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CHAIRMAN FRANK PALLONE, JR. | 116<sup>TH</sup> CONGRESS

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## **Pallone Opening Remarks at Oversight Subcommittee Hearing on Rising Insulin Prices**

**Washington, D.C.** – *Energy and Commerce Chairman Frank Pallone, Jr. (D-NJ) delivered the following opening remarks at an Oversight and Investigations Subcommittee hearing on “Priced Out of a Lifesaving Drug: The Human Cost of Rising Insulin Prices:”*

Today’s hearing continues our efforts to examine the high costs of prescription drugs. It is the first of a two-part hearing this Subcommittee will hold on the urgent matter of skyrocketing insulin costs in this country.

American families are suffering from the ongoing and staggering price hikes of insulin.

We have all heard the stories of people with diabetes who have gone to extreme measures to obtain the insulin they need, as well as those who have died because they could not afford the lifesaving drug.

Of the 30 million Americans living with diabetes, over 7 million of them rely on one or more formulations of insulin.

No one should suffer because the high price of insulin puts it out of reach.

Yet, that is exactly what is happening. Over the last 20 years, prices for the most commonly prescribed insulins have increased by more than 700 percent, accounting for inflation. For instance, a vial that once cost \$20 two decades ago now costs over \$250. There are reports of patients paying more than \$400 per month for their insulin.

This is particularly devastating for the uninsured, people who have high-deductible insurance plans, and Medicare Part D prescription drug beneficiaries who may be in the coverage gap.

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We must find workable solutions to support the development of high-quality drugs and insulin innovations while also ensuring that no one living with diabetes is ever forced to put their life at risk by rationing their insulin because they cannot afford it.

As the Committee continues to explore this issue, it is important to hear today about the drivers of these steep prices and their consequences on the lives of people living with diabetes.

Multiple factors influence the price the patient pays for insulin at the pharmacy. The lack of transparency in financial agreements between stakeholders in the supply chain makes an already convoluted system even more complex. But at least some of the pressure points are clear.

For instance, we know that insulin manufacturers set the list prices of their drugs and may engage in practices that prevent the introduction of generics.

We also know that Pharmacy Benefit Managers—PBMs—influence these prices within and throughout the supply chain through negotiated rebates.

We are going to have representatives of these companies before the Committee next week and I look forward to asking them about the examples and issues we will hear about this morning.

Finally, as with other drugs, insulin pricing is a complex issue that will require multiple policy solutions. However, I have concerns with the recent proposed rule that would eliminate rebates in Medicare Part D and Medicaid. There is nothing in this proposed rule that would actually require drug manufacturers to reduce their list prices. HHS's own actuary estimates that the proposal would increase government spending by nearly \$200 billion, while premiums and out-of-pocket costs would go up for the majority of Medicare beneficiaries. I strongly believe that the cost of prescription drugs, including insulin, must be addressed, but I am concerned that this is not the right approach.

The health of millions of people living with diabetes depends on thoughtful policy solutions to address the high cost of insulin.

Thank you to all our witnesses for joining us today. Your first-hand accounts, research, and recommendations will be invaluable contributions as we continue to examine this issue.

Thank you, and I yield back.

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