



Statement for the Record

House Energy and Commerce Health Subcommittee

**Hearing on
“Lowering Health Care Costs for All Americans: An Examination of the Prescription Drug
Supply Chain”**

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Chair Griffith and Ranking Member DeGette, we want to thank you for holding this important and timely hearing on prescription drug affordability, and to offer our sincere appreciation to all of the witnesses and Representatives who are lifting up the impact that unaffordable prescription drug costs have on our nation's families.

Americans across the country have made it clear that they want Congress to address the high cost of health care. In a recent Families USA poll, a majority of voters said lowering health care costs was the single most important issue for Congress to address—surpassing housing, jobs, immigration, and crime—and 91% agreed that Congress needs to take immediate action.¹

Prescription drugs costs are, as they have been for decades, a major piece of the growing health care affordability crisis. In 2023, nearly half of families with commercial health coverage were spending up to 25% of their monthly budget on health care costs.² These high costs have left 100 million families grappling with medical debt they may never pay off.³ And whether you take ten medications or none, inflated prescription drug prices impact everyone, as they contribute to rising insurance premiums (accounting for 24 cents of every premium dollar spent), higher deductibles, and stagnant wages.⁴

Rising costs for prescription drugs, and health care in general, stem from a fundamental misalignment between the business interests of the health care sector—including drug corporations, hospital systems, pharmacy benefit managers (PBMs), and insurers—and the health and financial security of our nation's families. The unchecked growth of big health care corporations and a lack of oversight over their business practices have led to monopolistic health care practices and prices, reduced access to care, worse health outcomes and lower wages for workers: all of which pose a direct threat to the health and financial security of every American.

Congress took monumental action in 2021 to address part of this problem by passing the Inflation Reduction Act (IRA), allowing the Centers for Medicare & Medicaid Services (CMS) to negotiate for lower drug prices and ensuring overall lower costs for those that rely on Medicare for their health. To date, CMS has successfully negotiated 25 high-cost drugs under the Medicare Drug Price Negotiation Program, with lower prices for the first 10 drugs in effect as of January 1, 2026. Taken together, these 25 drugs previously accounted for nearly \$100 billion in spending by the Medicare program and its beneficiaries, and the new prices—ranging from 38% to 85% lower than the list price—combined with the new \$2,000 annual out-of-pocket cap, will save Medicare beneficiaries over \$2 billion in direct costs at the pharmacy counter alone.⁵

The Medicare Drug Price Negotiation Program provides a new foundation on which additional drug pricing reforms can be built. But rather than continuing this legacy, Congress spent last year passing changes that will make health care more expensive and harder to access. Now is the time for this Committee and your colleagues in Congress to meet the demands of your constituents by taking bold action to lower drug prices and address the corporate greed that drives them in the first place.

Big Drug Companies Are Responsible for High Drug Costs

Prescription drugs are not getting more expensive because manufacturers are creating more innovative, effective drugs but because drug companies routinely and abusively increase the price for existing prescription drugs far faster than inflation.⁶ Between 2022 and 2024, median annual

launch prices increased 51% even *after* adjusting for inflation.⁷ And even after launching, prices continue to increase at staggering rates, leaving families and individuals paying more and more, year after year for their needed medications. The same report showing outlandish launch price increases also found a 24% increase in regular list prices over the same 2022-2024 timeframe.⁸ And individual examples are even more striking: for instance, the price of Victoza (a popular diabetes and weight loss medication launched in 2010) increased a staggering 42% in just five years, rising from \$7,936 per year in 2015 to \$11,300 per year in 2020.⁹

The entire business model of big drug companies is rooted in creating a monopolistic drug market and abusing it for exorbitant profit through price-gouging, anticompetitive behavior to extend drug exclusivity, and increasing profits on old drugs rather than investing in new and innovative treatments to help our nation's families.¹⁰ Big drug companies employ many different tactics to extend exclusivity, including "patent thickets," "product hopping," and reducing competition through "pay-for-delay" schemes. Once big drug companies have blocked competition, they are free to raise prices year after year at shocking rates, long after a drug's release. These price increases are not justified by additional benefits or effectiveness of the drug. In fact, one study of high-spend drugs showed that seven of the 10 drugs reviewed provided no additional clinical benefit relative to other available drugs.¹¹

Drug companies demonstrate time and time again that it is easier and more profitable for them to abuse patent law, limit competition, and raise prices rather than investing in new, innovative treatments that will help people live longer, healthier lives.¹² Congress holds the power to finally put an end to these abusive behaviors.

Pharmaceutical Benefit Managers Play a Role in High Drug Costs

In the absence of federal drug price regulation and prior to recent Medicare price negotiation authority, public and private payers turned to pharmacy benefit managers to negotiate for better prices. As third-party administrators designed to serve as intermediaries between health insurance providers and drug manufacturers, the key function of a PBM is to negotiate drug price concessions from pharmacies and drug manufacturers to lower prescription drug costs for health plans and employers.¹³ For a long time, PBMs were one of the only tools that employers and insurers had to negotiate for rebates and discounts that ultimately ensure families can access prescription drugs at a price they might be able to afford.

But this solution eventually become part of the problem as PBM practices also began to play a role in driving unaffordable drug prices.¹⁴ They hold the power to determine what drugs people have access to, what they will pay for those drugs, and even which pharmacies people can use.¹⁵ But many of their operations are opaque, leaving patients and plans wondering if they are actually negotiating for the best cost, quality, and overall value of prescription drugs, or simply trying to get the biggest rebate even if that means others pay more as a result. Put simply, many of the practices that are good for PBMs have the potential to be misused and ultimately bad for families' access to affordable prescription drugs.

We applaud the action taken by this Committee to advance key reforms that strengthen PBM transparency including those passed as part of *H.R. 7148, Consolidated Appropriations Act of 2026*. We encourage Congress to continue to build on this progress to address the root causes of unaffordable prescription drugs.

Now Is the Moment for Congress to Act

Congress has the opportunity to build on recent progress to fundamentally change the course of our nation's prescription drug affordability crisis and rein in corporate greed in the pharmaceutical industry that jeopardizes American families' economic stability and health.

Key reforms include:

1. **Reverse restrictions on CMS' ability to negotiate for lower costs on certain blockbuster drugs:** H.R. 1 included provisions that hamper CMS' ability to negotiate lower prices for many blockbuster drugs, including a number of cancer drugs and other medications that led to \$17.5 billion in total spending by Medicare and beneficiaries in 2023.¹⁶ This policy should be reversed, and Congress should stop pursuing policies that undermine Medicare drug negotiation.
2. **Extend the Medicare inflation rebate to the commercial market:** Drug manufacturers must pay a rebate when they increase prices faster than the rate of inflation for some drugs covered under Medicare Part B and almost all covered drugs under Medicare Part D. For drug manufacturers that do not pay the rebate, there is a significant monetary penalty. CBO estimates that there will be a net \$63.2 billion reduction in the federal deficit over 10 years resulting from this provision alone.¹⁷ Inflation rebates should be extended to include drugs covered in the commercial market to better protect individuals in employer-sponsored plans and other private plans from drug manufacturers' high prices and exorbitant yearly increases.
3. **Expand the number of drugs subject to negotiation and allow commercial health insurance to voluntarily adopted the negotiated rate:** Medicare is limited on how many drugs it can negotiate, only increasing by 15 or 20 each year. Additionally, the prices are not automatically available to consumers with private health insurance, which drives up the costs of prescription drugs for hundreds of millions of families. The Secretary of Health and Human Services should be authorized and required to expand this list of drugs subject to negotiation and to extend all negotiated prices to private sector health insurance, on a voluntary basis.
4. **End patent abuses:** For decades, drug makers have systematically abused patent and market exclusivity rules to block competition. One common abuse is to make minor tweaks to existing drugs that typically confer no additional clinical benefit but allow for extended patent protections. Marketers of the 12 best-selling drugs in the U.S. filed, on average, 125 patent applications per drug for the sole purpose of extending their monopolies and blocking competition for up to four decades.¹⁸ Practices like pay for delay and patent thickets should be eliminated.

Thank you again for holding this hearing today. People across the country are feeling the negative impacts of our nation's affordability crisis firsthand and are calling on Congress to pass an actual affordability agenda that provides relief. They need to know their representatives are doing all they can to deliver on their promises to lower costs and improve health care. The journey to fully transform our health care system so that it truly works for American families is long, but Congress holds the power to take the next critical steps. Families USA stands ready to support you in this essential and urgently needed work.

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