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Opening Statement
Chairwoman Carolyn B. Maloney
House Committee on Oversight and Reform
Hearing Before House Committee on the Judiciary
Subcommittee on Antitrust, Commercial, and Administrative Law
"Treating the Problem: Addressing Anticompetitive Conduct and Consolidation in Health Care Markets."
April 29, 2021

Chairman Cicilline, Ranking Member Buck, and members of the Subcommittee, thank you for holding this important hearing today and for inviting me to testify about the Oversight Committee's findings of anticompetitive conduct in the pharmaceutical industry.

At the outset, I want to commend this subcommittee for its groundbreaking work on antitrust issues.

The former Chairman of my committee, the late Elijah Cummings, cared deeply, as I do, about the issue of rising prescription drug prices. He understood that drug companies' exorbitant prices have devastated patients across our country, forcing many to make gut-wrenching choices between affording their medications and paying rent, buying food, or saving for retirement.

For this reason, at the beginning of the 116th Congress, Chairman Cummings launched an in-depth investigation into some of the largest and most-profitable drug companies in the world. This investigation has remained one of my highest priorities since I took over as Chairwoman.

Over the last two years, we have reviewed over 1.3 million pages of internal company documents. Last fall, the Committee held hearings with six CEOs and released five staff reports summarizing our initial findings.

Before I describe some of these findings, I want to recognize that we rely on the pharmaceutical industry to develop critical new therapies, cures, and vaccines. In exchange, our system grants these companies the exclusive right to sell their products for a limited number of years without facing competition from lower-priced generic and biosimilar drugs.

Unfortunately, brand name drug companies have abused this system by engaging in blatantly anticompetitive strategies to extend their monopoly pricing for far longer than our system intended.

Our Committee's investigation found that these strategies, combined with laws restricting Medicare's ability to negotiate directly for lower prices, have emboldened drug companies to target the United States for price increases while cutting prices in the rest of the world. Our system, in essence, is leading to higher—and less affordable—drug prices right here in the U.S.

In addition, our investigation found that pharmaceutical companies dedicate significant portions of their research budgets to coming up with new ways to suppress generic and biosimilar competition, rather than focusing on developing new therapies.

By allowing these anticompetitive tactics to continue, we are paying more money and getting less innovation.

Our investigation exposed the inner workings of the types of anticompetitive conduct your Subcommittee is seeking to combat. Here are just a few examples:

- One drug company, Teva, engaged in what is known as "product hopping": using its monopoly market power to shift patients from one dose of its blockbuster M.S. drug Copaxone to another dose before generic competition for the first dose came to market. Experts estimate this one product hop cost the U.S. health care system $4.3 billion dollars.

- Companies such as Amgen and Novartis entered into patent settlement agreements with potential generic competitors to delay their entry into the market. Amgen internally estimated that it collected $202 million in extra sales of the kidney drug Sensipar by delaying generic entry by just ten weeks. Experts estimate that Novartis' delay of generic competition for its cancer drug Gleevec cost the U.S. market $700 million.

- Executives at another company, Celgene, discussed how to leverage the high price of its cancer drug Revlimid to prevent their competitors from conducting productive cancer research.

Our Committee's investigation also revealed damning details about other abuses like patent thickets, misuse of the Orphan Drug Act, and exclusionary contracting with pharmacy benefit managers. I encourage Members and the public to use these reports as a resource as they seek to combat rising drug prices in our country.

I want to end by emphasizing that we are not done yet: my Committee is continuing its investigation of abuses by the pharmaceutical industry.

On May 18th, the Committee will hold a hearing with the CEO of AbbVie. AbbVie sells Humira, the highest grossing drug in the U.S. and the world. The Committee has obtained internal documents—previously not public—that show the tactics AbbVie has used to suppress competition for Humira and other drugs and maintain monopoly pricing in the U.S.

I hope the Oversight Committee's findings are helpful as the Judiciary Committee considers legislation to address the pharmaceutical industry's anticompetitive practices and unsustainable price increases.

Thank you. I appreciate the opportunity to appear before you today.

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