

Crapo Statement at Hearing on the Prescription Drug Supply Chain
March 30, 2023

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, "Pharmacy Benefit Managers and the Prescription Drug Supply Chain: Impact on Patients and Taxpayers."

As prepared for delivery:

"Thank you, Mr. Chairman.

"I have long championed efforts to improve prescription drug access and affordability for Americans, and I welcome the opportunity to engage in this vitally important bipartisan hearing.

"Whether at the pharmacy counter, the doctor's office or the hospital, some of the most life-saving medications remain out of reach for far too many working families and seniors, especially in the face of persistent inflation.

"Congress took a critical step toward addressing these challenges nearly twenty years ago, when we voted to enact Medicare's prescription drug benefit, or Part D, leveraging market-based competition to create and protect high-quality coverage options for seniors.

"In many ways, Medicare Part D reflects an unprecedented success story, coming in massively under budget, with low and stable monthly premiums—and with a generic drug dispensing rate of roughly 90 percent.

"Part D's resilient, market-oriented structure continues to ensure low-cost drug access for most seniors, even as many other medical costs have continued to skyrocket. Stakeholders across the supply chain deserve credit for these figures and trends.

"That said, much has changed in the past two decades, and we have an obligation both to build on the aspects of Part D that work well and to address access and affordability gaps where we find them.

"In weighing and developing policy solutions, my priority is always the patient. We need to identify avenues for lowering out-of-pocket costs, increasing competition and promoting access to life-saving innovation—and we need to do so in a fiscally responsible manner.

"Given the tremendous common ground and shared goals around this issue, I am confident we can fulfill these objectives and deliver real results for seniors. A few major points regularly raised by Idahoans: transparency, incentives and out-of-pocket costs, are of key importance as we hear today's testimony.

“As anyone who has looked at a flow chart or diagram of the drug supply chain can attest, the only clear thing about it is how unclear and opaque it really is.

“We need an all-of-the-above approach to transparency that empowers consumers, plans, providers and pharmacies to make informed, cost-effective and clinically appropriate decisions—as well as to practice meaningful oversight. Policymakers also need more line of sight into the black box of drug pricing relationships and transactions, especially as we look to pursue productive reforms in the future.

“We also need to assess the various incentives that operate within the medication supply chain. Ideally, we should have frameworks, both within Part D and in other markets, that encourage low prices through meaningful competition.

“Unfortunately, in too many cases, certain dynamics seem to drive list prices up, even as net prices, reflective of rebates and discounts, decline.

“The gap between list and net price has grown dramatically in recent years, keeping premiums stable but exposing some consumers to astronomical out-of-pocket costs at the pharmacy counter, particularly for uninsured patients or families relying on high-deductible health plans.

“Misaligned incentives have also constrained biosimilar uptake in Part D, driving manufacturers to launch products at multiple different price points, with PBMs sometimes preferencing the option with the higher sticker price. The incentive structures at play here clearly warrant a hard look.

“Americans face an out-of-pocket cost of less than \$20 for 92 percent of prescriptions filled. For the remainder, however, costs can run much higher, particularly for seniors enrolled in Part D. I look forward to discussing targeted solutions to bridge this gap without fueling premium hikes for older Americans.

“With these priorities in mind, thank you to our witnesses for being here today. I look forward to your testimonies.

“Thank you, Mr. Chairman.”