

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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Opening Statement
Chairwoman Carolyn B. Maloney
Committee on Oversight and Reform:
Hearing: “Unsustainable Drug Prices: Testimony from the CEOs (Part I)”
September 30, 2020

Good morning, and thank you all for being here.

A year and a half ago—on January 29th, 2019—our former Chairman, Elijah Cummings, held this [Committee’s first hearing](#) of the new Congress. The topic of that hearing was the same issue we are examining this week—the astronomical price increases of prescription drugs.

Chairman Cummings cared deeply about this issue. As the very first witness to come before our Committee, he invited Ms. Antoinette Worsham. You may remember her. She testified about the devastation of losing her daughter, who had to ration insulin because she simply could not afford it.

Since Chairman Cummings is not with us today, I’d like to ask the Committee’s indulgence to play a short clip of his opening statement from that hearing. I remember Chairman Cummings at that hearing so well, sitting right here—in this very chair—listening intently to Ms. Worsham’s testimony. I remember his fierce determination. I remember his empathy. I remember how he promised at the end of that hearing to do everything in our power to make sure no family ever faces that situation again.

At that moment, Chairman Cummings was in the process of [launching](#) our Committee on one of the most comprehensive and in-depth investigations of drug pricing ever conducted by Congress. Today, 18 months later, I am honored to report some of our initial findings.

At the outset, it’s important to note that drug companies make products we all need. We rely on this industry to develop critical new therapies, treatments, and vaccines. But our Committee’s investigation has revealed deeply troubling facts about how these companies price the drugs we all rely on.

Our Committee has now reviewed more than a million pages of documents from some of the largest and most profitable drug companies in the world. These include internal corporate strategy documents and communications among top executives. Let me briefly describe three main findings from these documents.

First, the documents show that—as Chairman Cummings said nearly two years ago—these price increases are unsustainable—either for government health programs or patients themselves. The documents we have reviewed show that drug companies continue to raise prices—while raking in record profits—and continue to put their products further out of reach for patients in need.

To start this week’s back-to-back hearings, we will hear today from the CEOs of three companies. We will hear from the former [CEO of Celgene](#) and the current [CEO of Bristol Myers Squibb](#), which acquired Celgene last year. These companies sell the cancer drug Revlimid. They have tripled the price of this drug since 2005. Today, a course of this drug is priced at more than 16,000 dollars a month—that’s per month!

We will also hear from the CEO of the [drug company Teva](#), which sells the multiple sclerosis drug Copaxone. The company raised the price of this drug 27 times since 1997. A yearly course is now priced at 70,000 dollars—nearly seven times higher than when it was introduced. To put this in perspective, that’s more than the median household’s entire income for the year in the U.S.

Second, the documents reviewed by the Committee show that these massive price increases are based on generating windfall profits for these companies, their shareholders, and their executives.

We’ve all heard the talking points from the drug companies and their lobbyists—claiming they need to raise prices to pay for research on lifesaving medications, that pharmacy middlemen are driving up prices, or that they are committing significant funds to helping patients who can’t afford their drugs. But the Committee’s investigation shows that those claims are utterly bogus. They do not hold water.

The documents we reviewed show that—time and time again—drug companies hike prices to meet their earnings targets, and in some cases, so executives can get their personal bonuses for the year.

Finally, these documents show that drug companies are targeting the United States for the biggest price increases in the world.

They know the federal government is currently prohibited by law from negotiating directly to lower prices for Medicare beneficiaries. This may be the starkest finding of all. I was astonished to see some of the new documents we will be discussing today. The United States is where the drug companies are increasing their prices—much more than in other countries—and this is where they are making billions of dollars in profits.

Last December, the House [passed H.R. 3](#), and we named it in honor of the Chairman—The Elijah E. Cummings Lower Drug Costs Now Act. This legislation would authorize Medicare to negotiate directly with drug companies. President Trump supported this change on the campaign trail, but unfortunately he broke his campaign promise, and he

now opposes this change. The White House [issued](#) a statement declaring that if H.R. 3 were presented to the President, “he would veto the bill.”

Instead of taking on the pharmaceutical industry like he promised, President Trump appointed former industry executives to key positions. These included Joe Grogan, former Director of White House Domestic Policy Council. Mr. Grogan personally wrote an op-ed opposing H.R. 3 one week before we passed it in the House.

Here is the bottom-line: as a result of President Trump’s reversal, drug prices have continued to skyrocket under his tenure, and drug company executives have continued to get rich. A recent report found that drug companies have raised the list prices of more than 600 single-source brand name drugs by a median of 21.4 percent just between January 2018 and June 2020.

By any measure, President Trump has failed to rein in out of control drug prices. There is no doubt that he has been scrambling ahead of the election. He [promised](#) to hand out paltry \$200 discount cards, but he failed to explain how this will help people facing tens of thousands of dollars in costs.

The President also claimed he is banning U.S. companies from charging more than they charge abroad, but experts exposed this tiny demonstration project as a transparent and futile attempt to create the impression of action where there has been none.

Let me close with this. As Chairman Cummings would have wanted, we need to focus on the people this affects the most. I would like to play statements from two patients who want to share their experiences with us about these two drugs. Thank you, and I now recognize the Ranking Member for as much time as he would like for his opening statement.

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