

“The Devastating Impacts of Skyrocketing Drug Prices on American Families”
House Committee on Oversight and Reform
9:30 AM, Friday, July 26, 2019
2154 Rayburn House Office Building
Rep. Gerald E. Connolly (D-VA)

Mr. Chairman, thank you for holding today’s hearing to examine the how American families are struggling to pay for life-saving medications. In many cases, families are forced each day to decide between purchasing the prescription medications they need and paying rent, buying groceries, or filling a gas tank.

I have received hundreds of letters from my constituents asking for my help to curb escalating drug prices. Recently, one constituent wrote to tell me that her husband was diagnosed with a heart arrhythmia that required he take a blood thinner called Eliquis, popularly sold as Pradaxa and Xarelto. Even with their insurance, this constituent was told at the Walmart pharmacy that her husband’s co-pay would be \$600 for just a one-month supply of the prescription drug. My constituent did what any good consumer would: she researched the internet for a better price point and even called the drug’s manufacturer for help. Even with these extra efforts, the price of the drug each month was still more than \$400.

My constituent is not alone. And she is right when she wrote that “Congress must do something” to make prescription drugs affordable. It’s not okay when the U.S. Government contributes to innovative breakthroughs in the development of live-saving drugs and then is the only country whose residents cannot afford to access them.

As we have found in this Committee’s previous investigations into outrageously high drug prices, costs are skyrocketing – growing at rates disproportionate to the cost of living. Medicare Part D spending on insulin, a drug discovered in 1921, increased 840 percent between 2007 and 2017. In the first half of 2019, drug companies raised the price of more than 3,400 drugs. These increases exceeded the number of drugs they raised prices on in the first half of 2018 by 17 percent. The average increase over the first half of this year was approximately five times the rate of inflation.¹ A Kaiser Family Foundation Poll found that 1 in 4 Americans have a difficult time affording their prescription drugs, and 1 in 5 Americans have not filled a prescription because of high prices.² These are choices about life and death that Americans should not have to make.

¹ *Drug Prices in 2019 Are Surging, With Hikes at 5 Times Inflation*, CBS News (July 1, 2019) (online at www.cbsnews.com/news/drug-prices-in-2019-are-surging-with-hikes-at-5-times-inflation).

² *Poll: Nearly 1 in 4 Americans Taking Prescription Drugs Say It’s Difficult to Afford Their Medicines, Including Larger Shares Among Those with Health Issues, with Low Incomes and Nearing Medicare Age*, Kaiser Family Foundation (Mar. 1, 2019) (online at www.kff.org/health-costs/press-release/poll-nearly-1-in-4-americanstaking-prescription-drugs-say-its-difficult-to-afford-medicines-including-larger-shares-with-low-incomes).

My constituents watch as the Martin Shkreli's of this world opportunistically profit off their health conditions. In recent years, pharmaceutical companies accounted for approximately 63 percent of the healthcare industry's total profits.³ In the third quarter of 2018, pharmaceutical companies collected more than 60 percent of total profits within the healthcare industry, despite accounting for only 22 percent of industry revenue. Half of these profits were concentrated in the hands of ten pharmaceutical companies.⁴

My constituents read about the Sackler Family's grotesque profit mongering, contributing to the flood of 1.6 billion opioids into my state of Virginia from 2006 through 2012. Under false pretenses, these pharmaceutical companies foster addiction and reap the financial rewards, leaving broken families and tragic overdoses in their wake. Parts of Virginia were among the hardest hit by the opioid epidemic. Fairfax County, in my district, is actually among the lucky counties when it comes to opioid addiction. We had *only* 14.2 opioid pills available per person per year during the height of the opioid epidemic. And ,yes, that makes us among the lucky ones. Norton City in Wise County, Virginia, suffered a deluge of more than 305 opioid pills per person per year. It's clear that the prescription drug market favors Big Pharma and fails people who are often at their most vulnerable.

Drug companies often justify their high prices with the cost of research and development. But the federal government often funds or assists this research. Drug companies may also argue that most people do not pay market price because of insurance coverage or another opaque negotiated discount. But these are temporary fixes for conditions that are often long-term – creating an even deeper problem for patients downstream.

Congress has taken needed steps to address affordability, including enactment of the Patient Protection and Affordable Care Act. The law expands Medicaid and closed the Medicare donut hole, saving seniors an average of \$2,272 on annual drug costs. We must also address the burden drug costs are imposing on patients and the broader health care system. We need to ask why Americans are going abroad to fill their prescriptions. Why have prescription drug prices doubled? Why are the costs for prescriptions drugs that have been around for decades suddenly skyrocketing?

We must demand transparency in price development. We must stop corporations from holding hostage those who are sick or who need medication to maintain their health. We should pursue efforts to streamline and expedite the process for getting generic competitors to market. We should find ways to responsibly allow patients to import FDA-approved drugs from FDA-inspected companies -- a proposal with bipartisan support. The Congressional Budget Office estimated that this proposal could deliver nearly \$7 billion in savings to the federal government over 10 years. Finally, we must allow Medicare to negotiate drug prices to leverage our purchasing power and ensure seniors are protected from unfair prices. Medicare Part D pays on average 73 percent more than Medicaid and 80 percent more than the Department of Veterans Affairs for identical brand-name drugs.

³ *Chart of the Day: Big Pharma's Big Profits*, The Fiscal Times (Nov. 12, 2018) (online at www.thefiscaltimes.com/2018/11/12/Chart-Day-Big-Pharmas-Profits).

⁴ *Health Care Profits Concentrated at Drug Companies*, Axios (Nov. 15, 2017) (online at www.axios.com/health-care-profits-concentrated-at-drug-companies-1513306919-821dd691-cc16-49d8-bdc0-fb5eb8832906.html).

We know what the solutions are. We need to act now to save and prolong lives. As a country, we must have an honest discussion about the future of prescription drugs. Will we continue to treat them as a consumer good, a product like any other, where the most well-off can afford the latest and greatest, while regular Americans are priced out? Will we enact policies that result in a country that invests in the tireless efforts of the future Jonas Salk's of the world who are passionate about solving public health crises? Or will we continue our path that rewards the Martin Shkreli's of this world? I'd rather throw my lot in with the Jonas Salks of the world.