

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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MEMORANDUM

April 22, 2022

To: Members of the Committee on Oversight and Reform

Fr: Committee Staff

Re: Hearing on “McKinsey & Company’s Conduct and Conflicts at the Heart of the Opioid Epidemic”

On **Wednesday, April 27, 2022, at 10:00 a.m. ET, in room 2154 of the Rayburn House Office Building and on the Zoom video platform**, the Committee will hold a hearing on McKinsey & Company’s (McKinsey) consulting services for opioid and pharmaceutical companies and McKinsey’s conflicts of interests stemming from its overlapping work for the federal government.

I. THE COMMITTEE’S INVESTIGATION

McKinsey is one of the world’s oldest and most prestigious consulting firms, providing clients with management consulting advice and recommendations in exchange for fees topping over \$10 billion per year.¹ Famed for its secrecy, McKinsey does not disclose the names of its clients nor the advice it gives them.² Unlike other industries, such as the legal or accounting industries, consulting firms are not subject to general governmental regulation.

McKinsey has engaged in a pattern of conduct that raises serious concerns about its business practices and conflicts of interest. Over the past 15 years, the firm has generated hundreds of millions of dollars from consulting services for the federal government and opioid manufacturers, sometimes simultaneously.³ Since at least 2004, McKinsey has consulted for

¹ *McKinsey & Company*, Forbes (online at www.forbes.com/companies/mckinsey-company/?sh=3ad4c09424c1) (accessed Apr. 22, 2022).

² Duff McDonald, *The Firm: The Story of McKinsey and Its Secret Influence on American Business* (2013).

³ Majority Staff, Committee on Oversight and Reform, *The Firm and the FDA: McKinsey & Company’s Conflicts of Interest at the Heart of the Opioid Epidemic* (Apr. 13, 2022) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022-04-13.McKinsey%20Opioid%20Conflicts%20Majority%20Staff%20Report%20FINAL.pdf>); General Services Administration, *Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an*

opioid manufacturers, including Purdue, Johnson & Johnson, Mallinckrodt Pharmaceuticals, and Endo International.⁴

During this period, McKinsey also advised the federal agency regulating opioid manufacturers' products. Since 2008, the Food and Drug Administration (FDA) has paid McKinsey more than \$140 million—\$40 million of which has come from FDA's Center for Drug Evaluation and Research, which oversees numerous opioid-related programs.⁵

In February 2021, McKinsey reached a \$573 million agreement with 53 attorneys general—led by the Massachusetts Attorney General—to resolve allegations that it engaged in unfair trade practices by aggressively promoting the sale of higher doses of opioids for longer periods of time.⁶

On November 5, 2021, Chairwoman Maloney wrote to McKinsey seeking documents and information regarding McKinsey's consulting services on behalf of the opioid and pharmaceutical industries and possible conflicts of interest created by work for federal regulators.⁷

On April 13, 2022, the Committee released an interim majority staff report, detailing the significant, years-long conflicts of interest at McKinsey resulting from its work for the federal government while also advising opioid manufacturers.⁸

Estimated \$69 Million (July 23, 2019) (A170118/Q/6/P19004) (online at www.gsaig.gov/sites/default/files/audit-reports/A170118_1.pdf).

⁴ *McKinsey Settles for Nearly \$600 Million Over Role in Opioid Crisis*, New York Times (Feb. 3, 2021) (online at www.nytimes.com/2021/02/03/business/mckinsey-opioids-settlement.html); Majority Staff, Committee on Oversight and Reform, *The Firm and the FDA: McKinsey & Company's Conflicts of Interest at the Heart of the Opioid Epidemic*, at Page 10, 12, 13, 16, and 22 (Apr. 13, 2022) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022-04-13.McKinsey%20Opioid%20Conflicts%20Majority%20Staff%20Report%20FINAL.pdf>).

⁵ USA Spending, *McKinsey & Company Contracts with the Food and Drug Administration Since 2008* (online at www.usaspending.gov/search/?hash=9c4702cb5b379594a7c36481464f73f7) (accessed Jan. 15, 2022).

⁶ Office of Massachusetts Attorney General Maura Healey, *Press Release: AG's Office Secures \$573 Million Settlement with McKinsey for "Turbocharging" Opioid Sales and Profiting from the Epidemic* (Feb. 4, 2021) (online at www.mass.gov/news/ags-office-secures-573-million-settlement-with-mckinsey-for-turbocharging-opioid-sales-and-profiting-from-the-epidemic).

⁷ Letter from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, to Bob Sternfels, Global Managing Partner, McKinsey & Company (Nov. 5, 2021) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-11-05.CBM%20to%20Sternfels-McKinsey%20re%20Document%20and%20Information%20Request%20%28001%29.pdf>).

⁸ Majority Staff, Committee on Oversight and Reform, *The Firm and the FDA: McKinsey & Company's Conflicts of Interest at the Heart of the Opioid Epidemic* (Apr. 13, 2022) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2022-04-13.McKinsey%20Opioid%20Conflicts%20Majority%20Staff%20Report%20FINAL.pdf>).

II. WITNESSES

The Honorable Maura Healey
Attorney General
Commonwealth of Massachusetts

In Joint Testimony with
Ms. Gillian Feiner
Senior Enforcement Counsel
Massachusetts Attorney General's Office

Bob Sternfels
Global Managing Partner
McKinsey & Company

Professor Jessica Tillipman
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