



**STATEMENT OF DR. CATHERINE ALICIA GEORGES
ON BEHALF OF AARP**

**BEFORE THE U.S. HOUSE OVERSIGHT AND REFORM
COMMITTEE
ON**

**“EXAMINING THE ACTIONS OF DRUG COMPANIES IN
RAISING PRESCRIPTION DRUG PRICES”**

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Good afternoon, Chairman Cummings, Ranking Member Jordan and members of the committee. My name is Dr. Catherine Alicia Georges. I am the National Volunteer President for AARP, a nonpartisan, nonprofit, nationwide organization with nearly 38 million members in all 50 States, DC, and the U.S. territories. For more than 40 years, I have also been a nurse and involved in academic nursing – both teaching and developing courses. Thank you for the opportunity to talk about rising prescription drug prices and their impact on older Americans.

Prescription drug prices are a high priority for AARP and its members. Older Americans struggle to afford needed and life-saving medications. Most Medicare beneficiaries live on modest incomes, with an annual median of just over \$26,000. One-quarter have incomes of just over \$15,000. One-quarter have less than \$15,000 in savings. This is not a population that has the resources to absorb rapidly escalating prescription drug prices, and many are facing the very real possibility of being unable to afford the medications they need.

Older Americans have seen their prescription drug prices skyrocket. About 30 years ago, the public was outraged over a drug that cost less than \$10,000 per year. We now have drugs approaching \$1 million per year. We have gone from drugs with one-year prices equivalent to a small car – which some would say is already too much – to drugs with prices equivalent to an 11,000 square-foot house in Baltimore.

So, it's hardly surprising that our members consistently tell us they cannot afford the medications they need and are forced to make difficult choices as a result. Last year, in AARP's 2018 Mid-Term Voter Issues Survey, 92 percent of voters age 50 and older told us that candidates' positions on lowering drug costs was important to them, with 74 percent saying "very important."

And in a Kaiser 2018 Health Tracking Poll, prescription drug pricing topped the list of the public's priorities, with 90 percent calling it an important priority, and 52 percent listing it as a "top priority." In that poll, a large majority (80 percent) of the public perceive prescription drug costs as "unreasonable," an amount that has increased since 2015.

Take the story of Joan Tramontano, an AARP member from Florida. Diagnosed with a gastrointestinal cancer, Joan was prescribed Gleevec following surgery – one of the drugs this Committee is investigating – hoping to prevent her cancer from returning. After spending approximately \$60,000 on this drug, Joan made the wrenching decision to stop taking it and risk her cancer returning rather than go bankrupt. Joan – like many retirees – lives on a fixed income, and simply cannot afford to drain her retirement savings to pay for a medication. No one should be asked to make that kind of choice.

AARP has been tracking the prices of widely-used prescription drugs since 2004. Our most recent [Prescription Drug Price Watch Report](#) focused on brand-name drugs and found that their retail prices increased by an average of 8.4% in 2017 – four times the rate of inflation.

We also examined how drug companies' relentless price increases add up over time and found that the annual cost of one brand-name drug therapy – now around \$6,800 –

would have been just under \$2,200 in 2017 if retail price changes been limited to general inflation between 2006 and 2017.

The average annual price increases for these drugs has exceeded the corresponding rate of inflation every year since at least 2006. More importantly, this problem goes beyond a few bad actors: virtually all of the manufacturers we track have consistently raised their prices over the past 12 years.

Today's high drug prices are part of a never-ending race to the top. High-priced specialty drug approvals have exceeded traditional drug approvals since 2010, and the number of people using such drugs is growing. Meanwhile, the research pipeline is full of products like orphan drugs, biologics, and personalized medicines that face little competition and will undoubtedly command even higher prices.

Older adults are particularly vulnerable to these trends. Medicare Part D enrollees take an average of 4.5 prescriptions per month, and over two-thirds have two or more concurrent chronic illnesses.

When AARP talks about the impact of high prescription drug prices, we're often talking about costs that patients will face every year for the rest of their lives. High and growing drug prices are affecting all Americans in some way. Their cost is passed along to everyone with health coverage through increased health care premiums, deductibles, and other forms of cost-sharing.

We have recently seen massive increases in Medicare spending on prescription drugs. Between 2005 and 2016, Medicare Part B drug spending more than doubled from \$12 billion to \$29 billion. Total Medicare Part D spending is approaching \$150 billion. These escalating costs will eventually affect all of us in the form of higher taxes, cuts to public programs, or both.

In conclusion, current prescription drug price trends are simply not sustainable. Drug companies are working very hard to try to shift the blame to others in the health care system leaving them free to set incredibly high prices and increase them with little restraint. As a result, we Americans continue to pay the highest brand-name drug prices in the world.

It is long past time for Congress to take action to reign in high drug prices. Thoughtful efforts to help reduce prescription drug prices could save tens of billions of dollars for patients, taxpayers and our health care system. More importantly, they will help ensure that all Americans have affordable access to the drugs that they need to get and stay healthy.

Thank you and I look forward to your questions.