

The **UNITED STATES SENATE**
COMMITTEE on FINANCE
CHAIRMAN RON **WYDEN**, D-OREGON

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Contact: Taylor Harvey (202) 224-4515

March 16, 2022

Wyden Statement at Finance Committee Hearing on the Prescription Drug Price Inflation: An Urgent Need to Lower Drug Prices

As Prepared for Delivery

The Finance Committee meets this morning because there is nothing in our health care system as broken as the way America pays for life-saving medications like insulin. That failed system has forced millions of Americans to make daily gut-wrenching decisions between medicines or other necessities of life.

Drug companies have got Americans over a barrel. With Medicare barred from negotiating better prices, this program that represents tens of millions of seniors and even more taxpayers has to take on Big Pharma with both hands tied behind its back. The consequences become clear when you contrast the prices Americans pay with the prices in other countries.

In preparation for this hearing, the Finance Committee investigated pricing data for several of the most commonly prescribed brand-name drugs in Medicare. We looked at list prices of top-selling drugs in the U.S. and in comparable Western countries, and we compared the figures from 2015 and 2020. The list includes medications for conditions such as arthritis, diabetes, and cancer.

In every case, the U.S. price in 2015 started higher than the international price. In every case, from 2015 to 2020, the U.S. price went up while the international price remained flat.

In 2015 Americans had been paying 2, 3, or 4 times as much as international patients paid for these same medications. By 2020 that gap has roughly doubled for many of the most expensive drugs.

Here's a specific example. I'm holding a Humira pen that contains one dose. Humira is primarily a treatment for rheumatoid arthritis, Crohn's disease and other autoimmune conditions, painful diseases that afflict millions of Americans. Patients typically inject one of these pens every two weeks. As of 2020, the price per pen in Quebec, Canada was \$563. List price in the U.S. was \$2,778.

Americans see this infuriating price gouging, and it's clear that Big Pharma's treating Medicare like they've cracked an ATM. Prescription drugs in Medicare may be the only case across the entire government where negotiating a better price is legally prohibited. It is long past time for that to change.

Democrats have a plan that would finally allow Medicare to negotiate for lower prices for brand-name drugs, focusing on the costliest products that monopolize the market. In addition, our plan would cap

co-pays for insulin at \$35 a prescription. It would set a \$2,000 out-of-pocket cap for seniors' medications in Medicare Part D and spread those costs over the year instead of front-loading them in January. It would also create a tough new price gouging penalty for drug companies that raise prices faster than inflation.

A number of these ideas were developed in this committee with bipartisan support, and that remains. There's no substitute for the number one reform, allowing Medicare to negotiate like any other payer. Without negotiation, the job's not done.

For example, setting out-of-pocket caps without negotiation just passes the high prices on to somebody else, usually taxpayers. That's not sustainable, and it just puts more pressure on Medicare's finances in the long run. Unfortunately for American patients, Mitch McConnell has blocked any changes, even the proposals with bipartisan support, and repeated Big Pharma's talking points against them.

The drug companies say that allowing negotiation is bad for the market and will spell the end of pharmaceutical innovation, but that claim doesn't hold up to scrutiny.

First of all, it's true that pharmaceutical companies do develop breakthrough treatments. It's also true that most of the so-called "new" drugs released at higher and higher prices are actually old drugs repackaged in new ways. A relatively minor tweak to an old drug — a different syringe or a change in dosage — keeps the profits rolling in.

And second, a large and growing percentage of American seniors either ration their medications or skip them entirely because they're too expensive. Almost half of cancer patients, many of them Medicare enrollees, burn through all their savings within two years. If the prescription drug market prices out millions of patients and bankrupts many others, how can anybody consider it to be healthy or functional?

The scandal is what's legal. Today, Big Pharma has a legal right to set whatever prices they wish and expect Medicare to pay them. Drug companies can game the system to maintain monopolies and protect their cash cows. And without fail, the Republican leadership controlling the agenda for their party in Congress protects the status quo. That is a recipe to stifle innovation, not promote it.

As we meet today, there are people all over the country who know they're going to get mugged every time they go to the pharmacy counter. Higher drug prices force people to have to make terrible choices. Far too often, choosing your health also means choosing hunger.

The American people have waited long enough for Congress to act. Democrats have a plan, and we need to act quickly.

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