that are denied access to the authorized generic by their PBM or insurer?
11. What other steps is GSK taking to ensure patients maintain access to these medications?

Sincerely,



Elizabeth Warren
United States Senator