

Opening Statement
Senator Susan Collins
The Complex Web of Prescription Drug Prices, Part III: Examining Federal Efforts to Foster Competition and Increase Affordability

June 19, 2019

Good morning. Today we are holding the third in our current series of hearings on the complex web of prescription drug prices, we will feature witnesses from the Food and Drug Administration, better known as FDA, the Centers for Medicare and Medicaid Services, CMS, and the Office of the Inspector General at the Department of Health and Human Services. Since 2015, our Committee has held eight hearings on drug pricing, an issue that I believe bridges the partisan divide.

According to the Kaiser Family Foundation, nearly seven in ten Americans say that lowering prescription drug prices should be a “top priority” for Congress. As those who have followed our Committee’s work on drug pricing know, we have highlighted example after example of patients who feel powerless when confronted with sky high drug costs and go to extraordinary lengths to cover the cost of their medications. In the interest of time this morning, I’m only going to list one of those examples but I will be putting others into the record as part of my full opening statement.

At last year’s hearing on the spike in insulin cost, we learned how rebates in the complicated supply chain create pricing distortions, particularly for those with high-deductible health plans. We heard from Paul Grant, a father of four who lives in New Gloucester, Maine, who discovered one day that the cost of a 90-day supply of insulin for his 13-year old son with Type I diabetes had tripled overnight to more than \$900. He had to resort to importing much lower-cost insulin from Canada, with no help from his insurance company.

This is typical of stories that we have heard across the country, and the American people are clamoring for action. While much more needs to be done, we have met with some successes. Following this Committee’s year-long investigation into dramatic price spikes in decades-old prescription drugs, I coauthored a bipartisan bill with former Senator Claire McCaskill to promote more competition from lower-priced, but equally effective, generic drugs. This bill was signed into law in 2017, and it appears to be showing results. To date, FDA has granted more than 100 application requests under this new pathway, with five approvals.

In 2018, I authored another bipartisan bill banning pharmacy “gag clauses”—contract provisions that prevented pharmacists from informing consumers how to get the lowest price for their prescriptions. Its became law, and a recent study published by the Journal of the American Medical Association suggests that banning gag clauses could help Americans save money in nearly one out of four prescription transactions.

Throughout our deliberations, I have emphasized that we want to keep strong incentives for innovation so that companies continue to invest in research and development and take the risks necessary to develop innovative drugs. But we must do more to ensure that these essential

medicines are more affordable, that their prices are transparent, and that their competitors are not blocked, once their patents have expired, by gaming of the patent system.

While past hearings have focused on the root causes behind escalating prices, today we will focus on some potential solutions. The timing is fortuitous, as House and Senate Committees are acting on a variety of proposals, including our bill to prevent patent gaming strategies and other approaches that delay generic or biosimilar competition, legislation to establish more price transparency, and measures to address out of pocket costs under Medicare Part D.

Members of this Committee have been working hard on a number of promising ideas. I have introduced, along with Senator Tim Kaine, the *Biologic Transparency Act* that would require companies to publicly disclose the web of patents that protect their biologics, making it easier for competitors to evaluate and plan for the development of generic versions, as well as discourage late-filed patents. I am pleased that on the Committee, Senators Braun and Hawley are cosponsors, as well as Senators Kaine, Portman, Shaheen, Stabenow, Paul, and Murkowski who serve on other committees.

Ranking Member Casey and I have partnered on legislation that he has introduced to codify the CMS Drug Pricing Dashboards to provide consumers with more information about out-of-pocket costs. Senator Rick Scott and I are working on legislation that creates a database of drug prices and aggregate manufacturer rebates, as well as justifications for any price increases.

One thing is certain, our drug pricing system is opaque and rife with misaligned incentives. In order to untangle patients from this complex web and bring them the relief they need without dampening R&D that produces life-saving new drugs, we need to work together, and that has been the spirit of this Committee. I am now pleased to turn to the Ranking Member Senator Casey for his opening remarks.