

Opening Statement
Chairwoman Anna G. Eshoo
Subcommittee on Health
Committee on Energy and Commerce
Hearing on “Lowering Prescription Drug Prices: Deconstructing the Drug Supply Chain”
May 9, 2019

I want to acknowledge that Robert Pear, the New York Times health reporter, died on Tuesday. For 40 years, his meticulous, straightforward reporting helped the American people make sense of the Washington health care debate. He was a giant in his field, and will be very missed.

Some of our witnesses today preferred not to be formally sworn in. I want to reiterate that each witness signed a statement certifying that, I quote, “Knowingly providing material false information to this subcommittee or knowingly concealing material information from this subcommittee, is a crime.”

Thank you to our witnesses. My staff reached out to nearly a dozen drug companies to testify, and you are the few willing to do so.

Express Scripts was the only major PBM willing to testify. CVS Health and OptumRx both said no.

Today’s hearing focuses on a health crisis facing American families – the soaring costs of prescription drugs. At this hearing, we will ask each stakeholder in the drug supply chain about the role they play, the impact they have on drug prices, and the value they bring to patients.

We’re going to follow the money. We’re examining the system from beginning to end because in order to fix it, we must understand it, and then, we’re going to act.

We’ve already taken the first step. The House passed two drug bills yesterday, including a bill I sponsored, to increase drug market competition.

We have a long hearing ahead of us. So, instead of a lengthy opening statement, I want to summarize my questions for the first panel now.

First, we have the drug makers -- Pfizer, which earned \$53.6 billion in revenue last year, and Amgen, which earned \$23.7 billion. We’ll also hear from a small cancer drug company, Excelixis, which has only two products.

To the drug makers: How do you price your drugs? We know there are costs – research and development, salaries, advertising, etc. After the costs are calculated, how do you set a price? Who in the drug supply chain do you exchange money with and how?

The next link in the chain – Pharmacy Benefit Managers or PBMs.

They use their buying power to get the best deal on drugs for the clients they represent, which are commercial health insurers, self-insured employers, Medicare Part D plans. This is a highly

profitable business. In 2017, Express Scripts earned \$100 billion in revenue.

My question for the PBMs: What value do you add? You don't invent. You don't manufacture. You don't conduct research and development. How do you earn your money? Who in the drug supply chain do you exchange money with and how?

On this first panel, we can conservatively estimate that our witnesses represent nearly \$200 billion in revenue.

My final question for them: Where do those billions come from and where can we cut the fat, so that Americans can afford their drugs?

During the second panel, we'll examine the second half of the drug supply chain. We'll hear from a health insurer, a health system, a pharmacy, a physician, and a patient representative.

I will continue to follow the money through the drug supply chain.

Thank you all for your testimony.

