

# Congress of the United States

## House of Representatives

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### Opening Statement Ranking Member Raja Krishnamoorthi

#### Hearing on “Examining the Impact of Voluntary Restricted Distribution Systems In the Pharmaceutical Supply Chain” Subcommittee on Health Care, Benefits and Administrative Rules

March 22, 2017

Thank you, Mr. Chairman, for holding this important hearing. And thank you to our witnesses for taking the time to be here.

The topic of today’s hearing is restricted distribution systems in the prescription drug market. This is an important issue. When drug companies use restricted distribution systems and other anti-competitive practices to prevent potential generic competitors from coming onto the market, they drive up prices and impose added costs on our health care system.

Even more importantly, these anti-competitive practices harm patients. One such patient is here to testify today. David Mitchell has Multiple Myeloma, an incurable blood cancer. For over five years, Mr. Mitchell took the drug Revlimid, which is made by Celgene. Celgene has come under fire for using a restricted distribution system to prevent generic competitors from getting access to the drug samples they would need to bring a generic version of Revlimid to market.

As Mr. Mitchell will testify, over the five years he took Revlimid, his co-pays increased by 500%. During this period Celgene’s revenues from Revlimid also steadily increased, without facing any competition from generics, from \$2.5 billion in 2010 to \$5.8 billion in 2015. This was an increase of 132%.

Given these figures, it’s no wonder that some drug companies take extraordinary steps to prevent potential generic competition.

But it is important to acknowledge that the challenges we face in the prescription drug market go beyond just restricted distribution systems.

For instance, we are seeing incredible price increases for decades-old drugs. Most recently, Kaléo Pharmaceuticals increased the price of its auto-injector version of naloxone—a lifesaving drug first approved in 1971 to reverse opioid overdoses—from \$690 in 2014 to

\$4,500. The opioid epidemic is ravaging my home state of Illinois, as it is many parts of the country. It is wrong for a drug company to raise the price of a lifesaving overdose antidote by more than 500% in the span of just two years.

And although we absolutely rely on new, breakthrough therapies to treat the most challenging diseases, new drugs are being introduced at higher and higher prices that our health care system simply cannot support. Some of these drugs are true clinical breakthroughs, but others add little clinical value over drugs that are already on the market.

Lifesaving treatments only saves lives when people can afford them. According to a 2014 survey, one in five Americans did not fill a prescription because they could not afford it.

Prescription drug prices affect all of our constituents; this is an issue they desperately want us to address. In fact, a recent Kaiser Family Foundation poll found that 60% of Americans—including a majority of Republicans—think lowering prescription drug prices should be a **top priority** for President Trump and for Congress. According to this poll, more Americans want us to deal with rising prescription drug prices than repeal the ACA.

Of course, we do not want to stifle innovation. We want drug companies to be able to earn a fair profit that allows them to recoup their research and development costs and invest in the next cure. But no company should be able to misuse public safety regulations to stifle competition and secure a monopoly advantage.

I hope today's hearing will allow us to begin a constructive conversation about what we can do legislatively, in a bipartisan way, to get a handle on runaway prescription drug prices.

Discovering a lifesaving drug is complicated. Lowering prescription drug prices is not.

We know what the tools are. Among them are promoting generic competition in the market, increasing transparency in the pharmaceutical chain, and letting Medicare negotiate for a better deal on drugs.

Congress has only to remove the legal hurdles to lower prices.

I look forward to today's discussion, and I hope to work with my colleagues on both sides of the aisle to address this issue on behalf of our constituents.

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