

United States Senate

July 27, 2018

VIA ELECTRONIC DELIVERY

The Honorable Lisa Madigan
Illinois Attorney General
Office of the Illinois Attorney General
Carbondale Main Office
601 South University Avenue
Carbondale, IL 62901

Dear Attorney General Madigan:

I am writing to request your Office conduct a comprehensive and independent review of the actions Mallinckrodt Pharmaceuticals (Mallinckrodt) has taken to increase prices of the specialty Drug, H.P Acthar Gel (Acthar). Since 2001, Mallinckrodt has increased the price of this vital drug that treats infantile spasms, flare-ups of multiple sclerosis and other rheumatoid autoimmune disorders, by an astronomical 85,000 percent.

To be clear, Mallinckrodt is not reaping well deserved financial rewards from many years of costly research and development to create Acthar. Rather, this specialty drug was developed in the 1950s, and Mallinckrodt only purchased the rights to Acthar in 2001 for \$100,000 – a relatively low price because at the time, the price of Acthar was only \$40 per vial.

Mallinckrodt's interest in purchasing this decades-old drug became clear quickly, as the company moved to dramatically hike up the price, which reached \$23,000 per vial by 2007. In 2009, the Centers for Medicare and Medicaid Services (CMS) disclosed that Acthar cost Medicare Part D an average of \$41,673 per prescription. In 2010, Acthar was approved for its use in infantile spasms and was designated an orphan drug. According to reports, Acthar is now one of the top five most expensive drugs in the world.

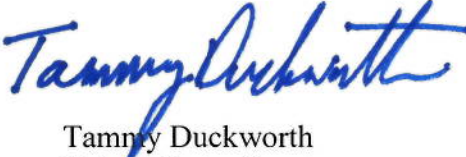
In 2017, Mallinckrodt agreed to a \$100 million settlement with the U.S. Federal Trade Commission (FTC) to end its investigation into the company's potential violation of antitrust laws. The FTC complaint alleged that Mallinckrodt stifled competition by acquiring the rights to a competitor drug, Synacthen Dept. to prevent any other company from using Synacthen assets to develop a synthetic Adrenocorticotrophic hormone (ACTH) drug.

As you may be aware, the City of Rockford, Illinois filed a lawsuit against Mallinckrodt Pharmaceuticals alleging that Mallinckrodt charged Rockford nearly half a million dollars for nine prescriptions (or 14 administrations) that were required to treat two children of municipal employees. The City of Rockford provides health care benefits to its more than one thousand public employees. Being forced to pay \$489,057.84 for Acthar severely affected the city's ability

to cover its public employees' health insurance and drained the \$3.5 million fund that Rockford allocates to cover prescription drugs for city employees.

Mallinckrodt's anticompetitive business practices and indefensible price hikes for a drug that can significantly improve and save the lives infants harms families in Illinois and throughout the country. Families in Illinois rightfully deserve access to this lifesaving treatment. I urge you to conduct an in-depth investigation and independent review into Mallinckrodt's price increases of Acthar and potential anticompetitive practices. Thank you in advance for reviewing my request and I look forward to your reply.

Sincerely,



Tammy Duckworth
United States Senator