

**Statement of Kåre Schultz
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**U.S. House of Representatives
Committee on Oversight and Reform**

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Chairwoman Maloney, Ranking Member Comer, and members of the Committee, thank you for the opportunity to appear before you today.

My name is Kåre Schultz, and I am the President and CEO of Teva Pharmaceutical Industries. Since I joined Teva in November 2017, I have worked, with the support of my team, to improve our service to patients, governance, compliance, transparency, and efficiency, and to continue to strengthen our company's operations. In those efforts, we remain transparent about our policy on how we make pricing decisions, which is reported in our annual Environmental, Social and Governance Progress Report.

I understand that the Committee is interested in the pricing of the company's specialty medicine for the treatment of multiple sclerosis ("MS"), COPAXONE®. But, before I begin, I would like to tell you more about Teva and its role in the healthcare industry worldwide and in the United States more specifically.

Teva is a global pharmaceutical company committed to helping patients access affordable medicines and benefit from innovations to improve their health. Our mission is to be a global leader in generics and biopharmaceuticals, improving the lives of patients.

We were founded in Israel 120 years ago and operate worldwide, with a significant presence in the United States, Europe, and many other markets. Teva is the world's leading provider of affordable medicines, with the industry's largest portfolio of generic medicines and a strong portfolio of specialty medicines, including COPAXONE. With over 3,500 products across almost all therapeutic areas, Teva reaches nearly 200 million people every day and is proud to provide American patients with approximately 1 out of 10 medicines they take.

Teva has also been an active contributor to economic growth globally, as the largest Israeli company and as the largest Israeli foreign investor in the United States. In the United States, we employ nearly 7,000 Americans and indirectly support more than 57,300 full-time jobs. This contributes \$15 billion to the country's GDP and generates \$4.8 billion in labor income. We also manufacture \$11 billion worth of medicines at our 10 American manufacturing sites each year. In fact, 42 percent of Teva's finished drug products are manufactured in the United States.

As the world's leading provider of affordable medicines, Teva drives access and provides direct savings to patients and healthcare systems around the world. For example, in 2018, on the strength of our generics business, Teva delivered \$55 billion in savings to healthcare systems in 18 global markets. In the United States, specifically, Teva saved the healthcare system \$41.9 billion, including \$5.9 billion in savings directly to patients, in 2018 alone. We also provided over \$40

million worth of medicines to 12,800 patients in the United States through the Teva Cares Foundation in 2019.

Recognizing our essential role in responding to the COVID-19 pandemic, we are doing all we can to ensure a stable, sustainable supply of medicines and to address the needs of patients and communities around the world. Especially during these uncertain times, and given the critical need for affordable medicines, Teva's commitment to patients is steadfast. We are operating conscientiously with a focus on the health and safety of our employees, and are doing our best to ensure supply continuity and sustainability and the safe transportation of our medicines and active pharmaceutical ingredients.

Teva has continuously worked since the early days of the COVID-19 pandemic to support the efforts of governments and health services to curb the impact of the virus. Since the outbreak, our global manufacturing network has focused on securing and scaling production of both active pharmaceutical ingredients and finished doses for potential treatments that may prove essential in treating the condition. These therapies have improved the lives of patients diagnosed with COVID-19, providing them a bridge to recovery as the world waits for a vaccine.

We have donated nearly 20 million units of various medicines that may be used for treatment to more than 26 countries. In the United States, specifically, we have donated more than 10 million doses to hospitals for patients coping with COVID-19. Teva will continue to work with international organizations and governments around the globe to support emerging needs related to this crisis, while also doing everything possible to continue supplying our vast portfolio of medicines to our patients.

Since Teva was founded in 1901, we have been committed to helping improve the lives of patients through rigorous and innovative scientific research, and we take great pride in that. This defines how we do business and how we approach medicine. In order for any pharmaceutical company to research and develop new drugs or improve old ones, the price of successful medicines must reflect the significant costs of ongoing research and development projects. The public only sees and pays for the drugs that are ultimately approved by the government, like COPAXONE, but you have to expend a lot of resources, and endure many disappointments, before finding and bringing to the market the medicines that prove to be safe and effective. Teva will continue to invest in new breakthrough treatments, offer innovative solutions, and find new ways to extend and expand patient care beyond medicine. We understand the many ways that health—and the ability to improve it—affects people's lives, and we provide research-based resources beyond medicines to help patients, caregivers, and communities live healthier every day.

COPAXONE is one of the best examples of our dedication to innovative research and patient support. Our significant investments in researching, developing, and commercializing safe and effective treatments led us to introduce COPAXONE in the United States in 1996 to treat relapsing forms of MS, and Teva has supported MS patients in this country for almost 25 years. Since first introducing COPAXONE, we have continued our studies, and, most recently, in 2014, introduced a more efficient version of that drug that only needs be administered 3 times a week as opposed to daily.

COPAXONE has long been a preferred treatment in the MS community due to its safety and efficacy profile. It has been regarded by healthcare professionals as a highly effective therapy over the long-term, especially compared to many of its competitors in this area. Moreover, COPAXONE is highly tolerable, allowing patients to have a higher quality of living. As a result, COPAXONE has been competitively priced based on both the value it brings to the MS therapeutic area and the continued research and development needed to invest in its continued advancement.

When Teva first launched COPAXONE, the medicine came in frozen form, had to be reconstituted before injection, had to be injected daily, and there was limited MRI data to support it. Since that time, for instance, Teva has invested significant resources in improving the storage conditions for COPAXONE—now, it can be stored at room temperature for up to a month. We have also invested in research and product trials to develop a pre-filled syringe and auto-inject device, among other attempted improvements.

As the Committee may know, the historical COPAXONE price increases of interest to the Committee all predate my tenure at Teva, and Teva has not increased the list price of COPAXONE since January 2017, 10 months before I became CEO. Moreover, the net prices of COPAXONE have declined over the last several years, which is expected given our competitors' generic entry into the market—something we, at Teva, are very familiar with as a company that is primarily focused on developing and marketing generic drugs.

Teva is also dedicated to supporting our patients and improving patients' user-experience in all the ways we can. For example, Teva spends a significant amount of resources on its patient support services program for COPAXONE called "Shared Solutions." Through Shared Solutions, we provide both medical and financial assistance to COPAXONE patients. We provide auto-injection devices to patients and offer 1-on-1, in-home injection training. These services are provided free of cost throughout a patient's therapy experience to encourage compliance and help patients refine their technique. Teva also provides patients with 24/7 access to phone support from MS-certified nurses so that patients can receive assistance whenever they need it. Additionally, Teva helps MS professionals and patients through a range of peer resources, educational programs, support tools, and personalized communication. Patients also have access to benefit specialists who are dedicated to providing these tools and resources to COPAXONE patients.

These comprehensive additional benefits and offerings represent a substantial cost to the company, and the price of COPAXONE reflects the product's value including these patient support services as well as its clinical utility. However, Teva is also committed to ensuring that patients have affordable access to their MS therapy and that they do not have to interrupt or discontinue treatment. Teva's Shared Solutions program is dedicated to helping patients find and maintain affordable access to COPAXONE therapy and assists patients in searching for personalized solutions. For example, Shared Solutions has a team of dedicated Benefits Specialists who are available to research patients' coverage and insurance benefits to ensure that patients are able to receive the most affordable care possible.

Teva acknowledges that the pharmaceutical industry as a whole needs to be mindful and responsible about the pricing of medications and understand that each company plays a role in keeping down healthcare costs. Teva renews its commitment today to continue to provide unfettered access to high-quality generic medicines, to innovate and create solutions for patients,

and to strive to make health care more accessible and affordable. We appreciate the continued efforts of the Committee to understand the overall value of specific medications to the United States healthcare system, and look forward to working with the Committee and answering your questions.

Thank you very much.