Committee on Energy and Commerce

Opening Statement as Prepared for Delivery
of
Subcommittee on Oversight and Investigations Ranking Member Brett Guthrie

Hearing on "Priced Out of a Lifesaving Drug: Getting Answers on the Rising Cost of Insulin"

April 10, 2019

Thank you, Chair DeGette, for holding this important hearing.

Last week we held a hearing on the rising cost of insulin and heard from patients, doctors, and patient groups about how the rising cost of insulin has affected Americans with diabetes. More than 30 million individuals—or 9.4 percent of the population—in the United States have diabetes and, in 2016, about 6.7 million Americans aged 18 and older used insulin.

The insulin prescribed today is different than the insulin discovered over 100 years ago and the life expectancy of diabetics has improved dramatically. These innovations should not be underestimated, and a lot of exciting research is on the horizon. Someday soon, I hope we have a cure for diabetes.

As we discussed last week, however, the average list price of insulin nearly tripled between 2002 and 2013, making this vital drug unaffordable for too many Americans. Many argue that while list prices have been increasing, net prices have stayed relatively the same or have even gone down. This sounds great because in theory no one is supposed to pay the list price for insulin. However, if a patient is uninsured or underinsured they may end up paying the list price, or close to it. We've also heard that more Americans are paying the list price at the pharmacy counter for part of the year because enrollment in high deductible health plans has increased.

We have struggled to fully understand why list prices for medicines such as insulin have continued to rise. The prescription drug supply chain is complex and lacks transparency. We have had a lot of conversations with participants in the drug supply chain over the last two years to better understand how the pricing and rebating system works. We've been told that manufacturers set the list price and therefore lowering the cost of prescription drugs is as simple as the manufacturers lowering their list prices. On the other hand, we've heard that manufacturers can't simply lower their list price because the pharmacy benefit managers or PBMs demand large rebates and if the manufacturers do not provide them with these rebates, the PBMs won't put their drugs on formularies for health insurance plans. Although they're not on the panel today, we've also heard concerns about other entities in the supply chain such as health insurance companies.

While some may think that one party in the supply chain is solely responsible for the rising price of drugs, there are incentives to increase list prices throughout the drug supply chain beyond the potential for manufacturers to make more money by raising prices. A higher list price allows manufacturers to provide a larger rebate to PBMs, most of whom have contracts that allow them to keep a percentage of the list price or receive fees based on the list price. Additionally, the health insurance companies decide whether to pass the rebate along to the patient at the point-of-sale or keep the rebate to help lower premiums across the board for all beneficiaries. The current system contains many incentives for list prices to increase, rather than decrease.

Unfortunately, while we keep hearing assurances that net prices are staying flat or decreasing and that almost all rebates are passed on to the health plans, we know that many patients are being disadvantaged by this system and are paying more for their insulin at the pharmacy counter.

Your companies have each taken steps to try to reduce out-of-pocket expenses for insulin to the patients who need them, and that is a good thing. I worry, however, that these are only short-term solutions. It is important that we collectively find a permanent solution that improves access to and affordability of medicines, such as insulin.

I thank our witnesses for being here today. I yield back.