

PROTECT OUR CARE

Written Statement

**Leslie Dach, Chair
Protect Our Care**

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"Unsustainable Drug Prices (Part III): Testimony from AbbVie CEO Richard Gonzalez"

Introduction

Chairwoman Maloney and members of the House Oversight Committee: Thank you for the opportunity to provide written testimony. My name is Leslie Dach, and I am the Chair of Protect Our Care. Protect Our Care led the successful campaign to protect the Affordable Care Act, and we are now focused on improving our health care system by increasing coverage, lowering costs, and addressing racial inequities. A critical piece of this work is addressing skyrocketing prescription drug prices, and that is what I am here to discuss today.

For years, drug companies have engaged in the dangerous practice of price-gouging – pursuing massive profits to the detriment of people who need their medication to survive. AbbVie is no different. Year after year, AbbVie hikes the prices of its medications, rarely because of any improvement to their drugs or increased cost of development – but instead because they can. Perhaps the most notable example of AbbVie’s price-gouging is their best-selling drug, Humira, which is used to treat rheumatoid arthritis. Between 2012 and 2018, the cost of Humira [more than doubled](#), from \$19,000 to more than \$38,000. In January, AbbVie once again hiked the price of Humira by [7.4 percent](#), after it brought in \$21 billion in sales in 2019. As it stands, Americans pay [two times](#) what people in the U.K. pay for Humira.

Price hikes like this touch nearly every corner of the health care system: A 2019 report from the Institute for Clinical and Economic Review found that price hikes on seven prominent drugs cost Americans more than [\\$5 billion](#) over two years. AbbVie’s arthritis drug Humira topped the list, costing Americans an excess of \$1.9 billion in cost sharing, out-of-pocket costs, and premiums between 2016 and 2018.

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As list prices go up, patient cost-sharing [increases](#). Research has shown that even a modest increase in out-of-pocket costs will cause many patients to stop taking essential medications. An alarming new working paper from Harvard economist Amitabh Chandra [found](#) that increasing Medicare beneficiaries' cost sharing by \$10 per prescription led to a 33% increase in mortality. This suggests that even moderate price increases could have deadly consequences for patients.

At the same time, drug companies are enjoying sky-high [profits](#) and breaking [records](#) for the money it's spending on K Street lobbyists to block any meaningful reform. In January 2021, drugmakers, including AbbVie, hiked the price of [nearly 1,000 drugs](#), with increases far outpacing inflation.

An 18-month investigation led by the House Committee on Oversight and Government Reform confirmed that price hikes were driven by profits and executive pay. Kaiser Health News [summarized](#) the September 2020 report's major findings: "much of the drug industry's profits come at the expense of taxpayers and the Medicare program, are used to pay for generous executive bonuses and are guarded by aggressive lobbying and efforts to block competition, regulation or systemic change in the United States while the rest of the world pays less."

The Devastating Impact Of High Drug Prices

The reality is prescription drugs are outrageously expensive for millions of Americans. Drug companies continue to hike prices on lifesaving drugs even as one in four Americans have difficulty affording a prescribed medication. It is unacceptable that Americans have to pay nearly three times as much for drugs as people in other countries, and Americans should not have to choose between taking their medicine and buying their groceries or paying rent.

- **Americans Are Paying More For Drugs Than People In Any Other Country In The World.** At \$1,229 per capita, people in the U.S. [spend more](#) on pharmaceuticals per capita than do people in any other country in the world. A recent report by the RAND Corporation shows that U.S. drug prices are 256% higher than 32 other countries.
- **Nearly One In Four Americans Have Difficulty Affording A Prescribed Medication.** Nearly [1 in 4 Americans](#) (24%) have difficulty affording prescribed medications. [30% of 50-64 year olds](#) reported problems affording drugs. Costs are of particular concern to those in fair or poor health – [49%](#) of those in fair or poor health reported problems affording prescribed medications in 2019. Other groups more likely to report difficulties affording their medications include people with annual incomes less than \$40,000 and people taking four or more drugs every month.

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- **More Than A Third Of Americans Have Forgone Medications To Pay For Essential Items And Bills.** A recent survey found that [36% of Americans](#) have forgone medications to pay for essential items and bills. The rate is higher for people of color, with nearly half (47%) of non-white respondents having forgone medications to pay for essential items.
- **58 Million Americans Were Unable To Afford Prescribed Drugs In 2019.** A November 2019 Gallup survey found that [58 million Americans](#) were unable to afford prescribed drugs at least one time in the previous 12 months.
- **Medication Insecurity Is On The Rise, Especially For People Of Color.** A July 2020 Gallup survey found reports of medication insecurity have risen by ["statistically significant levels,"](#) rising from 19% of adults in early 2019 to 24% in 2020. This increase was driven primarily by non-white adults.

About [six in 10 Americans](#) are taking at least one prescribed medication. While high drug costs hurt millions of American families, some groups are bearing the brunt of these costs more than others:

- **Women.** Nonelderly women are [generally](#) more likely than their male counterparts to use prescription drugs. A study published in *Health Affairs* [found](#) that women are more likely than men to skip needed prescriptions because of cost. Similarly, a 2019 Gallup [poll](#) found that the gender gap for prescription drug affordability is growing, with 27.5% of women unable to afford a prescribed medication in the previous year, compared to 18.1% of men.
- **Communities Of Color.** Decades of structural racism have led to people of color experiencing higher rates of chronic illnesses, lower coverage rates, and barriers to accessing health care. In a January 2021 [survey](#) on prescription drug affordability, nearly half (47%) of non-white respondents reported having forgone medications to pay for essential items, compared to 21% of white respondents. Additional polling from Unidos U.S. found that [more than half](#) (55%) of Latinos worry about affording prescription drugs. According to the Action Center on Race and the Economy, Black and Latino patients are [more likely](#) than white patients to ration diabetes and hypertension medications due to cost.
- **Children.** High drug prices [force](#) families to choose between lifesaving medications and other essentials. Drugs commonly used by children are also susceptible to price hikes. In 2017, Mylan came under fire for hiking the price of an [EpiPen](#) prescription to \$609 even though each package only contained about \$1 worth of the drug epinephrine. EpiPens are essential for children experiencing severe allergies, like the estimated [1.2 million](#) children with a peanut allergy.

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Recommendations

Democratic lawmakers have made a strong and compelling case for giving Medicare the power to negotiate with drug companies for lower prices – the single most effective way to bring down drug prices. The Elijah E. Cummings Lower Drug Costs Now Act (H.R. 3) does just that, and it passes down savings to all Americans, not just those on Medicare. This historic legislation will put an end to the rigged system that allows drug companies like AbbVie to raise the price of existing drugs year after year, and it will help families save thousands on the medications they need. Reducing drug prices will help seniors, women, children, and communities of color.

- **H.R. 3 Would Save Taxpayers Nearly \$500 Billion Over The Next 10 Years.** Analyses from the nonpartisan [Congressional Budget Office](#) and the [CMS Office of the Actuary](#) the bill confirmed it would reduce negotiated drug prices by as much as 55%– saving patients an estimated \$158 billion over the next few years and decreasing deficits by \$456 billion.
- **H.R. 3 Could Save Patients Thousands Of Dollars On Costly Medications.** The Center for American Progress [calculated](#) average savings for several drugs that would likely meet the criteria for negotiation under [H.R. 3](#). According to these estimates, patients taking Humira would save more than \$1,700 every month. In addition to achieving thousands of dollars in monthly savings on expensive treatments for conditions like cancer and multiple sclerosis, H.R. 3 would help lower the cost of insulin for some diabetics by more than \$700 annually.

Lowering health care costs, and especially prescription drug prices, remains a top priority for voters, and it has consistently been the number one issue Americans want Congress to address. Giving Medicare the power to negotiate in particular is a rare issue that brings together voters across the political spectrum, with polls showing that [more than nine in 10](#) support the policy, including majorities of independents and Republicans.

However, drug companies are prepared for a fight. Big Pharma is already ramping up some of its most powerful scare tactics: specifically, that if prices were regulated through Medicare negotiation and other reforms, patients would lose out on lifesaving new drugs. That argument is simply false. In reality, high U.S. drug prices far exceed what is necessary to fund research and development and, instead, drug companies use price hikes to reward CEOs and shareholders. Moreover, research and development is heavily subsidized by taxpayers, including the research that helped rapidly produce COVID-19 vaccines. Research shows that drug companies could lose [\\$1 trillion](#) in sales and still be the most profitable industry.

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With a unified Congress and under the leadership of President Biden, Democrats have a once-in-a-generation opportunity to finally bring down drug prices for American families. In order to deliver on this promise, lawmakers must keep up momentum and work to end Big Pharma's broken system. The House Oversight Committee's investigation lays bare the need for reform, and as the country recovers from the COVID-19 economic and health crisis, American families cannot wait. The time to act is now.