

**Statement of Chairman Frank Pallone, Jr.  
House Energy and Commerce Committee  
Subcommittee on Health  
Hearing on “Lowering Prescription Drug Prices: Deconstructing  
the Drug Supply Chain”**

*May 9, 2019*

Today we continue to focus our attention on reducing the price of prescription drugs by closely evaluating the pharmaceutical supply chain. It’s critical that we have a full understanding of how drugs are developed, priced, delivered, purchased, and dispensed so we can consider policies that will best improve the system to drive down costs and save consumers money.

Drug prices continue to dramatically increase, while consumers pay more and more out-of-pocket for the medications they need. In fact, nearly one in four Americans who take prescription drugs say it is difficult to afford their medications. This is simply unacceptable.

Fortunately, this Committee is already taking bipartisan action to make prescription drugs more affordable. Last month, we favorably reported out of Committee bills that will help bring generic drugs to market faster. Yesterday on the House floor we passed two of those bills that will increase the accuracy and transparency of the Food and Drug Administration databases that generic and biosimilar manufacturers depend on to bring more affordable prescription drugs to market. Next week, the House will consider legislation that has been reported out of our Committee that will further these goals as well, including the CREATES Act and legislation to address pay-for-delay agreements.

I am proud of the bipartisan work, but it is critical that we recognize that the work cannot and will not stop there. Solving this drug-pricing crisis will require a multifaceted approach that addresses

the misaligned incentives throughout the supply chain that often encourage gaming and lead to higher costs.

The pharmaceutical supply chain is an intricate and complicated network made up of drug manufacturers, wholesalers, providers, insurers, pharmacy benefit managers, pharmacists, and patients. It is critical that Congress, as well as the American people, have a clear understanding of how these entities operate, how they work in relation to one another, and what impact they have on the drug prices consumers ultimately pay.

We know that innovation has paved the way for a new generation of life-saving and life-changing therapies for patients who otherwise may have faced much different outcomes. However, as newer and more specialized medicines come to market, these drugs

typically have much higher prices that are too often just simply unaffordable.

I am interested in hearing from our witnesses today how manufacturers set prices for newly launched drugs, and why some drugs that are already on the market have continually increased in price. I also want to know how pharmacy benefit managers work with health insurance plans to decide how to cover these medications and under what conditions. It is also important to discuss how health care providers, hospitals, and pharmacies deliver medications to patients.

But ultimately, I am most interested in how these decisions impact consumers – our constituents– and what they pay when they reach the pharmacy counter or receive a bill for drugs administered in a hospital.

It is my hope that the witnesses will discuss specific policy solutions that Congress should keep in mind as we move forward with legislative proposals to bring down costs. I'd like to hear our witnesses' thoughts on providing for an out-of-pocket cap in Part D, increasing transparency around pricing mechanisms and price increases, and further incentivizing competition in the marketplace.

Today's hearing is an important step in our effort to fulfill the promise we made to the American people to reduce their health care costs, and I look forward to hearing from our witnesses. I hope that we can continue to work in a bipartisan manner to reduce prescription drug prices and consider real solutions that will lower costs.

Thank you, I yield back.