

Statement of U.S. Senator Susan Collins

January 20, 2016

Madam President, I rise today with my friend and colleague, the Senator from Missouri, Senator McCaskill, to inform our colleagues of an important development in the investigation underway by the Special Committee on Aging as we examine the sudden and dramatic price hikes for certain decades-old prescription drugs. First, Madam President, let me provide you and our colleagues with some background on our investigation to date. Given that 90 percent of seniors take at least one prescription drug every month, the egregious price increases that we have witnessed on these older drugs that are no longer under patent protection could inflate the cost of health care by hundreds of millions of dollars each year.

Concerned not only about the high cost, but also about the potential risk that patients would not be able to access the prescription drugs that they need, we launched a bipartisan investigation early last November into the causes, the effects, and the potential solutions to these massive, unjustified price increases. Our investigation is focused on four companies that recently acquired six drugs that were decades old, drugs whose patents had expired long ago, and then these companies, after purchasing these drugs, dramatically hiked their prices. The four companies are Turing Pharmaceuticals, Valeant Pharmaceuticals, Retrophin, Inc., and Rodelis Therapeutics.

Of these four, Madam President, Turing Pharmaceuticals, previously led by its founder, Martin Shkreli, is the company that has received the most attention. In August of last year, Turing acquired the drug Daraprim. It's considered to be the gold standard for the treatment of toxoplasmosis, a disease resulting from a parasite infection that can be particularly harmful to infants born to infected mothers. Despite the fact that Daraprim has been on the market for 63 years, Turing brought the drug and then promptly raised its price from \$17.63 to a whopping \$750 per pill. The other three companies also dramatically increased the prices of the drugs they acquired from between 300 percent to 2,000 percent. On November 4, we wrote to the companies asking for detailed information regarding their pricing decisions. I ask unanimous consent that our letter be included in the record at the conclusion of my remarks.

Around the same time, the Turing CEO, Shkreli, was actively engaged in online postings and other communications discussing Turing business using what appeared to be his own personal electronic devices. On November 12, 2015, the Aging Committee asked the counsel for Turing to take reasonable steps to ensure that any business records on Mr. Shkreli's personal devices be properly preserved and produced. Turing still has not provided the Aging Committee with clear assurances that it will do so, notwithstanding the fact that they have told us that Mr. Shkreli was "Principally involved for Turing in all aspects of the transactions and the decisions covered by 'our November 4 letter.'"

On December 29, 2015, we issued a subpoena for documents to Mr. Shkreli in his capacity as CEO, compelling Turing to produce the information that had been sought by our November 4 letter. On December 17, 2015, we learned that Mr. Shkreli had been indicted on seven

counts unrelated to Turing and predating the company's corporate existence. The next day, Turing announced Mr. Shkreli's resignation as CEO, but left unclear whether or not he remained on its board of directors. The fact that the company has not made it clear that it would act to preserve Turing business records in its former CEO's possession left the Committee deeply concerned that we might not receive all documents relevant to our investigation. Therefore, on December 21 of last year, the Committee requested that Turing provide detailed information on the steps it was taking to preserve these records. Once again, however, Turing failed to produce an adequate response to our request. Consequently, the Aging Committee issued another document subpoena, this one directly to Martin Shkreli himself on December 24. It directed him to produce substantially the same documents sought by the Committee's December 9 subpoena.

By letter dated January 12, 2016, counsel informed our Committee that Mr. Shkreli was categorically invoking the Act of Production Privilege under the Fifth Amendment to the Constitution and was, therefore, refusing to produce any documents in response to the December 24 subpoena. So this is the important new development, Madam President, that he has chosen, in response to a document subpoena for Turing documents that are in his personal possession, he has invoked the Fifth Amendment.

To be clear, Mr. Shkreli is essentially arguing that the very act of producing and authenticating documents that are seemingly unrelated to the charges filed against him may incriminate him. So the Committee has asked him through counsel for an explanation of the rationale for this argument, and we are awaiting a response. The Committee is troubled by his unsupported invocation given that the Turing documents we have requested appear to be unrelated to the charges brought against him. Absent a valid justification for the grounds for invoking the Fifth Amendment, Mr. Shkreli's assertion could hinder our important investigation.

Madam President, our Committee is seeking to understand how companies can acquire prescription drugs, drugs that they had nothing to do with the research and development for, drugs that in some cases are more than half a century old, and then suddenly impose dramatic price increases on those drugs at the expense of infants, vulnerable seniors, and others with devastating diseases for which, in some cases, these drugs are the gold standard for treatment.

So far the Aging Committee has received nearly 20,000 documents over the course of this investigation. But, Madam President, the documents that the Senator from Missouri and I are seeking on behalf of the Committee likely include information that is essential in order for us to fully understand why this phenomenon is happening and to develop the legislative and regulatory solutions to end this disturbing practice. Madam President, I would yield now to the Ranking Member on the Committee on Aging, my colleague, Senator McCaskill.