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Wyden Statement at Finance Committee Hearing to Markup Prescription Drug Pricing Proposal

As Prepared for Delivery

Every single time a Senator goes home and goes to the grocery, the cleaners or a town hall meeting, people come up to say they are getting absolutely clobbered by the cost of their prescription drugs. Today is an opportunity to do something about it. The proposal before the committee is a helpful step, but there will be a lot more to do.

In a moment I'll talk about some of what this proposal accomplishes. First I need to address what comes next in this process. This is bipartisan legislation, which means that if any one of us were to write it on our own, it would look very different. Democrats feel very strongly about giving Medicare the authority to negotiate directly for lower drug prices. Pharma continues to stand in the way, and they've had just about the longest winning streak of any special interest in Washington, D.C.

On health care more broadly, Democrats believe it is long, long past time to stop the ongoing effort to sabotage the Affordable Care Act and eliminate protections for pre-existing conditions.

Democrats will not vote to begin floor debate on this proposal until it is clear that amendments on two issues -- pre-existing conditions and negotiating power in Medicare -- will get votes on the Senate floor. We're certainly not going to sit quietly by while protections for pre-existing conditions are wiped out. We're not going to sit by while opportunities for seniors to use their bargaining power in Medicaid are frittered away.

Onto the specifics of what this proposal does, as confirmed by the Congressional Budget Office.

This proposal saves Medicare \$50 billion with a price hike penalty for drug companies. It does this not by setting prices, but by limiting taxpayer subsidies for arbitrary price hikes. If drug makers choose to raise prices faster than inflation, they'll have to pay the difference back to Medicare.

Seniors with expensive prescriptions will finally have peace of mind because this proposal caps their out-of-pocket expenses in Medicare Part D. In total, it will save seniors \$27 billion in out-of-pocket costs. It will be the end of an era when drug prescriptions drove seniors into bankruptcy.

The proposal will spur the commercial market to hold costs down. Any attempts by drug companies to set artificially-high launch prices will be temporary because the market will catch up to them, and the price will come down.

The proposal saves a total of 100 billion taxpayer dollars in Medicare and Medicaid.

None of this, colleagues, is my opinion. These are the facts, according to the CBO.

So I want to thank the committee for all their work, particularly Chairman Grassley. He and I have worked together on the issue of prescription drugs going back to our landmark investigation of pricing schemes involving Hepatitis C drugs. He has led the way for the committee to act now. I appreciate his partnership on this issue that's so important to the people back home. There's an enormous amount of work to do going forward because the entire pharmaceutical supply chain -- manufacturers, the middlemen PBMs, insurers -- is completely broken.

In closing, the pharmaceutical industry is trying to douse this proposal with a public relations tsunami. They'll claim it's the death of innovation in America. That it's all about price controls. That it's going to destroy jobs and lead to drug shortages. None of that is true.

What this is about is deciding who's going to come first -- patients and taxpayers, or the pharmaceutical giants who are still celebrating the billions they just got in tax handouts.

There's going to be an enormous amount of work left to be done. In the meantime, this proposal is a helpful step on a vital issue.

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