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**United States Senate**

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

KOLAN L. DAVIS, *Chief Counsel and Staff Director*  
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March 8, 2017

**VIA ELECTRONIC TRANSMISSION**

Mr. Spencer Williamson  
President and Chief Executive Officer  
Kaléo Pharmaceuticals  
111 Virginia Street  
Richmond, VA 23219

Dear Mr. Williamson:

You recently announced that your company, Kaléo, will be reintroducing its EpiPen competitor, Auvi-Q, to the market. The Auvi-Q is an epinephrine injector, just like Mylan's EpiPen, but it is priced at \$4,500 for a two-pack whereas the EpiPen is priced at \$600 with a \$300 authorized generic. Reports also indicate that consumers without insurance will be able to pay \$360 for a two-pack. Your pricing of Auvi-Q appears to draw parallels with concern about EpiPen's pricing structure.

Kaléo has offered various patient support programs in an effort to ensure that some patients pay effectively nothing for the Auvi-Q. However, your pricing structure may simply shift the burden and cost to another entity within the health care system. With respect to your choice of price, a number of insurance companies and pharmacy benefit managers do not support the strategy and have stated they will not be adding the Auvi-Q to its list of covered medications.

In order to better understand your decision-making process, please answer the following:

1. Why are you charging \$4,500 for an Auvi-Q two-pack? Please explain your decision-making process in terms of charging that price and whether patient accessibility and research and development (R&D) were considerations. In addition, how much did Kaléo spend on R&D for Auvi-Q?
2. Will any entity in the health care system have to pay \$4,500? If so, which entity?
3. Please explain how your pricing structure will result in reduced prices to the consumer.

Thank you in advance for your cooperation with this request. Please respond no later than March 22, 2017. If you have questions, contact Josh Flynn-Brown of my Judiciary Committee staff at (202) 224-5225.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive, flowing style.

Charles E. Grassley  
Chairman  
Committee on the Judiciary