

Senator NELSON. I would like to submit for the record at this point a letter from E. B. Anderson, Hoffman-La Roche Co.

(The letter referred to follows:)

HOFFMANN-LA ROCHE INC.,
Nutley, N.J., January 2, 1968.

HON. GAYLORD NELSON,
Chairman, Senate Monopoly Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: I want to thank you for the opportunity which you have given us to meet with your staff concerning recent statements which have been issued on the prices paid by certain government authorities for two Roche products. It was most helpful to review together the data which had been accumulated.

Hoffmann-La Roche Inc. shares your belief in the desirability of uniform pricing policies under which government agencies purchasing equal quantities of the same drug product would receive the same price. For some time Roche has had in effect a pricing policy designed to meet this objective, under which any Federal, State or local government which purchases from Roche is charged the same price for the same quantity of the same product.

On December 19, 1967, you issued a public statement and a price table which referred to the prices of several drug products, two of which are sold by Hoffmann-La Roche Inc., chlordiazepoxide hydrochloride and sulfisoxazole. Since several figures contained in the statement and in the survey data released at the same time are incorrect, I am writing to you to provide the correct information, as I am sure you want the record to be as accurate as possible. We also believe that some explanation of other items in the statement and the price table would permit a more meaningful comparison of prices for these two products.

In addition to the statement in the hearing, there was an additional statement by your office released on December 24, 1967, relating to the prices paid by various government purchasers for LIBRIUM capsules (chlordiazepoxide hydrochloride). This later statement, as reported in the *New York Times* of December 25, 1967, and several other papers, also contains some incorrect figures and conclusions which we are sure you would like to see corrected.

In several instances the statements and the table have confused prices for 25 mg. capsules of chlordiazepoxide hydrochloride with prices for 10 mg. capsules of the same drug. As a result, the prices for different dosages have been compared, which is obviously misleading.

A. Chlordiazepoxide hydrochloride

We have included hereafter the items in the statement and the price table of December 19, and the statement of December 24, relating to chlordiazepoxide hydrochloride which are not in accord with the facts, or which we believe leave an erroneous impression which should be corrected.

1. In regard to the City of Des Moines, the table states that the city pays the highest price of \$45.00. While it does not state that Roche sold the product to Des Moines at this price, some persons may have so inferred. Actually, there are no direct sales of chlordiazepoxide hydrochloride to the City of Des Moines by Hoffmann-La Roche Inc. Since Roche has had no direct dealings with Des Moines for this product, the city's purchase of this product would have been from a wholesaler or retailer. As in the case of Des Moines, the cities of Cleveland and Paterson do not buy directly from Roche. Thus, the prices paid by those cities for Librium are presumably paid to wholesale or retail distributors.

Roche has made some direct sales to county hospitals where these cities are located, but the prices in the table and statement are not the prices which we have charged for these sales. Broadlawns Polk County Hospital (Des Moines) and Highland View Hospital in Cuyahoga County (Cleveland) have purchased Librium 25 mg. capsules in bottles of 500 for \$39.60, which is our price to direct government purchasers which do not buy the 5,000-capsule bottle or in quantities large enough to support a contract. Preakness Hospital in Passaic County (Paterson, New Jersey) has purchased Librium 25 mg. capsules in bottles of 50 capsules at a price of \$4.40 per bottle which is our price for that size bottle. The District of Columbia, we understand, purchases its requirements of Librium from a Veterans Administration depot.