Mr. Chairman, Members of the Committee, thank you for inviting me here today.

I am David Mitchell. I am the founder of Patients For Affordable Drugs, a national patient organization focused exclusively on policies to lower prescription drug prices. To maintain our independence, we do not accept funding from any organizations that profit from the development or distribution of prescription drugs. We are about patients first, last, and always.

My wife is a cancer survivor. She and I contributed seed money to the effort. And we received a grant from the Laura and John Arnold Foundation. I retired to devote myself to this cause, and I work for free.

More importantly for the committee, I am a relapsed cancer patient with multiple myeloma—an incurable blood disease. Drugs are keeping me alive. And because my cancer finds its way around drugs, I need new ones. So the importance of innovative, affordable drugs is not theoretical for me—it’s life and death.

I hope to watch my youngest son graduate from high school in three years and to have one of my older kids give me a grandchild one day. I am very grateful for the drugs produced by the science and research sector in our country. But life-saving drugs must come at prices that don’t bankrupt patients and ruin the lives of people struggling to maintain their health.

Yesterday, I sat in an infusion room for almost five hours receiving a two drug combination that costs more than $26,000 per month.

Prior to this drug regime, I was on Revlimid for five-and-a-half years, and I participated in Celgene’s Risk Evaluation and Mitigation program. I obtained my drugs only from specific
specialty pharmacies. Each month, I received counseling on the risks of the drug, and I participated in a survey designed to remind me of those risks—the most dangerous is birth defects if I impregnated a woman while taking Revlimid.

The counseling under the program consisted of a nurse reading a list of cautions to me. The survey was an automated phone call—press one for yes and two for no. The whole process took 5-10 minutes. It could have been easily duplicated by any generic manufacturer. It wasn’t rocket science.

Of course, during this same period, Celgene was doing its best to delay generic versions of the drug by hiding behind its restricted distribution system and REMS—refusing to give samples to generic drug makers. Here’s what that meant for me: My out-of-pocket cost for Revlimid went from $42 a month in 2011 to $250 a month by the time I had to stop taking it last year because of side effects. As you can see from the attached bill, the retail price for one four-week cycle of Revlimid is $10,691—more than $500 per capsule.

I am lucky. I had good employer-provided insurance. But Medicare beneficiaries aren’t always so fortunate. The median out-of-pocket cost for a Medicare beneficiary taking Revlimid is $11,500 per year. It is the most expensive Medicare drug.

Members of the committee, that’s the impact of REMS abuse, and it’s part of the problem with drug prices in America. Patients are forgoing their medications—they are spending their retirement funds and emptying their kids’ college savings to afford drugs when a generic competitor sits around the corner.

In 2015, Celgene reported $1.6 billion in profits. Revlimid accounted for 63 percent of its revenue. Revlimid is key to propping up its stock price.

It’s clear to me that Celgene is gaming our system. It is using the bogus pretext of Risk Evaluation and Mitigation to unlawfully deny samples to generic manufacturers in order to prevent them from developing a cheaper alternative. It is ripping off patients and taxpayers while blocking market competition.

Let me make the comparison more stark: The median income of a Medicare beneficiary is about $24,000 per year. The median out-of-pocket cost for Revlimid is $11,500 per year. But the CEO of Celgene—Robert Hugin—was paid almost $100 million dollars over three years. That is like a direct income transfer from the patient on Medicare to Mr. Hugin. It is just plain wrong. But they promoted him to Executive Chairman. Job well done.

We need to reform the law to stop these abuses. But speeding generics to market will only address a fraction of the problem of high drug prices.

The problem is that instead of a competitive free market for prescription drugs, we have a system of monopoly pricing by the drug companies enforced through government policy. We have pharmacy benefit manager middlemen who process $323 billion in drugs each year—but who keep all their deals secret.
As President Trump has said—and 82% of Americans agree— it is time to allow Medicare to negotiate prices for drugs on an open market instead of allowing drug companies to act as monopolies. I also believe that requiring transparency into PBMs and into prices set when a drug is invented using taxpayer funding would go a long way toward making drugs more affordable. And we should set prices based on the value drugs deliver to patients.

Finally, as a patient completely dependent on innovation and new drugs for my survival, I know we can have innovation and new drugs while reducing prices. Drug corporations try to scare patients by saying that they must have high profits or they will stop investing in research. But independent analyses show that while drug companies spend at best a few pennies of every dollar of revenue on basic research, they spend 20-40 cents on marketing and advertising. The pharmaceutical industry is among the most profitable in the U.S. And health care and drug company executives are the highest compensated in the U.S. More than half of new drugs that come to market are based on breakthroughs in science paid for by taxpayers through NIH and academic medical centers.

Drug corporations can lower prices, pay for research and development and still provide a healthy return to shareholders. But it won’t happen until we break the government enforced monopoly pricing power of the pharmaceutical industry, gain transparency on the part of PBMs, and restore competition in a free market that benefits patients, consumers and taxpayers.

I am extremely encouraged that members on both sides of the aisle are focused on drug prices. In my experience, the most enduring legislative successes in our country have come with bipartisan action. Thank you for your attention.

--------


Attachment 1: