



Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

Opening Statement of Chairman Robert C. "Bobby" Scott (VA-03)

House Committee on Education and Labor Full Committee Markup

H.R. 3 Lower Drug Costs Now Act

2175 Rayburn House Office Building

Thursday, October 17, 2019 | 10:15am

Today, we are marking up H.R. 3, the *Lower Drug Costs Now Act*, which is an ambitious plan to cut the cost of prescription drugs for all Americans.

The cost of drugs in America is out of control. Today, annual spending on prescription drugs across the health care system totals **more than \$450 billion**—way over **\$1,000 per person**.

The skyrocketing cost of drugs is undermining the health and financial security of seniors, taxpayers, and American consumers – who are routinely forced to pay far more for the same drugs as people in other countries.

In some cases, Americans are paying three or four times more—sometimes as much as thirty or more times more—than patients in other countries, including the United Kingdom, Japan, and Canada, for the exact same drugs.

While some of my colleagues will argue that high drug prices are needed to offset the cost of researching and developing new drugs, the evidence says otherwise.

Nine out of ten of the largest pharmaceutical companies today spend more on marketing, sales, and overhead than they do on research. The majority of new, lifesaving drugs are actually discovered using taxpayer-funded medical research from the National Institutes of Health.

Further, perhaps more importantly, the discovery of new drugs is only useful if people can afford them. Unfortunately, three in ten adults decided to forgo taking their prescribed medication in the past year because of high costs.

In addition to pricing out consumers, the unsustainable cost of drugs is also acting as a drag on our economy. In 2016, alone, employer-based health plans spent nearly \$84 billion on drugs – an amount that will continue to burden both workers and businesses.

The American people have made it clear that they want Congress to take action, and this is what we are going to do today. The *Lower Drug Costs Now Act* delivers on our promise to lower drug prices and in five key ways.

First, the bill mandates that the Secretary of Health and Human Services negotiate directly with drug companies to get a fair deal for American consumers. These beneficiaries will include not just those with Medicare, but also those with private insurance and employer-based plans.

When Medicare Part D was enacted, the legislation actually prohibited the Secretary from negotiating drug prices. This legislation mandates negotiation on behalf of the American consumer.

Second, the bill reverses and prevents unjustified price increase by requiring drug manufacturers to provide a rebate for certain drug price increases that exceed inflation.

Third, the legislation caps negotiated drug prices by limiting American prices to no more than 120% of what is charged in similar countries so that drug companies stop ripping off Americans while charging those in other countries less for the same drug.

Fourth, the bill creates a \$2,000 out-of-pocket limit on drugs costs for Medicare beneficiaries.

Finally, the *Lower Drug Costs Now Act* will reinvest savings from negotiated drug prices in research and innovation to find new medical breakthroughs as well as other investments in the health care system.

It is important to note that many of these provisions have been endorsed by President Trump, himself. The CBO has evaluated the effectiveness of the bill and concluded it will save Medicare Part D \$345 billion, save businesses about \$45 billion, and save consumer \$55 billion over the next ten years.

The Lower Drug Costs Now Act is an opportunity for Congress to address the unsustainable cost of prescription drugs and help the constituents we were elected to serve.

I urge all Committee members to support this bill, and now I yield to the Ranking Member, Dr. Foxx, for the purpose of an opening statement.