



FOR IMMEDIATE RELEASE

Contact: Taylor Harvey (202) 224-4515

February 26, 2019

**Wyden Statement at Finance Committee Hearing on Drug Prices with Pharma CEOs**  
*As Prepared for Delivery*

Prescription drugs did not become outrageously expensive by accident. It's not the result of a system too complicated for Americans to comprehend. Drug prices are astronomically high because that's where pharmaceutical companies and their investors want them. The brakes have come off pharmaceutical pricing, and American families are hurtling along in the passenger seat terrified of what comes next.

Today the committee will hear uplifting stories about miracle cures, but it is morally repugnant when patients can't afford them. It is morally repugnant when ailing patients are forced to choose between filling that next prescription or putting food on the table, because they can't afford both. It is morally repugnant when patients are forced to skip doses.

You Pharma executives are here because the way you do business is unacceptable and unsustainable. Ten companies accounted for half of all profits in the health care sector last fall. Nine of those ten were drug manufacturers. All but one of today's witnesses represent companies on that list. Drug makers behave as if patients and taxpayers are unlocked ATMs full of cash to be extracted, and their shareholders are the customers they value above all else.

Let's look at concrete examples, starting with AbbVie. AbbVie manufactures the top-selling prescription drug in America, the arthritis medication Humira. Over six years, the company doubled the price of a 12-month supply from \$19,000 to \$38,000. Can patients opt for a less expensive alternative? No they cannot, because AbbVie protects the exclusivity of Humira like Gollum with his ring. Thick cobwebs of patents, legal tricks, and shadowy deals with other drug makers, all to keep the cash flowing.

I also want to address troubling information the committee recently uncovered. I'm holding AbbVie's proxy statement, a document every publicly-traded company must file with the SEC. Page 37 shows that in 2017, a portion of CEO Richard Gonzalez's multi-million dollar bonus was directly tied to sales of Humira. It appears the same incentive was in place in 2015 and 2016.

In fact, the committee's review shows that all of AbbVie's top executives had the same arrangement. Mr. Gonzalez is welcome to respond, but the implication of that incentive ought to be clear. From top down, AbbVie's leadership had reason to keep pushing prices and sales upward.

Now onto Pfizer. Pfizer gets first prize for emptiest gesture on pricing in 2018. After stern Trump tweets last year, Pfizer said it would temporarily freeze prices. But once the president got his splashy headlines, his gaze turned elsewhere, and Pfizer's former CEO told investors it was back to "business as normal." Another round of price hikes in 2019, including on its pain medication Lyrica. Lyrica's price has increased 163 percent since 2012. With this one drug, Pfizer raked in \$4.5 billion in 2017.

Merck: Merck gets second prize for emptiest gesture on pricing in 2018. It made sweet sounding promises after coming under criticism, but it cut prices for drugs that provide essentially no revenue to the company. Left untouched were the cash cows, Keytruda and Januvia, which account for more than a quarter of the Merck's revenue. It's like promising car shoppers a great deal, except the only discounted model on the lot is an Edsel.

Sanofi: A company wringing more and more cash out of people with an incurable disease. In 2010, a vial of Sanofi insulin cost less than \$100. In 2018 it cost nearly \$300, and the company raised prices again in 2019. Considering that the landmark breakthrough on insulin came early in the Roaring '20s, nothing could justify that sudden price increase nearly a century later. Diabetics who can't afford the costs are self-rationing and endangering their lives, but at least the investors are happy.

AstraZeneca: A lesson in saying the quiet part out loud. In an interview earlier this year, CEO Pascal Soriot complained that his \$12 million salary made him, "the lowest-paid CEO in the whole industry." He said it was, "annoying to some extent." His company, meanwhile, continues to raise the price of Symbicort, its \$3 billion asthma drug. For some asthmatics, being able to breathe costs hundreds of dollars a month.

Johnson & Johnson: A record-setting flip-flop. This January 7th, at the JP Morgan Healthcare Conference, CEO Alex Gorsky said that the pharmaceutical industry needed to self-police on pricing. Sounds good, but it didn't last long. Three days later, his company hiked the prices of hundreds of its drugs, including drugs that account for billions in Medicare spending.

Bristol-Myers-Squibb: In 2017, the company spent roughly \$11.5 billion on dividends, stock buybacks, marketing, sales and administrative costs. That's roughly triple the amount it spent on R&D.

This is all a stark illustration of drug makers' profiteering and two-faced scheming. The central argument that the committee will hear in response is that the fault is everybody else's. The health plans are at fault. The PBMs are at fault. Regulators are at fault. They always point the finger elsewhere.

We'll also hear that list prices don't matter; that the true costs are complicated. But companies don't set and raise list prices for fun. Those prices are directly tied to the amount patients pay out of pocket at the pharmacy window. They are directly tied to what taxpayers spend on health care programs.

Next, drug makers point fingers at the middlemen, Pharmacy Benefit Managers. I've said for years that PBMs are wasteful and secretive, taking their cut without proving their worth to anybody. They will have their day before this committee. But PBMs don't set list prices; manufacturers do. Furthermore, manufacturers don't offer rebates for nearly 40 percent of Part D brand name drugs. Those prices continue to rise. That's on the drug companies, not on PBMs.

Next, drug makers say changes in the status quo will hurt R&D. A quick look at these companies' finances, on both sides of the balance sheet, shows that isn't the case. Revenue generated from American patients alone dwarfs what they spend on R&D worldwide. Drug makers also spend as much, if not more, on flashy TV ads and office-to-office salesmen as they spend on R&D. And if lower prices would diminish R&D, why don't costly dividends? Why don't stock buybacks? Is the stock price more important than inventing the next miracle cure?

Even if you buy the specious argument that a drug's list price at launch is driven by the cost of R&D, what could justify arbitrary price increases year after year, long after the R&D spending is done?

Finally, companies say they help patients afford drugs with "coupons" or patient assistance programs. But if these programs are so widely generous, why can't drug makers instead simply lower prices across the board? Because it's just more slick branding -- ploys that allow companies to maintain the status quo.

One final point. I was there when seven Big Tobacco CEOs testified in a committee room like this one, and they lied. The chairman and I expect better this morning. Your profits are outsized compared to others in the industry, you receive a massive portion of your revenue from American taxpayers, and you bear none of the consequences of high drug prices. It's past time to get beyond the excuses and make prescription drugs affordable.

Chairman Grassley.

###