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Wyden Statement at Finance Committee Hearing on High Drug Prices
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Thank you, Senator Grassley. I've appreciated the chance to work with you on health care issues in the past, including fighting pharmaceutical price gouging and exposing ripoffs by unscrupulous health care providers. In my view, there's a big opportunity in this Congress to find common ground on holding down health care costs.

Since this is the first hearing of this Congress, I also want to welcome our new committee members, Senators Hassan and Cortez-Masto on the Democratic side, and Senators Lankford, Daines and Young on the Republican side. I'm looking forward to working with all our new members in the months ahead. And I'd note with the dais creeping farther and farther into the audience, we may need to consider putting up stadium seating in here.

As Chairman Grassley noted in his opening statement, the Finance Committee invited the heads of several of the largest drug companies to testify today. They weren't willing to come answer our questions about why their products cost so much. That ought to tell you something. A little history. Even the Big Tobacco CEOs were willing to come to Congress and testify, and they made a product that kills people. They all lied to me, but at least they showed up. The drugmakers won't even do that much.

This hearing is not a one-off. This is the first in a series we will hold on this topic. So nobody is going away, and even if it means using our power to compel the drug company CEOs to show up, they will come before this committee.

The crisis of prescription drug costs threatens too many lives and bankrupts too many people for the Congress to tolerate this ducking and weaving by the companies that caused it. According to a recent report, millions of Americans have skipped doses or declined to fill prescriptions because of their cost. That is intolerable.

Look at the price of insulin. Particularly for Type I diabetes, insulin has been saving lives for nearly a century. There have been some improvements in insulin treatments over the years, but the real breakthrough came in the 1920s. There has been no recent "A-HA" moment in a lab to explain why the list price of Eli Lilly's main insulin drug, Humalog, went from \$21 a vial in 1996 to its current list price of \$275. A thirteen-fold increase. Humalog isn't thirteen times as effective as it used to be. A vial doesn't last thirteen times longer than it did in 1996.

Other insulin manufacturers have hiked prices as well. But the problem isn't just about diabetes. The incredible strain that drug costs put on patients in Oregon and across the country is in plain view.

Thousands and thousands of people at any given moment are turning to fundraising websites and asking complete strangers for help covering the cost of their prescriptions. It is grotesque that price-hiking drug makers have turned American patients into beggars.

Chairman Grassley and I recently investigated how the drugmaker Gilead came to price its Hepatitis C drug Sovaldi at \$1,000 a pill, wholesale. According to our investigation -- based on the company's own documents and their employees' own words -- setting that price was not about recovering R&D costs. It was not based on the previous standard of care. The company charged a list price of \$1,000 per pill because they knew they could get away with it. And that figure would set a pricing platform -- a benchmark to be surpassed by successor drugs.

So there's no shortage of evidence about what the problems are. Drugmakers have unchecked power to set prices on their own -- power that's often used to meet Wall Street's expectations rather than meet demand in the market. The system prioritizes quarterly earnings over human lives.

There are several policy challenges to tackle. I'm especially troubled by health care middlemen who skim off enormous sums of money, when there's scant evidence they're getting patients a better deal. That sure looks like it's the case with pharmacy benefit managers. Called PBMs, they're supposed to negotiate better deals, but the reality is, they take a big cut and inflate list prices.

The three biggest PBMs are among the 25 largest companies in America. So let's pull back the curtain on what's really going on and see who really benefits from this arrangement. Right now, it's pretty clear to me that it's not families or taxpayers.

Finally, a word about Medicare Part D. Chairman Grassley was a lead author of the bill that created the Medicare prescription drug benefit in 2003. While it was not the bill I'd have written, I supported that bill because it was a first step to help seniors pay for their prescriptions. The pharmaceutical industry looks a lot different now than it did back then. Today we will hear from our witnesses that the structure of Part D encourages drug manufacturers to set list prices sky-high. We'll hear that private Part D plans are incentivized to push these high-priced drugs onto seniors. That cannot happen any longer.

More than a decade of evidence shows that private Medicare Part D plans often do not do a good enough job of negotiating drug prices downward. So I believe Medicare ought to be able to use the collective bargaining power of 43 million seniors to get better deals for patients and taxpayers. The astronomical list prices of sole-source drugs is a major strain on patients and health care budgets, and private plans have proven unable to correct that problem. Let's also recognize that drug company profits are often dependent on taxpayer-funded research. I do not believe drug makers ought to be able to get away with privatizing all the gains after socializing the costs of that essential research.

The administration has often talked about addressing drug prices, but what's been offered is too light on details and destined to come up short. To live up to the president's promises, the administration will need to work with both sides in the Congress to pass meaningful legislation that lowers prices.

The Finance Committee has a real opportunity to take action this year. We have a long tradition of bipartisanship and big ideas. So let's make our work on lowering drug prices live up to that tradition.