

**House Judiciary Committee Subcommittee on Antitrust, Commercial, And
Administrative Law**
**“Treating the Problem: Addressing Anticompetitive Conduct and
Consolidation in Health Care Markets”**
Senator Chuck Grassley of Iowa
April 29, 2021

I appreciate the invitation to testify today.

Millions of Americans started their day with a dose of prescription medication. Unfortunately, for many patients, those drugs aren't affordable. Prescriptions are left at the pharmacy counter. Doses are skipped or rationed until the next paycheck.

That's unacceptable.

As Chairman of the Finance Committee last Congress, I explored several approaches to reduce health care costs. Senator Wyden and I started by investigating insulin pricing. We found that the business practices and competitive relationships between manufacturers and middlemen, the Pharmacy Benefit Managers (PBMs), have created a vicious cycle of price increases. PBMs spur drug makers to hike list prices in order to secure prime formulary placement and greater rebates.

I also investigated the debt collection practices of non-profit hospitals. I examined how these hospitals make financial-assistance plans available to patients who can't afford to pay. Non-profit hospitals enjoy certain benefits under the tax code because they're supposed to serve the needs of their communities, including patients with limited means. It's only fair that we ensure compliance with the law if they get special treatment.

I've worked with Senator Wyden on a prescription drug bill that would lower drug costs and save taxpayers \$95 billion. Our bill would cap out-of-pocket drug costs for seniors at \$3,100. It would slow the growth of drug costs in the future while protecting innovation by keeping government out of the business of setting prices. It's the only prescription drug bill that can get 60 votes in the Senate.

I also believe that the importation of safe and affordable prescription drugs from Canada would lower health care costs. Senator Klobuchar and I have a bill to allow this, creating savings for consumers and injecting more competition into the pharmaceutical market.

When I chaired the Judiciary Committee, I conducted an investigation into EpiPen's misclassification in the Medicaid Drug Rebate Program. My investigation started when a constituent contacted me about high EpiPen costs. Those constituent contacts, and its resulting congressional investigation, ultimately contributed to implementation of the bipartisan Right Rebate Act.

We must deter companies from engaging in activities that aim to reduce competition, including regulatory interference, pay for delay, product-hopping and rebate bundling, just to name a few.

Senator Klobuchar and I re-introduced our bill to combat anti-competitive pay for delay deals, where brand drug companies pay their generic competitors not to compete. We've also re-introduced our bill to reduce the incentives for brand drug companies to interfere with the regulatory approval of generics and biosimilars that would compete with their own products.

The largest PBMs have merged with insurance companies, and these conglomerates often own other players in the health care industry. It's important to determine whether consolidation helps patients, or creates anticompetitive behavior and increased costs.

I've introduced a bill with Senator Cantwell to bring transparency to the PBM industry by requiring the Federal Trade Commission to study the effect of consolidation on pricing and potential anti-competitive behavior.

Further, Congress should codify regulations requiring hospitals and insurers to disclose their low, discounted cash prices and negotiated rates to consumers before they receive medical care. We should pass Senator Braun's PRICE Transparency Act, which I've cosponsored.

We should work in a bipartisan and bicameral fashion to tackle the problem of rising healthcare costs.

Thank you again for the opportunity to testify today.