May 11, 2018

Mr. Vasant Narasimhan
Chief Executive Officer
Novartis AG
Lichtstrasse 35
4002 Basel
Switzerland

Dear Mr. Narasimhan:

I write with deep concern regarding recent news reports that Novartis paid more than $1 million to a shell company controlled by the President’s personal attorney, Michael Cohen. Federal health programs are a major market for Novartis, and the payments were made while the company was negotiating novel payment arrangements with the Centers for Medicare & Medicaid Services ("CMS") for a cancer therapy priced at nearly half-a-million dollars. At the same time, Novartis was seeking approval from the Food and Drug Administration ("FDA") for this new cancer therapy, Kymriah, which has been a key source of revenue for the company’s line of oncology drugs, its largest business unit.¹

The U.S. Senate Committee on Finance has jurisdiction over federal health programs under the Social Security Act, including Medicare and Medicaid. Participation in these programs accounts for a substantial portion of Novartis’ U.S. sales, which totaled $16.9 billion in 2017.² For example, in 2015, the most recent year for which data were available, Medicare spent $2 billion on three Novartis cancer drugs – Gleevec, Sandostatin and Afinitor.³ In the same year, Medicaid programs spent more than $320 million (prior to any rebates) on Gleevec and the respiratory drug Xolair.⁴

Novartis has publicly acknowledged that it made monthly payments totaling $1.2 million to Cohen’s firm over the course of a 12-month period ending in February 2018.⁵ In a public statement, Novartis said these payments were related to its belief that Mr. Cohen “could advise

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the company as to how the Trump administration might approach certain US healthcare policy matters, including the Affordable Care Act. In a publicly reported comment attributed to an unnamed Novartis employee, "it was almost as if we were hiring [Mr. Cohen] as a lobbyist despite his lack of health-related policy expertise and your company's admission that Cohen did not perform any work for Novartis."

Mr. Cohen's firm is not a health care policy consultancy, nor is Mr. Cohen a registered lobbyist. He is the President's personal attorney, and Essential Consultants reportedly claimed to be a real estate consulting company. Moreover, the amount of money that Novartis paid Mr. Cohen's firm far exceeded what it paid any of the registered lobbying firms it engaged during the first 15 months of the Trump Administration. Lobbying records maintained by the Secretary of the Senate show that Novartis paid 15 lobbying firms a total of $2.5 million during that period, and that no firm received more than $300,000. By comparison, Novartis' rate of payment to Mr. Cohen's firm was equal to $300,000 every quarter for an entire year.

At the same time as the payments to Mr. Cohen's firm were being made, the company's in-house lobbyists were meeting with the White House, FDA, CMS and other Trump Administration agencies regarding a range of issues that could dramatically affect its business. I also note that during this time, the company was seeking, and ultimately received, FDA approval for Kymriah, a breakthrough leukemia treatment with a $475,000 list price. Novartis also was negotiating with CMS regarding how federal health programs would pay for the drug. In the company's words, in its negotiations with CMS it was seeking to "[i]mprove efficiency in current regulatory requirements in order to deliver value-based care and ensure access." CMS, for its part, stated that it was seeking to "identify and alleviate regulatory barriers in Medicare and Medicaid that may be necessary to test payment and service delivery models."

The Senate Finance Committee has a duty to ensure that pharmaceutical companies providing services to federal health programs are conducting business in a legal and transparent manner.

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6 Id.
10 Supra at note 5.
Given the Committee’s interests in these matters, I request that you provide the following documents and answer the following questions no later than June 5, 2018:

1. Please provide any contract and any statement of work between Novartis\textsuperscript{16} and Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services.

2. For every payment made between Novartis and Mr. Cohen, Essential Consultants LLC, or any other entity Mr. Cohen provided services through or owned, controlled or was otherwise the beneficial owner of, please provide the following information in table form:
   - the date of the payment;
   - the amount;
   - the name and location of the originator and the account through which the payment originated;
   - the name and location of the financial institution (or other entity) from which the payment transaction originated;
   - the name and location of any beneficiary of the payment and the account to which the payment was made; the name and location of the financial institution (or other entity) to which the payment was made; and
   - the names and locations of any other financial institutions, individuals, or entities that were involved in any transactions related to the payment.

3. Please provide copies of any other lobbying contracts between Novartis and any U.S.-based lobbyists, as well as any other agreements entered into by Novartis seeking advice or consultation as to how the Trump administration might approach certain U.S. health care policy matters.

4. Please explain the internal approval process for the contract with Mr. Cohen, Essential Consultants, LLC, and/or related entities. In so doing, please provide a list of all Novartis personnel who approved the business relationship between Novartis and Mr. Cohen’s firm(s). Please also provide a copy of any Novartis guidance document outlining the approval process for lobbying, consulting, or any similar contract, including but not limited to any document that describes different approval thresholds based on the size of the contract, and any documents memorializing the completion of this approval process.

5. Why did Novartis decide to engage Mr. Cohen and/or his firm(s)? What deliverables was the company seeking to gain?

6. Please provide all communications between Novartis and Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services. These communications should include but not be limited to emails; letters; text messages; instant message or internet transcripts; memos; documents; spreadsheets; data; recordings of video conference or in-person conversations; notes related to any phone, video conference or in-person conversations.

\textsuperscript{16} References to “Novartis” should be understood to include Novartis International AG, Novartis Corporation, or any other entities owned, managed, or controlled by Novartis AG or its agents.
7. Please provide all internal communications regarding, making reference to, or including information received from, Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services. These communications should include but not be limited to emails; letters; text messages, instant message or internet transcripts; memos; documents; spreadsheets; data; recordings of video conference or in-person conversations; notes related to any phone, video conference or in-person conversations.

8. Please provide all external communications between Novartis and any lobbyists, contractors, consultants, trade groups or other entities regarding making reference to, or including information received from, Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services. These communications should include but not be limited to emails; letters; text messages, instant message or internet transcripts; memos; documents; spreadsheets; data; recordings of video conference or in-person conversations; notes related to any phone, video conference or in-person conversations.

9. Please provide all external communications between Novartis and the White House, Office of Management and Budget, Department of Health and Human Services, CMS or other federal department, agencies or offices regarding, making reference to, or including information received from, Mr. Cohen, Essential Consultants, LLC, and/or any other entities owned, managed, or controlled by Mr. Cohen or through which Mr. Cohen provided services. These communications should include but not be limited to emails; letters; text messages, instant message or internet transcripts; memos; documents; spreadsheets; data; recordings of video conference or in-person conversations; notes related to any phone, video conference or in-person conversations.

10. Please provide copies of any documents supplied by Novartis to the Department of Justice or any law enforcement agency related to this matter.

If you have any questions or concerns in meeting this request, you may contact my investigative staff on the Senate Finance Committee at 202-224-4515. Thank you for your prompt attention to this important matter.

Sincerely,

Ron Wyden
Ranking Member

cc: Mr. Thomas Kendris, President, Novartis Corporation