

**EXAMINING THE ACTIONS OF DRUG COMPANIES
IN RAISING PRESCRIPTION DRUG PRICES**

Tuesday, January 29, 2019

HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND REFORM
Washington, D.C.

The committee met, pursuant to notice, at 11:49 a.m., in room 2154, Rayburn House Office Building, Hon. Elijah Cummings (chairman of the committee) presiding.

Present: Representatives Cummings, Maloney, Norton, Clay, Lynch, Connolly, Krishnamoorthi, Raskin, Rouda, Hill, Wasserman Schultz, Sarbanes, Welch, Speier, Kelly, DeSaulnier, Khanna, Ocasio-Cortez, Pressley, Tlaib, Jordan, Amash, Massie, Meadows, Hice, Grothman, Comer, Cloud, Gibbs, Higgins, Norman, Roy, Miller, Green, and Armstrong.

Chairman CUMMINGS. Without objection, the chair is authorized to declare a recess at any time. Welcome to the first hearing of the Committee on Oversight and Reform for the 116th Congress. Before I begin, I want to thank Ranking Member Jordan and his staff for agreeing to accommodate this hearing. I know that we are taking a lot of time today, but I truly believe this is one of the most important issues facing our constituents, and it is one that demands immediate, immediate attention. I will now recognize myself for an opening statement.

Today we will examine the actions of drug companies in raising prescription drug prices in the United States, as well as the effects of these actions on the Federal and state budgets, and on American families.

Before we begin, I acknowledge that there is a lot going on right now here on Capitol Hill and across the country. Until last Friday, the Federal Government was in the midst of the longest shutdown in United States history. Hundreds of immigrant children and possibly many more are still separated from their families. The latest of President Trump's long-time advisors has been indicted on criminal charges.

But today, for our first hearing, I wanted to focus on one of the biggest problems facing American families across the country. The actions of drug companies that have been aggressively increasing prices on existing drugs and setting higher launch prices for new drugs, all while recording windfall profits.

Two weeks ago, the committee launched an investigation into the prescription drug prices to determine why drug companies are increasing prices so dramatically, how drug companies are using the proceeds, and what steps can be taken to reduce drug prices.

Our first witness today is not President Trump's personal lawyer, Michael Cohen. No, it is not Michael Cohen. It is not someone from

the White House or even someone from the Trump administration. Contrary to what some have claimed, that never was planned.

The first witness to testify before the Oversight Committee is Antoinette Worsham. Ms. Worsham is a working mother—listen up—whose daughter died, 22-year-old daughter died, tragically, when she could not afford to pay for the insulin she needed to treat her diabetes, and instead began to ration her medicine. It would have cost \$1,000 for three months of insulin. She died. And I know Ms. Worsham will share her story, and it is not easy to testify, but as I said to her, I thank her for taking her pain, turning it into her passion to do her purpose.

I also want to thank you for being here to share your family's story with us. You are not alone. Researchers at Yale University recently found that one in four patients with type 1 or type 2 diabetes, and I quote, "have reported using less insulin than prescribed," end of quote. So when you testify here today, you are representing thousands upon thousands of your fellow Americans who are suffering from the same worsening problem.

I also want to thank our other witnesses for being here with us today. We are grateful to have Dr. Catherine Georges of AARP to speak on behalf of America's seniors. And I want to thank all the members of—I asked my staff who were all those people in the red, and I am glad to see you all.

We also value the expert testimony of Dr. Gerry Anderson and Dr. Aaron Kesselheim, and Dr. Avik Roy, for being with us today.

I have been waiting a very long time to hold this hearing. For the past decade, I have been trying to investigate the actions of drug companies for all sorts of drugs, old and new, generic and brand name. We have seen time after time that drug companies make money hand over fist by raising the prices of their drugs, often without justification, and sometimes overnight, while patients are left holding the bill.

The pharmaceutical industry is one of the most profitable in the world, and one of the most powerful. Fourteen drug companies each made more than \$1 billion in profits just in the third quarter of 2018, and they have the best lobbyists money can buy.

Let me be clear: There are powerful interests here that do not want us to interfere with those massive profits, but there is a strong bipartisan consensus that we must do something, something meaningful, to rein in the out-of-control price increases. Even President Trump has said that drug companies are, quote, "getting away with murder," end of quote. But tweets are not enough; we need real action and meaningful reforms.

We all recognize that research and development efforts on groundbreaking medications have made immeasurable contributions to the health of Americans, including new treatments and cures for diseases that have affected people for centuries. But the bottom line is that the ongoing escalation of prices by drug companies is simply unsustainable.

This is a matter literally of life and death, and we have a duty to act now. Our constituents are demanding it, and I am grateful that we are finally starting down the road with this hearing.

Before I go on, I would like to enter in the record—yield to the—before I yield to Mr. Jordan, I would like to enter into the record

letters the committee has received in recent days from a variety of organizations, including the American Medical Association, the American Society of Health-System Pharmacists, and the Association for Accessible Medicines.

All of these groups have written to express their concerns about the impact of high prescription drug prices on their members and the American healthcare system. I ask unanimous consent that these letters be entered into the record. So ordered.

Chairman CUMMINGS. I now recognize—I am about to recognize the gentleman, Mr. Welch, but let me just say this. I talked about when I was in the hospital, Mr. Ranking Member, but when I was in the—I will never forget. On my third week, when I was about—when a lady that had been in the hospital with me, and she was an elderly lady, and she was about to get out of the hospital. And I said, “You leaving today?” She said, “Yes, I am leaving today. I said, Oh, Miss Mary, you should be happy that you are leaving today.” And then she started crying. This is at Johns Hopkins. I said, “Why are you crying?” She said, “I am crying because they had to treat me at Hopkins, but now when I am leaving, I can’t afford the cure. I can’t afford the medicine.” And so, I will never forget her, and we will fight for her.

Mr. Welch, I yield to you for two minutes.

Mr. WELCH. Thank you, Mr. Chairman. Mr. Chairman, Pharma justifies its highest prices in the world by perpetuating two myths: First, they warn in very solemn tones that if we negotiate prices, it will result in price fixing. Mr. Chairman, we already have price fixing. Pharma fixes the prices whenever they want, as high as they want, and as often as they want.

Second, Pharma claims that the high prices are essential to innovation. If that is so, Mr. Chairman, why is it, why is it that Pharma spends more on advertising than research? Why is it that Pharma spends more on stock buybacks than it does on research? And why is it that Pharma spends more on mergers and acquisitions than they do on research? And the sad truth is that Pharma, for all the good it does with life-extending and pain-relieving drugs—and my family has benefited from that—is holding all of our good constituents hostage to the universal desire each of us has to help a loved one through an illness or to cope with a chronic condition.

Mr. Chairman, consider some of the disgraceful tactics that Pharma has employed to fix high prices. Renting a patented drug to a Native American Tribe to assert sovereign immunity to block generic competition, imposing a gag rule on our local pharmacists so they can’t tell a customer that it is cheaper to pay cash than to pay the deductible. Evergreen, the practice of making the ever smallest cosmetic change to extend the patent monopoly. Paying generic manufacturers to keep their lower cost product off the market so they can extend their monopoly.

The maneuvers are endless, they are relentless, and they are unconscionable. And our mission, Mr. Chairman, both sides of the aisle, restore competition, restore transparency, and lower prices.

I yield back.

Chairman CUMMINGS. I want to thank the gentleman for his statement.