



OPENING STATEMENT

House Committee on Education and Labor

Chairman Robert C. "Bobby" Scott

Opening Statement of Chairman Mark DeSaulnier (CA-11)

Subcommittee on Health, Employment, Labor, and Pensions Hearing

Lower Drug Costs Now: Expanding Access to Affordable Health Care

Wednesday, May 5, 2021 | 12:00 p.m.

We are here today to discuss the cost of prescription medication and how lowering drug prices would support workers and strengthen the American economy.

It has been more than a year since the House first passed the *Elijah E. Cummings Lower Drug Costs Now Act* to reduce out-of-control prescription drugs costs. Yet, on top of weathering the worst global health crisis in recent history, Americans are still paying far too much for the medication they need.

Robert from my district reached out to my office just recently when the monthly cost of his HIV medication that keeps him alive went from \$130 to \$960 a month. And, unfortunately, Robert is not alone.

Each year, the prices of hundreds of drugs increase faster than the rate of inflation. Today, annual per capita spending on prescription drugs in the United States is more than \$1,200, and the total out-of-pocket costs that consumers pay for drugs is more than \$80 billion a year.

These unaffordable prices have significant real-world consequences. Even in 2018, three in ten adults decided to forgo their prescribed medication due to the prohibitive cost.

This is particularly frustrating given that these are not the prices that consumers in the rest of the world pay. Americans routinely pay three or four times—sometimes a dozen times—more than what patients in other countries pay for the exact same drugs.

In fact, the cancer drug that keeps me alive, which I take for my chronic lymphocytic leukemia that is chronic, but is treatable—thank goodness—costs \$500 a day. I am grateful, obviously, for this drug, but I wonder why, in Australia, the same diagnosis provides the exact same prescription drug for less than \$30 a month. \$500 in the United States; less than \$30 in Australia.

But the high cost of drug prices doesn't hurt just consumers. It also costs our nation's businesses, which sponsor the health coverage of approximately 150 million people. These plans spent nearly \$84 billion on drugs in 2016, alone, and this price tag is only expected to grow unless we act.

Some of my colleagues may argue that high drug prices are needed to cover the cost of researching, developing, and deploying new drugs. Yet, we know that most drug companies spend more on marketing, sales, and overhead than they do on research and development.

No one—myself included, obviously—wants to stop the wonderful innovation and deployment of lifesaving drugs, like the one I take. However, we must consider an appropriate return on investment that incentivizes the

private sector and continues to support the important development of drugs at the NIH with public taxpayer dollars and also in the Department of Defense and DARPA.

Profits for drug companies are among the highest of any sector. According to the GAO, the average profit margin for a large drug company is between 15 and 20 percent after taxes – compared to the average large company’s margin in other sectors, which is somewhere between 4 and 10 percent.

While drug companies focus on their bottom line, the vast majority of new, lifesaving drugs are developed thanks—as I said—to taxpayer-funded medical research, like the important work happening today at the National Institutes for Health. In fact, every drug that was approved by the FDA from 2010 through 2016 was developed at least in part with NIH-supported research.

Investing in research is vital to developing new cures and technologies, but we need fair drug prices at the other end so that consumers can actually realize these investments and save their lives and promote their health.

That is why people across the political spectrum and across the country have made clear that they want Congress to rein in prescription drug prices.

The *Lower Drug Costs Now Act* takes bold steps to lower the cost of drugs and increase transparency.

First, it finally allows the Secretary of Health and Human Services to negotiate directly with drug companies to get fair prices for those in Medicare.

Second, the bill makes the lower drug prices negotiated by Medicare available to consumers with private health coverage, including those covered with an employer-sponsored plan. This will not only cut costs for workers covered by employer-provided health care – it will cut costs for employers as well.

Third, the legislation caps the negotiated drug prices to align with prices charged in similar countries, ensuring that Americans are no longer price gouged at the pharmacy counter.

Fourth, the bill sets a new limit on out-of-pocket drugs costs for Medicare beneficiaries and ends unfair annual price hikes by prescription drug companies for 8,000 drugs.

Finally, the *Lower Drug Costs Now Act* takes advantage of the savings from negotiating lower drug prices by reinvesting those savings back into research to find new medical breakthroughs.

As President Biden reminded us in his address to Congress last week, we’ve talked about lowering the cost of prescription drugs for long enough—Democrats and Republicans. It’s time to finally deliver on our promise to ensure that all Americans can get the medication they need to stay healthy and thrive.