Opening Statement of Chairman Greg Walden
Subcommittee on Oversight and Investigations "Combating the Opioid Epidemic: Examining Concerns About Distribution and Diversion"
May 8, 2018

As Prepared for Delivery

Mr. Chairman, thank you for holding this hearing. I also want to thank you and Ranking Member DeGette for your work in this bipartisan investigation.

This Energy and Commerce Committee is leading the national fight to combat the opioid crisis. Over the past few years we've conducted multiple investigations, enacted major bipartisan legislation, and helped authorize historic levels of funding – to help those battling this epidemic in communities across the country. But clearly we have more work ahead of us, including two important hearings and a full committee markup this week. Our efforts continue on two-tracks, providing new legislative solutions to combat the crisis and conducting thorough investigations into its causes.

Today's hearing marks one year to the day since we first asked the DEA and the nation's largest opioid distributors for information about the overwhelming amount of prescription opiates that flooded countless communities. After hearing from the DEA in March, it's important that today we hear from the executives who lead the most influential pharmaceutical distributors in the country. We have tough questions for you today, but we ask you these questions in order for us all to find solutions.

More than one decade ago, the DEA realized that its enforcement strategy had to change to fight the rising tide of internet pharmacies and pill mills. With more than one million DEA registrants, the DEA simply could not fight this only at

an individual doctor and pharmacy level. To more effectively and efficiently combat this emerging law enforcement challenge, the DEA asked the drug distributors to play a more proactive role in identifying, analyzing, reporting, and blocking suspicious orders of controlled substances.

In 2005, the DEA started the "Distributor Initiative Program," with the goal of educating registrants on maintaining effective controls against diversion, and monitoring for and reporting suspicious orders. DEA held individual meetings in 2005 and 2006 with McKesson, Cardinal Health, and Amerisource Bergen, and instructed the companies on how to identify and submit reports of suspicious orders. In 2006 and 2007, the DEA sent three letters to all DEA-registered distributors to put them on notice about their legal obligations.

However, soon after the start of this initiative, each of these three companies faced enforcement actions in 2007 and 2008 for failures to maintain effective controls against diversion of controlled substances. Cardinal Health and McKesson each paid civil penalties totaling millions of dollars.

Meanwhile, the opioid crisis worsened over the next decade, especially in ravaged communities like the small towns in rural West Virginia.

Even after the 2008 settlements, while concerns rose over the opioid epidemic, some distributors were still failing to exercise effective controls against diversion. This led to more enforcement actions, and more settlements, including a record-setting $150 million civil penalty by McKesson in January 2017. It remains an open question today whether the distributors have finally achieved effective DEA compliance programs.

Since the 1970s, you have had a statutory responsibility under the Controlled Substances Act to exercise due diligence to report and avoid filling suspicious

orders. This responsibility is due to your unique position in the marketplace. You are the chokepoints in the U.S. prescription drug supply chain. Three of you – McKesson, Cardinal Health, and AmerisourceBergen – account for about 85 percent of the drug supply.

It is not sufficient to simply blame the DEA. You have a unique set of resources and tools at your disposal, and a shared responsibility in flagging suspicious activity and diversion. You are supposed to be one of the first lines of defense in this crisis.

Instead, the information uncovered by this investigation over the last year is stunning. There is no logical explanation for why a town of approximately 400 people would receive 9 million opioid pills in two years. Or why a single pharmacy in a town of about 1,800 people would receive nearly 17 million opioid pills in a decade. Then there are the two pharmacies in a nearby town of 2,900 people which received nearly 21 million opioids in the same time frame. No matter how you cut this data, behind each of these numbers was a pill mill. And they proliferated for far too long.

Given what we know about the volume of opioid shipments to small towns in West Virginia, and the associated pill mills and diversion schemes in those areas – it is difficult to not be troubled by your compliance efforts and the part you have played in our nation's opioid crisis.

We look forward to getting a better understanding of the facts, and to finally have this necessary and frank conversation. We owe it to the 115 Americans who die every day from opioid overdoses, and their loved ones, to understand what led to this crisis and to identify solutions to stem the tide.