

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Subcommittee on Health Chairwoman Anna G. Eshoo

Hearing on “Negotiating a Better Deal: Legislation to Lower the Cost of Prescription Drugs”

May 4, 2021

A U.S. law prohibits Medicare from negotiating directly with drug companies. We’re the only developed nation in the world with such a law, and because of that Americans are paying 3 to 4 times more for prescription drugs than other countries.

We can change that. And if we do, we’ll save lives and prevent bankruptcies.

In the absence of direct negotiation, American prescription drug prices have gone up year-after-year while large drug companies saw huge profit margins of about 20 percent on average.

These price hikes have caused Americans to choose between buying their prescriptions and paying rent. For example, one in four diabetes patients report rationing their insulin. Thirty percent of Americans have skipped a medication dose due to cost. By 2030, the Council for Informed Drug Spending Analysis estimates that 1.1 million seniors will die prematurely due to high out-of-pocket drug costs.

Every Member of this committee has heard from their constituents about high prescription drug costs. Today our Subcommittee can help them by moving forward H.R. 3 the *Elijah E. Cummings Lower Drug Costs Now Act*.

H.R. 3 will finally **give Medicare the power** to negotiate lower drug prices for drugs without market competition and extend those lower prices to **all Americans**. It will also:

- **Cap out-of-pocket spending on drugs** at \$2,000 for Medicare beneficiaries. Today, seniors can pay more than \$15,000 a year for a single prescription drug. During our mark-up of H.R. 3 in 2019, I added a provision to the bill to cap how much seniors with high out-of-pocket costs pay per month to \$250.
- **H.R. 3 will also stop drug price hikes** like the ones we saw from EpiPen and Martin Shkreli. If a manufacturer raises the price of a drug (**including generics**) above the rate of inflation, then the manufacturer must pay the entire price above inflation back to the Treasury.

Nonpartisan analyses found H.R. 3 will:

- Reduce U.S. prices for negotiated drugs by 40% to 55% on average,
- Save the federal government and taxpayers \$500 billion over 10 years,
- Save patients \$158 billion in lower insurance premiums and out-of-pocket costs, and
- Save private businesses \$46 billion.

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With these savings, we can make a major investment to kickstart drug research and development at the NIH, FDA, and the Advanced Research Projects Agency for Health (ARPA-H) which the President described in his address to Congress last week. These investments will support the development of innovative cures that will be available and affordable to all Americans.

This bill is popular and bipartisan. In a poll from April, 93% of Americans support giving Medicare the power to negotiate with drug companies for lower prices.

The AARP, the American Hospital Association, the Purchaser Business Group, and the AFL-CIO all support H.R. 3. A recent poll of executives from 300 large private employers found that 72% agree that a stronger government role is needed to negotiate prices for high-cost drugs.

This bill could be bipartisan. In Congress there's been bipartisan support for the VA's direct negotiation authority for 30 years. Several provisions in H.R. 3 are similar to the Senate's bipartisan bill from last Congress. The last Republican President also supported negotiating drug prices, but failed to deliver.

It's time to live up to our promises to lower the cost of prescription drugs for all our constituents.