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Pallone Remarks at Oversight Hearing with Insulin Manufacturers and Pharmacy Benefit Managers

“I’m concerned that the market has simply broken down. It appears that there is limited competition and little incentive to keep prices at a level that patients can afford.”

Washington, D.C. – Energy and Commerce Chairman Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at an Oversight and Investigations Subcommittee hearing on “Priced Out of a Lifesaving Drug: Getting Answers on the Rising Cost of Insulin.”

Today the Committee is holding the second of a two-part hearing on the increasing price for insulin. Millions of Americans rely on this lifesaving drug, and they are directly affected by the ever-increasing prices.

People are having to make sacrifices to be able to pay for their insulin, and some are even forced to go without it – sometimes with tragic consequences.

Last week, this Subcommittee heard from expert witnesses in diabetes care. They provided testimony about the rising price of various insulin medications, and the effects it is having on patients living with diabetes.

We heard from an endocrinologist who described a complicated system that makes it difficult – if not impossible – for him to determine how much his patients will have to pay for their insulin.

And we heard from patient advocates who described the hardship patients endure when they can no longer afford their medication or are forced to switch.

These witnesses described a broken system, where there is not enough transparency surrounding prices, and not enough incentives to keep prices down.

Today, we have before us the companies that make these drugs, negotiate their prices, and make them available through health plans. Their actions and decisions have a profound impact

on the lives of everyday Americans, and we need to hear these companies' response to the criticism we heard last week, that their actions are contributing to these rising prices.

We know that companies need to make money in order to succeed, and in a normal market, prices would reflect what the market can bear. The problem is, the market for insulin is made up of people who cannot survive without this product.

I'm concerned that the market has simply broken down. It appears that there is limited competition and little incentive to keep prices at a level that patients can afford. And perhaps there are incentives in place to keep raising prices.

As a result, we are left with a drug that has been available for nearly 100 years, and yet the price tripled and then doubled in just the last couple decades. Clearly, something is not right here.

Three companies currently manufacture insulin, and they are all represented at this hearing today.

They not only make the drug, but they also set the "list price." While most people do not end up paying this list price, uninsured patients often do – and even insured patients can be affected when the list price rises.

And that is exactly what has been happening, as the list price for insulin has skyrocketed in recent years it ripples through the entire system.

We also have the Pharmacy Benefit Managers or "PBMs," here, whose role it is to negotiate lower drug prices on behalf of the insurance plans. But there is not much transparency in these negotiations, and there are questions as to whether discounts are being passed down to the patient.

When the manufacturers have been criticized for raising their prices, they have often pointed their finger at the PBMs. And when the PBMs have been questioned about their practices, they often point their finger back at the manufacturer.

And so we are left with no accountability. For the millions of people who are suffering in the system, these back-and-forth arguments are frustrating and unacceptable. Everyone seems to be coming out ahead here – except the patient.

And no one should suffer because the high price of insulin puts it out of reach.

I hope that we will learn today about why the costs of insulin are skyrocketing, and the role manufacturers and PBMs have played.

Thank you, I yield back.

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