August 9, 2017

The Honorable Amy Klobuchar
302 Hart Senate Office Building
Washington, DC 20510

Dear Senator Klobuchar:

I am writing in response to your letter to Dr. Olivier Brandicourt, dated July 3, 2017, regarding the challenges some people with diabetes face affording the medical care they need. We share your concern about patients' ability to affordably obtain the treatment and support they need to effectively manage their disease. To that end, Sanofi has taken several actions to make our medicines more affordable and accessible for patients. We also recognize there is more to be done, and we welcome the opportunity to work with you, and other stakeholders in the health care system, to find market-based solutions for consumers that maintain incentives for ongoing diabetes research.

Background on the Cost of Insulin

As you may know, competition in the U.S. among insulin manufacturers is intense and is expected to intensify further with the introduction of additional generic and biosimilar medicines. Private payers (including private insurers, Medicare Part D drug plans, and Pharmacy Benefit Managers) have effectively leveraged that competition to negotiate deep rebates for both rapid acting and long acting (basal) insulins. While a number of factors affect net prescription drug prices and patient out-of-pocket costs, this particular dynamic has impacted the price of Lantus®, one of Sanofi's basal insulin products, in recent years. While Sanofi has not increased the wholesale acquisition cost (or list price) of Lantus® since November 2014, the level of discounts and rebates to payers has increased substantially. The result has been a flat list price for over two and a half years along with a decreased net price over the last five years.

Despite the fact that the net price Sanofi charges to payers has declined, we are aware that out-of-pocket costs for some patients have increased. In many instances those increases have been driven by changes to insurance benefit designs, including significant growth in the prevalence of high deductible health plans and coinsurance requirements rather than fixed copays. While rebates negotiated between drug manufacturers and payers are intended to lower prescription drug costs for consumers, it does not appear that those savings are always shared with them.

Sanofi's Actions to Address Patient Affordability

We recognize that Sanofi has an important role to play to ensure affordable and sustainable access for people living with diabetes, and we have taken several steps to try to alleviate the challenges facing them.

We continue to enhance our patient support programs to lower or eliminate out-of-pocket costs for patients and offer substantial need-based patient assistance programs for eligible patients. Based on an individual's needs and insurance status, Sanofi offers a $0 copay assistance program for patients with private insurance, a free drug program for eligible patients through Sanofi Patient Connection™, and a range of other patient assistance services. Our goal is to provide comprehensive support for patients by significantly reducing

out-of-pocket expenditures and making the discounts negotiated by large purchasers available to individuals.

Additionally, on May 9, 2017, we announced new pricing principles. These principles express our intent to set future list price increases in the U.S. at or below an independent standard measure of health care inflation (the national health expenditures (NHE) growth projection as determined by the Department of Health and Human Services), which is estimated to be 5.4 percent in 2017. We also pledged to provide greater transparency around how we set our prices at launch based on clinical, economic and social value, as well as affordability. This policy applies to all of our medicines, including all of our insulins and other diabetes treatments. We have also committed to greater transparency to help stakeholders better understand the interaction of list and net prices; in 2016, the average list price for all of our medicines increased 4 percent while our total net price declined by 2.1 percent.

Despite the meaningful steps we have already taken, more needs to be done. All stakeholders – policy makers, manufacturers, payers, and physicians – informed by patient input – need to work together to find solutions that address the out-of-pocket burdens and provide consistent and predictable access to diabetes medicines. Importantly, we must also maintain incentives to continue to invest in the next generation of medicines to improve the lives of people living with diabetes. Sanofi has been a leader in discovering, developing, and delivering innovative medicines for people living with diabetes for nearly one hundred years and I am proud that we continue to invest in multiple late stage treatment candidates along with a broad research pipeline in diabetes to hopefully bring new options to people living with diabetes in the years to come.

Thank you for your interest in these issues and please do not hesitate to contact me with any additional questions.

Sincerely,

Stefan Oelrich
Senior Vice President, Acting Head, North America Diabetes and Cardiovascular