

Opening Statement
Chairwoman Anna G. Eshoo
Subcommittee on Health
Committee on Energy and Commerce
Hearing on “Improving Drug Pricing Transparency and Lowering Prices for American
Consumers”
May 21, 2019

Last week, our Subcommittee held a hearing to follow the money in the drug supply chain. Instead of answers, we found secrets.

Secret decisions about how drugs are priced. Secret deals between drug companies and the PBMs, and secret agreements between PBMs and insurers.

Today, we consider seven bipartisan bills that unmask the secrets and ensure that low-income seniors can afford their medications. The bills build on the drug pricing package passed by the House last week.

The first and perhaps most important bill makes sure seniors can afford their drugs. Representatives Cunningham and Bilirakis introduced the Creating Lower Cost Alternatives for Your Prescription Drugs Act. The bill eliminates cost-sharing for generic drugs for low-income Medicare enrollees and caps their out-of-pocket costs for other drugs. Nearly 25 percent of seniors who take drugs report it is difficult for them to afford their medications. This bill will not only save seniors money, it can also save lives.

The second group of bills expose how drug prices are set.

The SPIKE Act, proposed by Representatives Horsford and Reed, and the FAIR Drug Pricing Act, proposed by Representatives Jan Schakowsky and Francis Rooney require drug manufacturers to justify large spikes in drug prices.

The Reporting Accurate Drug Prices Act, proposed by Representatives Doggett and Buchanan require manufacturers to report the average sales price of Medicare Part B drugs. This bill makes sure Medicare is paying the right price for Part B drugs.

The Sunshine for Samples Act, proposed by Representatives Chu and Nunes, directs companies to report the price and quantity of the free samples of drugs, devices, and medical supplies they give to health care providers. The bill does not prohibit free samples. Instead, it will help us see how free samples influence product pricing and distribution.

The third group of bills expose the secret deals between PBMs and the other stakeholders in the drug supply chain.

The Public Disclosure of Drug Discounts Act authored by Representatives Spanberger and Holding requires PBMs to report the discounts they negotiate with drug manufacturers. This transparency will help to ensure the discount is passed down through the chain to patients.

The Prescription Pricing for the People Act authored by Representatives Nadler and Collins directs the Federal Trade Commission to review PBMs' anticompetitive behaviors. At our hearing last week, we learned that three PBMs control the majority of the market and those PBMs own large pharmacy chains and specialty pharmacies, a potential conflict of interest. With this bill, the FTC will scrutinize PBMs to ensure there are not any distortions of the market.

Last week I said we needed to examine the system from beginning to end because in order to fix it, we have to understand it, and then we will act. With these seven bills today, we're taking important action. Each bill is directed to reform the drug supply chain, but transparency is only as good as the accountability and enforcement that must follow.

Welcome to our witnesses and we look forward to your testimony.