

BRIAN E. FROSH
Attorney General



ELIZABETH F. HARRIS
Chief Deputy Attorney General

THIRUVENDRAN VIGNARAJAH
Deputy Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

FACSIMILE NO.
410-576-7063

WRITER'S DIRECT DIAL NO.
410-576-6311

July 21, 2015

Jack Y. Zhang, Ph.D.
Chief Executive Officer
Amphastar Pharmaceuticals, Inc.
11570 6th Street
Rancho Cucamonga, California 91730

Dear Dr. Zhang,

I am writing to express my deep concern over the sharp rise in the cost of naloxone, an opiate overdose drug manufactured by your company that has become a chief instrument in Maryland's campaign against heroin addiction and abuse. As you are aware, heroin abuse continues to plague our country, and Maryland in particular has seen a startling and unacceptable rise over the past several years in the number of fatalities associated with heroin. In Maryland, in 2014 alone, heroin overdose fatalities have claimed 578 lives, 25 percent more than the previous year and more than double the number of heroin-related deaths in 2010. Indeed, heroin accounted for the majority of 2014 drug- and alcohol-related intoxication deaths in Maryland.

The use of naloxone to treat heroin overdoses has dramatically expanded, fast becoming a core component of Maryland's strategy to counter this growing threat. Police, first responders, medical personnel and others who live and work with addicts have been trained in the use of naloxone and provided with supplies of the drug for emergency use. As you well know, administered in a timely manner, naloxone can counteract the otherwise fatal consequences of a heroin overdose.

This drug represents a breakthrough in the treatment of heroin overdoses. It has already been and promises to be a true lifesaver for many men and women struggling with addiction, in both urban settings such as Baltimore, which grapples with one of the most severe drug crises in the nation, and in rural and suburban settings where opiate use and abuse are creating a marked public health threat. And it creates a precious window for addiction and social welfare programs to intervene and potentially break the cycle of abuse. Yet, at a time of escalating abuse and severe resource constraints, the price for this life-saving medication has more than doubled, crippling the ability of our public health and safety agencies to obtain and deploy adequate supplies of the medication at costs that were never contemplated or budgeted.

In fact, it has been widely reported that, in December 2014, in the midst of the overdose crisis, Amphastar increased the price of naloxone from \$13 to \$30. This price spike came despite the apparent profitability of the product prior to the December increase, as indicated in Amphastar's 2014 annual report, which boasts that reduced overall revenue in 2014 (compared to 2013) was offset by "sales of naloxone and other critical care products as a result of *both an increase in unit sales and higher average prices.*" Thus, according to your public filings, naloxone was already a notable source of revenue in 2014 when the average wholesale price of this vital drug was \$13 for all but one month of the year.

I know you have been in touch with the Attorneys General of several states over the past few months. And thanks to efforts by my counterparts in New York, Ohio and New Jersey, you have reached an accord with those states providing a rebate to public purchasers of naloxone. A similar arrangement would allow the increased flow of naloxone to the public safety and medical agencies of Maryland, benefiting our citizens and your company's relationship with customers. I understand the economic imperatives that enter into any pricing decision, but for any responsible corporate citizen, the health of Maryland communities and the lives of hundreds of patients must be paramount.

For these reasons, I request that you adopt a rebate agreement that brings the wholesale price of naloxone significantly closer to the profitable 2014 price point. Deputy Attorney General Thiru Vignarajah will be in touch with your office with respect to this matter. He can be reached at (410) 576-6328. I look forward to working with you.

Sincerely,



Brian E. Frosh
Attorney General

cc: The Honorable Elijah Cummings, Congressman, MD 7th District
The Honorable Larry Hogan, Governor of Maryland
The Honorable Boyd Rutherford, Lt. Governor of Maryland
Secretary Van Mitchell, Secretary, DHMH