

On January 29, the **Senate Finance Committee** held a hearing, **"Drug Pricing in America: A Prescription for Change."** During the hearing, both Senators and witnesses discussed drug companies' high prices and their anti-competitive actions.

## DRUG COMPANIES' HIGH PRICES

- **Chairman Chuck Grassley (R-Iowa):** "I've also heard from seniors who have seen their prescriptions increase month after month for no apparent reason. And I've heard stories about people reducing their life-saving medicines...to save money. This is unacceptable...But other drugs are creating problems as well, that is why tackling high prescription drug costs is one of Senator Wyden's and my first priority on this Committee."
- **Ranking Member Ron Wyden (D-Oregon):** "So there's no shortage of evidence about what the problems are. The companies have unchecked powers to set prices on their own, and often it's to meet Wall Street's expectations rather than meet demand in the market."
- **Mark Miller, The Arnold Foundation:** "The revenues that come out of the United States exceed R&D by something like 70, 75 percent...So the first point is is when people say R&D is driving these prices, there is a big disconnect in there...We found many companies in which they're spending much more on advertising, marketing and other administrative expenses than they are on R&D."
- **Peter Bach, Memorial Sloan Kettering:** "Prices for monopoly goods such as these are determined by the market in which they are sold, not the other way around...Please realize that these drugs do not inherently cost \$1 million any more than they inherently cost \$1."
- **Kathy Sego, Mother of a child with diabetes:** "As a mother, I would probably say to them – I hope you know that there are people who are going without their medication, and because they're going out without their medication they're at risk of dying. And how can you be OK with that?...That should never be a decision that a person needs to make. And unfortunately, it is."

## GAMESMANSHIP & ANTICOMPETITIVE PRACTICES

- **Douglas Holtz-Eakin, American Action Forum:** "We have some very isolated instances of cost associated with off-patent sole-source drugs. And in those circumstances, it appears that firms are able to take advantage of their market power and raise the prices of drugs sharply. This strikes me as a fundamental anti-competitive act that ought to be investigated."
- **Senator Robert Menendez (D-New Jersey):** "Manufacturer coupons, many suggest, distort spending ...Who's winning with these coupons?" **Peter Bach:** "I can assure you we know who's winning and it's the people who are printing the coupons...the reality is they're artificial price supports."
- **Senator Maggie Hassan (D-New Hampshire):** "We've seen a lot of bad actors gaming the system over the years, really to pad their pockets. There are countless ways drug companies take advantage of loopholes and taxpayers end up footing the bill."
- **Mark Miller:** "We need to curb the anticompetitive behaviors of manufacturers and inject competition back into the marketplace. Manufacturers benefit from taxpayer-funded NIH research and from government granted monopolies. And naturally, they devote resources to protecting those monopolies."