

# PATIENTS FOR **AFFORDABLE DRUGS**<sup>™</sup>

**Statement of David E. Mitchell**  
**Founder, Patients For Affordable Drugs**

*before the*

**U.S. House of Representatives Subcommittee on Health, Employment, Labor, and Pensions**  
**of the**

**House Committee on Education and Labor**  
*for a hearing on*

**Lower Drug Costs Now: Expanding Access to Affordable Health Care**

**May 5, 2021**

Chairman DeSaulnier, Ranking Member Allen, Members of the Committee. Thank you for having me today.

## ***Section I. Background and Introduction***

My name is David Mitchell. I am the founder of Patients For Affordable Drugs. We are a bipartisan organization focused on policies to lower prescription drug prices. We don't accept funding from any organizations that profit from the development or distribution of prescription drugs.

In just over four years since we launched, we have collected over 27,000 stories of patients struggling to pay high drug prices. And we have built a community of more than 340,000 patients and allies who support policies to lower drug prices.

More importantly for today, I have an incurable blood cancer, and prescription drugs are keeping me alive — literally.

My doctors currently have me on a four-drug combination of infused and oral cancer drugs. These four drugs carry a combined list price of more than \$900,000 per year. Just one of my oral

drugs, called Pomalyst, is priced at more than \$20,000 for 21 capsules, which I must buy every 28 days. And because Medicare beneficiaries like me pay our costs in Part D based on list price, I spent more than \$18,000 out of pocket last year — just for Pomalyst. To help manage the cost of my infused drugs, I spend another \$3,000 per year to purchase a Part B supplement. And of course, I have the base costs of Medicare to pay as well. For people with my cancer — multiple myeloma — drugs account for 60 percent of the cost of treatment.<sup>1</sup> Sixty percent.

I am a very lucky man — these drugs are currently keeping my cancer at bay, and I tolerate them well. But the reason I am on four drugs is because each began to stop working, so the doctors first increased the dose, then increased the frequency, and then added another drug. Eventually I will fail on this combination, too. When that happens, I will be what doctors call “triple refractory” to all of the three major classes of drugs used to treat my disease. The cancer will begin to increase in my blood and I will need a new treatment. Fortunately, there are options out there.

But one of the new drugs approved this year that I might be a candidate for carries a list price of \$419,500. That’s just for the drug — it doesn’t cover the hundreds of thousands of dollars required to administer the drug and manage my health in the wake of the treatment.

The point is: I need these innovative drugs. I care deeply about innovation and new drug development. My life depends on it. Without innovation, I will die sooner than I hope to. That is just an unfortunate fact.

But my 10-year journey as a cancer patient has taught me one irrefutable fact: Drugs don’t work if people can’t afford them.

## ***Section II. The Price of Drugs and Need for Change***

Drugs are too expensive in the United States, and there is no justification for the high prices. When drug makers hike prices each year, they don’t do so because the drug becomes more valuable. Drug companies raise prices because they can. We let them.

The result is that Americans pay nearly four times what people in other wealthy nations pay for the exact same brand-name drugs.<sup>2</sup>

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<sup>1</sup> Tran, D., Kamalakar, R., Manthena, S., & Karve, S. (2019, November 13). Economic Burden of Multiple Myeloma: Results from a Large Employer-Sponsored Real-World Administrative Claims Database, 2012 to 2018. *Blood*, 134, 3414. <https://doi.org/10.1182/blood-2019-131264>

<sup>2</sup> House Committee on Ways and Means. (2019). A Painful Pill to Swallow: U.S. vs. International Prescription Drug Prices. [https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/U.S.%20vs.%20International%20Prescription%20Drug%20Prices\\_0.pdf](https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/U.S.%20vs.%20International%20Prescription%20Drug%20Prices_0.pdf)

Consequently, nearly 40 percent of people report having difficulty affording their medications.<sup>3</sup> When their prescription drug prices are too high, Americans face challenges affording other expenses, such as food and housing. One survey found that over 20 percent of people took on debt or declared bankruptcy because of their medications.<sup>3</sup>

The issue of drug prices disproportionately harms communities of color. One in two Latinos in the United States take a prescription medication, and 20 percent are uninsured.<sup>4</sup> Black Americans are more likely to live with chronic pain, diabetes, and high blood pressure than white Americans and are nearly two times more likely to be uninsured.<sup>5</sup>

The pandemic only made it worse, as millions of Americans lost jobs, income, and insurance coverage. As expensive as my drugs are even with Medicare, I never lose sight of the fact that 30 million Americans without insurance are exposed to the full list price.<sup>6</sup>

People struggle to pay the prices with and without insurance. Lynn Scarfuto from Herkimer, New York spent 25 years working as a nurse. During nine of those years, she worked with cancer patients helping them access the best treatment possible. After she retired, she was diagnosed with chronic lymphocytic leukemia and was prescribed the cancer medication Imbruvica. It carries a monthly price tag of almost \$15,000.<sup>7</sup> She relies on hard-to-obtain, short-term funding for her medication this year. But she doesn't know how she will afford it when her grant money runs out. She lives in fear of how she'll ever afford the astronomical price tag of the medication keeping her alive.<sup>8</sup>

Americans are desperate for relief. A Politico-Harvard poll from early this year found that nearly 90 percent of voters across both parties thought it was “extremely important” that Congress and the president take action on drug pricing. That includes 91 percent of Democrats and over 80

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<sup>3</sup> Nguyen, A. (2021, March 22). *Survey: Americans Struggle to Afford Medications as COVID-19 Hits Savings and Insurance Coverage*. GoodRx. <https://www.goodrx.com/blog/survey-covid-19-effects-on-medication-affordability/>

<sup>4</sup> UnidosUS Action Fund. (2021). *A Vicious Cycle of Health Inequity: How High Prescription Prices Hurt Latino Health and Prosperity*. <https://www.lowerdrugpricesnow.org/wp-content/uploads/UNIDOS-RX-REPORT-Vicious-Cycle.pdf>

<sup>5</sup> Patients For Affordable Drugs Now. (2020, December 14). *High Prescription Drug Prices Perpetuate Systemic Racism. We Can Change It*. <https://patientsforaffordabledrugsnow.org/2020/12/14/drug-pricing-systemic-racism/>

<sup>6</sup> Garfield, R. & Tolbert, J. (2020, September 17). *What We Do and Don't Know About Recent Trends in Health Insurance Coverage in the US*. Kaiser Family Foundation. <https://www.kff.org/policy-watch/what-we-do-and-dont-know-about-recent-trends-in-health-insurance-coverage-in-the-us/>

<sup>7</sup> Wholesale acquisition cost from AnalySource® as reprinted with permission by First DataBank Inc. All rights reserved. © (2021). Please refer to <http://www.fdbhealth.com/policies/drug-pricing-policy/> for more information.

<sup>8</sup> Patients For Affordable Drugs. (2021, March 18). *I don't know how I'll be able to afford my treatment*. <https://patientsforaffordabledrugs.org/2021/03/18/lynn-scarfuto/>

percent of Republicans.<sup>9</sup> And voters are worried you won't do enough to help them — over 60 percent fear Congress wouldn't go far enough to reform our broken drug pricing system.<sup>10</sup>

You can change all this. You can restore balance to ensure we get the innovation we need at prices we can afford. And you can do it now.

### ***Section III. Innovation and Drug Prices: The False Choice***

Of course, the biopharmaceutical industry opposes any reforms that would curb its unilateral power to dictate prices for brand drugs. So it rolls out its well-worn claim that any limits on its ability to set high prices will destroy innovation and access to new drugs.

No one cares more about innovation than patients. But if you pull back the curtain on this fear-mongering, the argument doesn't hold up.

Experts from both sides of the aisle agree it's possible to curb the pharmaceutical industry's pricing power without threatening valuable innovation.<sup>11-12</sup> There are five reasons why:

- 1) Biopharma corporations enjoy profit margins that are almost three times the average of the S&P 500.<sup>13</sup> Brand-name pharmaceutical companies could lose \$1 trillion in sales over 10 years and remain the most profitable industry in the United States.<sup>14</sup> There is more than enough headroom to lower drug prices and leave drug companies with plenty of profit to attract investment and fund research and development. And if drug pricing

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<sup>9</sup> POLITICO & Harvard T.H. Chan School of Public Health. (2021, January). *The American Public's Priorities for the New President and Congress*.

<https://cdn1.sph.harvard.edu/wp-content/uploads/sites/94/2021/01/Politico-HSPH-Jan-2021-PollReport.pdf>

<sup>10</sup> Hart Research Associates. (2021, April 20). Memo for Protect Our Care.

<https://www.protectourcare.org/wp-content/uploads/2021/04/Garin-Memo-Protect-Our-Care-April-2021.pdf>

<sup>11</sup> Frank, R. G. (2019, November 13). Drug companies exaggerate — controlling drug prices won't threaten innovation. *The Hill*.

<https://thehill.com/opinion/healthcare/470266-drug-companies-exaggerate-controlling-drug-prices-wont-threaten-innovation>

<sup>12</sup> Waikar, S. (2020, September 2). *Pharma Companies Argue That Lower Drug Prices Would Mean Fewer Breakthrough Drugs. Is That True?*. Kellogg School of Management at Northwestern University.

<https://insight.kellogg.northwestern.edu/article/pharma-companies-argue-lower-drug-prices-fewer-breakthrough-drugs>

<sup>13</sup> Yardeni Research. (2021, January 19). *S&P 500 Sectors & Industries Profit Margins (quarterly)*.

<https://www.yardeni.com/pub/sp500margin.pdf>

<sup>14</sup> West Health. (2019, November 14). *New Analysis Finds Large Drugmakers Could Lose \$1 Trillion in Sales and Still Be the Most Profitable Industry*.

<https://www.westhealth.org/press-release/new-analysis-finds-large-drug-makers-could-lose-1-trillion-in-sales-and-still-be-the-most-profitable-industry/>

legislation curbs profits, the industry can maintain or even increase R&D investment by shifting the billions spent on marketing, advertising, and lobbying.

- 2) It doesn't cost nearly as much as the industry says it does to develop a new drug. Pharma claims it costs \$2.87 billion to bring a new drug to market. But that's based on industry-funded research and undisclosed source data.<sup>15-16</sup> Independent studies have found the cost to develop a drug is likely less than \$1 billion.<sup>17-18</sup>
- 3) A tremendous amount of research and development is coming from taxpayers. The National Institutes of Health (NIH) is the single largest biomedical research agency in the world. NIH-funded research is associated with all 356 new drugs that were approved by the FDA from 2010 to 2019.<sup>19</sup> NIH Director Francis Collins has said: "Finding new treatments thus requires NIH to play a lead role — by investing in the early stage of therapeutic development to 'de-risk' such projects."<sup>20</sup> Drug companies argue high drug prices are required to reimburse the industry for the financial and scientific risk it takes on during research and development. In reality, the U.S. government takes on most of those early risks, further undermining the industry's argument for high prices.

Our experience with COVID-19 vaccines illuminates this point with crystal clarity.

Several years back when the big drug companies were unwilling to invest their own money in technology that is leading to some of the most promising vaccines today, the

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<sup>15</sup> DiMasi, J. A., Grabowski, H. G., & Hansen, R. W. (2016). Innovation in the pharmaceutical industry: New estimates of R&D costs. *Journal of Health Economics*, 47, 20-33. <https://doi.org/10.1016/j.jhealeco.2016.01.012>

<sup>16</sup> Tufts Center for the Study of Drug Development. (n.d.). *Financial Disclosure*. <https://csdd.tufts.edu/financial-disclosure>

<sup>17</sup> Wouters, O. J., McKee, M., & Lutyen, J. (2020). Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018. *JAMA*, 323(9), 844-853. <https://doi.org/10.1001/jama.2020.1166>

<sup>18</sup> Prasad, V., & Mailankody, S. (2017). Research and Development Spending to Bring a Single Cancer Drug to Market and Revenues After Approval. *JAMA Internal Medicine*, 177(11), 1569-1575. <https://doi.org/10.1001/jamainternmed.2017.3601>

<sup>19</sup> Ledley, F., Cleary, E., & Jackson, M. (2020, September 2). *US Tax Dollars Funded Every New Pharmaceutical in the Last Decade*. Institute for New Economic Thinking. <https://www.ineteconomics.org/perspectives/blog/us-tax-dollars-funded-every-new-pharmaceutical-in-the-last-decade>

<sup>20</sup> Collins, F. S. (2017, May 17). *Testimony on the Transformative Power of Biomedical Research*. National Institutes of Health. <https://www.nih.gov/about-nih/who-we-are/nih-director/testimony-transformative-power-biomedical-research>

U.S. government did.<sup>21-22</sup> The biopharmaceutical industry publication BioCentury explains<sup>23</sup>:

“The Defense Research Advanced Projects Agency (DARPA) has taken risks where others wouldn’t. Its pursuit of high-risk, high-reward technologies, combined with its mission-driven approach to managing projects is promising to pay off in the fight against COVID-19. DARPA was behind the creation of DNA and RNA vaccines, funding early R&D by Moderna Inc. and Inovio Pharmaceuticals Inc. at a time when the technologies were considered speculative by many scientists and investors.”

In fact, a new study issued just a few weeks ago reported: "The unprecedented development of COVID-19 vaccines less than a year after discovery of this virus was enabled by more than \$17 billion of research on vaccine technologies funded by NIH prior to the pandemic."<sup>24</sup> [emphasis added]

According to Kaiser Health News: “Basic research conducted ... at the National Institutes of Health, Defense Department, and federally funded academic laboratories has been the essential ingredient in the rapid development of vaccines in response to COVID-19.”<sup>25</sup>

Of course, the government invested an additional \$18 billion through Operation Warp Speed and other programs.<sup>26</sup> As a result of all that taxpayer investment, The New York Times concluded: “A new method of developing vaccines was already waiting to be

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<sup>21</sup> Edwards, D. J. (2020, April 14). *New products alone are not enough. Pharma can do more to halt COVID-19.* Access to Medicine Foundation.

[https://accesstomedicinefoundation.org/media/uploads/downloads/5e95d85128fb9\\_ATMF\\_Viewpoint\\_Role\\_for\\_pharma\\_in\\_C-19\\_200414%20\(1\).pdf](https://accesstomedicinefoundation.org/media/uploads/downloads/5e95d85128fb9_ATMF_Viewpoint_Role_for_pharma_in_C-19_200414%20(1).pdf)

<sup>22</sup> Johnson, C. Y. (2020, December 6). A gamble pays off in ‘spectacular success’: How the leading coronavirus vaccines made it to the finish line. *The Washington Post*.

<https://www.washingtonpost.com/health/2020/12/06/covid-vaccine-messenger-rna/>

<sup>23</sup> Usdin, S. (2020, March 25). DARPA’s gambles might have created the best hopes for stopping COVID-19. *BioCentury*.

<https://www.biocentury.com/article/304691/darpa-jump-started-technologies-behind-some-of-the-leading-covid-19-vaccine-and-antibody-hopes>

<sup>24</sup> Bentley University. (2021, April 22). *COVID-19 vaccine development built on >\$17 billion in NIH funding for vaccine technologies.* [https://www.eurekalert.org/pub\\_releases/2021-04/bu-cvd042121.php](https://www.eurekalert.org/pub_releases/2021-04/bu-cvd042121.php)

<sup>25</sup> Allen, A. (2020, November 18). Government-Funded Scientists Laid the Groundwork for Billion-Dollar Vaccines. *Kaiser Health News*.

<https://khn.org/news/vaccine-pioneers-basic-research-scientists-laid-groundwork-for-billion-dollar-pharma-products/>

<sup>26</sup> Congressional Research Service. (2021, March 1). *Operation Warp Speed Contracts for COVID-19 Vaccines and Ancillary Vaccination Materials.* <https://crsreports.congress.gov/product/pdf/IN/IN11560>

tested ... The government was willing to spend whatever it took, eliminating financial risks and ... allowing mass production to begin even before trials were done.”<sup>27</sup>

One noted industry expert, Jack Scannell, summed it up this way: “Before we pat the drug industry on the back too much, one has to recognize it got involved in this partly because the whole thing has been de-risked by government.”<sup>28</sup>

- 4) Pharma’s claims that patients will suffer an alarming loss of new drugs if anything is done to curb its unilateral pricing power isn’t supported by the facts. The Congressional Budget Office found that we could cut pharma revenue by up to \$1 trillion dollars over a 10-year period and lose only eight of 300 expected new drugs.<sup>29</sup> And many of those eight drugs would not be real losses at all because only 10 to 15 percent of new drugs that come to market actually represent true therapeutic advances.<sup>30</sup> Drug companies could be developing drugs that offer new hope for patients; instead, they focus resources on developing “me-too” drugs or on small changes that are designed to extend patent protection on existing products to keep generic competitors off the market. The loss of a few drugs each year will have minimal impact on the health of Americans.
- 5) Big Pharma threatens that patients will lose access to newly developed drugs. It points out that more drugs are available — and are available faster — in the United States than in other wealthy countries. It frequently references a white paper from the White House Council of Economic Advisers (CEA) to explain why: “Drug manufacturers usually pursue market access in the United States before other markets due to the higher prices in the United States.”<sup>31</sup> The CEA could also have mentioned the other big reason drug companies file for approval first in the United States: It is the largest market in the world.

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<sup>27</sup> LaFraniere, S., Thomas, K., Weiland, N., Gelles, D., Stolberg, S. G., & Grady, D. (2020, November 30). Politics, Science and the Remarkable Race for a Coronavirus Vaccine. *The New York Times*.

<https://www.nytimes.com/2020/11/21/us/politics/coronavirus-vaccine.html>

<sup>28</sup> Neville, S., & Kuchler, H. (2020, November 27). Covid vaccines offer Big Pharma a chance of rehabilitation.

*Financial Times*. <https://www.ft.com/content/75029036-13f3-4ca2-8954-5a7207c0c3db>

<sup>29</sup> Congressional Budget Office. (2019, October 11). *Effects of Drug Price Negotiation Stemming From Title 1 of H.R. 3, the Lower Drug Costs Now Act of 2019, on Spending and Revenues Related to Part D of Medicare*.

<https://www.cbo.gov/system/files/2019-10/hr3ltr.pdf>

<sup>30</sup> Light, D. W., & Lexchin, J. R. (2012). Pharmaceutical research and development: what do we get for all that money?. *BMJ*, 345. <https://doi.org/10.1136/bmj.e4348>

<sup>31</sup> The Council of Economic Advisers. (2018). *Reforming Biopharmaceutical Pricing at Home and Abroad*.

<https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/11/CEA-Rx-White-Paper-Final2.pdf>

<sup>32</sup> IQVIA. (2020, March 5). *Global Medicine Spending and Usage Trends*.

<https://www.iqvia.com/en/insights/the-iqvia-institute/reports/global-medicine-spending-and-usage-trends>

<sup>33</sup> Association of Community Cancer Centers v. Alex M. Azar II. Civil Action No. CCB-20-3531 (2020).

<https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/P-R/PhRMA-Complaint-on-MFN-Rule-Filed-2020-12-04.pdf>



Given that U.S. prices for brand-name drugs are almost four times what many other wealthy nations pay, we can lower prices by a meaningful amount and still offer the highest prices by far in the largest market in the world, preserving the incentive to file first for approval in the United States.<sup>2, 34</sup>

There are other important policies in the U.S. drug pricing system that lead to more drugs being available here compared to other countries, none of which would be altered by lowering prices:

- Medicare must cover all drugs in six protected classes, which even PhRMA acknowledges ensures access to these drugs.<sup>35-36</sup>
- Medicare must cover at least two drugs in each class of drugs.<sup>37</sup>
- Medicaid must cover every drug offered by a manufacturer in the United States if the manufacturer agrees to give Medicaid a best-price guarantee.<sup>38</sup>

Pharma's threats to innovation and access don't hold up. It is clear that we can restore balance to have fair prices and profits and still get the innovation we need.

Equally important, we must remember that people can't afford existing drugs they need right now. More than 1.1 million Medicare patients could die over the next decade because they cannot afford to pay for their prescriptions. Medicare negotiation could lead to 94,000 fewer deaths every year. You could be responsible for those saved lives.<sup>39</sup>

#### ***Section IV. What We Can Do About It: Medicare Negotiation***

Now Congress has the opportunity to act. With the reintroduction of *H.R. 3, the Elijah E Cummings Lower Drugs Costs Now Act*, and President Biden's strong support for allowing Medicare to negotiate directly with the drug corporations, Congress, and especially this chamber, can deliver on years of promises to take on high drug prices.

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<sup>34</sup> Mulcahy, A. W., Whaley, C., Tebeka, M. G., Schwam, D., Edenfield, N., & Becerra-Ornelas, A. U. (2021). *International Prescription Drug Price Comparisons*. RAND Corporation. [https://www.rand.org/pubs/research\\_reports/RR2956.html](https://www.rand.org/pubs/research_reports/RR2956.html)

<sup>35</sup> Centers for Medicare & Medicaid Services. (2019, May 16). *Medicare Advantage and Part D Drug Pricing Final Rule (CMS-4180-F)*. <https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-and-part-d-drug-pricing-final-rule-cms-4180-f>

<sup>36</sup> Powaleny, A. (2015, December 10). *Medicare Part D's six protected classes*. PhRMA. <https://catalyst.phrma.org/medicare-part-d-six-protected-classes>

<sup>37</sup> *What Medicare Part D drug plans cover*. (n.d.). CMS.gov. Retrieved May 3, 2021 from <https://www.medicare.gov/drug-coverage-part-d/what-medicare-part-d-drug-plans-cover>

<sup>38</sup> Kaiser Family Foundation. (2019, May 1). *Medicaid's Prescription Drug Benefit: Key Facts*. <https://www.kff.org/medicaid/fact-sheet/medicaids-prescription-drug-benefit-key-facts/>

<sup>39</sup> West Health. (2020, November 19). *New Study Predicts More Than 1.1 Million Deaths Among Medicare Recipients Due to the Inability to Afford Their Medications*. <https://www.westhealth.org/press-release/study-predicts-1-million-deaths-due-to-high-cost-prescription-drugs/>



H.R. 3 overturns the ban on direct Medicare negotiation and enables the secretary of Health and Human Services to negotiate for lower drug prices on the most expensive drugs in Medicare.

The legislation would bring relief not just to Medicare beneficiaries, but to all patients regardless of the type of insurance they have, by extending negotiated prices to the private sector.

Patients like Janet Bacon<sup>40</sup> would benefit. Janet relies on an inhaler priced at nearly \$500 a month just to allow her to breathe. If prices continue to go up, she'll face the terrible choice of selling her home just to afford to stay alive.

H.R. 3 doesn't just allow Medicare to negotiate, it also includes other common-sense solutions to fix our drug pricing system that have enjoyed bipartisan support. It would penalize companies that hike prices faster than the rate of inflation. It would limit annual out-of-pocket costs for Medicare beneficiaries to \$2,000 so patients like me wouldn't have to spend upwards of \$18,000 a year for a single prescription. And I would point out, \$2,000 is still a great deal of money for many Medicare beneficiaries whose median income is less than \$30,000 per year.<sup>41</sup> One in four have incomes less than \$17,000 per year. To lessen this burden, we suggest shoring up the low-income subsidy program so the lowest-income beneficiaries have no out-of-pocket costs.

These are straightforward proposals that would bring relief to millions of patients.

The legislation is estimated to save the federal government over \$450 billion dollars.<sup>42</sup> We can put those savings to work in a variety of ways.

Big Pharma claims using these savings to address other critical needs is tantamount to using the industry as a piggy bank.<sup>43</sup> But in reality, it is pharma that has treated patients and taxpayers as piggy banks for years — raising prices at will to hit profit targets and trigger executive bonuses.<sup>44</sup>

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<sup>40</sup> Patients For Affordable Drugs Now. (2021, April 9). *My husband and I will be forced to sell our home*. <https://patientsforaffordabledrugsnow.org/2021/04/09/janet-bacon/>

<sup>41</sup> Koma, W., Neuman, T., Jacobson, G., & Smith, K. (2020, April 24). *Medicare Beneficiaries' Financial Security Before the Coronavirus Pandemic*. Kaiser Family Foundation. <https://www.kff.org/medicare/issue-brief/medicare-beneficiaries-financial-security-before-the-coronavirus-pandemic/>

<sup>42</sup> Congressional Budget Office. (2019, December 10). Budgetary Effects of H.R. 3, the Elijah E. Cummings Lower Drug Costs Now Act. [https://www.cbo.gov/system/files/2019-12/hr3\\_complete.pdf](https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf)

<sup>43</sup> Florko, N. (2021, April 13). PhRMA chief talks strategy — and he's surprisingly optimistic about drug pricing reform. *STAT*. <https://www.statnews.com/2021/04/13/phrma-chief-talks-strategy/>

<sup>44</sup> McAuliff, M. (2020, September 30). Sky-High Drug Prices Driven by Pharma Profits, House Dems Charge. *Kaiser Health News*. <https://khn.org/news/sky-high-drug-prices-driven-by-pharma-profits-house-dems-charge/>

Pharma is absolutely right about one thing: America does have other priorities. We can only spend a dollar once, and every dollar we send to pharma in unjustified profits — or “rents,” as economists like to call them — is a precious dollar we don’t have to tackle other urgent needs. It’s a dollar we don’t have to reduce health care disparities, provide coverage to the uninsured, or increase funding for research on new drugs based on public health needs instead of private profit needs.

That’s why it is so important that H.R. 3 directs some of the savings to the NIH to fund the very innovation pharma claims will come to a halt if we rein in prices.

It’s no surprise that Medicare negotiation is so popular, with 93 percent of Americans saying they support the policy.<sup>10</sup> That includes overwhelming majorities from both political parties.

Increasingly, employers support government intervention to limit the prices of drugs. In a recent survey of employers with more than 5,000 employees, almost 4 in 10 said they somewhat or strongly agreed that the government should negotiate lower drug prices; only three percent disagreed.<sup>45</sup>

H.R. 3 is a bipartisan solution with massive support. It is time for Congress to finally pass it into law.

While the headwaters of our drug pricing problems are the list prices set by drug corporations, there are other reforms needed in the supply chain. Pharmacy benefit managers (PBMs) are black boxes that cut secret rebate deals with manufacturers, and none of it is transparent.

It is simply wrong that patients like me don’t know if the preferred drug on a PBM formulary is there because it is the best drug, because it is the least expensive drug among equally effective options, or because the PBM got a big, legal kickback from the manufacturer. Without transparency, it is impossible to know how much of a rebate is going to the PBM, to the insurer, to lower my premiums, or to reduce my out-of-pocket costs at the pharmacy counter. With more than \$300 billion in drugs moving through PBMs, that is a bad way to run a railroad.<sup>46</sup> It’s time for transparency to ensure PBMs are operating in the best interests of those they are supposed to serve — patients and consumers.

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<sup>45</sup> Claxton, G., Levitt, L., Gremminger, S., Kramer, B., & Rae, M. (2021, April 29). *How Corporate Executives View Rising Health Care Cost and the Role of Government*. Kaiser Family Foundation. <https://www.kff.org/report-section/how-corporate-executives-view-rising-health-care-cost-and-the-role-of-governme-nt-findings/>

<sup>46</sup> Pew Charitable Trusts. (2019, March 8). *The Prescription Drug Landscape, Explored*. <https://www.pewtrusts.org/en/research-and-analysis/reports/2019/03/08/the-prescription-drug-landscape-explored>

## ***Section V. Conclusion***

Let's be clear: Big Pharma is not fighting for the interest of patients — it's fighting to maintain its unilateral power to dictate prices of brand-name drugs. Recently, the head of the trade association PhRMA affirmed that fact in a moment of candor. He said his industry is “particularly adept at ... rolling the tanks, if you will, to push back against policy proposals adverse to the industry's interests.”<sup>43</sup>

So it's quite clear: You can choose a side. Stand with patients, consumers, and taxpayers for lower prices, or stand with pharma to protect “the industry's interests.” Because let's be honest — that's what this fight is about.

Of course, Big Pharma wants to disguise that truth. Instead, it blames others and distracts attention from its central role in making drugs unaffordable.

And it tries to scare us by saying that if we don't bend to its will, we won't get the drugs we need for the future. It poses questions like: How much would you pay to save a life?

And that's easy. When it's you or someone you love, the answer is anything.

But that's the wrong question. We should be asking: *How do we restore balance to ensure we get the innovation we need at prices we can afford?*

One of our patients is Marcus LaCour from Ohio.<sup>47</sup> He's a husband, a father, and a minister. He is also a person with type 1 diabetes. Since he was diagnosed in high school, struggling to afford insulin has been a pattern in his life. He's been forced to rely on samples from his doctor, ration his insulin, or simply go without. In some of his hardest times, he rationed his insulin while his wife skipped meals to help pay for it. This should not happen in America.

I feel incredibly grateful to spend my retirement fighting so that people like Marcus can one day enjoy theirs.

All of you hold the power to fix this broken system. It's time to enact comprehensive reforms and lower prescription drug prices.

Thank you.

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<sup>47</sup> Patients For Affordable Drugs. (2021, April 5). *I've been forced to ration my insulin or simply go without.* <https://patientsforaffordabledrugs.org/2021/04/05/marcus-lacour-innovation/>