

Congress of the United States

House of Representatives

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Opening Statement Ranking Member Elijah E. Cummings

Hearing on “Reviewing the Rising Price of EpiPens” September 21, 2016

Mr. Chairman, thank you for holding today’s hearing. As you know, this issue—the skyrocketing prices of prescription drugs—has been one of my top priorities for several years. This hearing is critical because yet another drug company, Mylan, has jacked up the price of a life-saving product for no discernable reason—other than to get filthy rich at the expense of our constituents.

The EpiPen has been around for decades—it was introduced in 1988. The active ingredient has been around even longer, and it costs just pennies to make.

So what changed? What changed is that Mylan acquired the EpiPen in 2007. Then, they used a simple, but corrupt business model that other drug companies have used repeatedly: find an old, cheap drug that has virtually no competition, and raise the price over and over and over again—as high as you can. That’s what Martin Shkreli did, and that’s what Valeant’s CEO did. They sat at this very witness table earlier this year with absolutely no remorse.

In Mylan’s case, they had a virtual monopoly over the market, and they decided to take advantage of it. As a result, today a product that used to cost about \$100 for two EpiPens now costs more than \$600.

To understand why Mylan raised their prices so dramatically, we need to understand how much money they are making off this drug. According to documents obtained by the Committee, EpiPens generated \$184 million in net sales revenue in 2008. In 2016, Mylan expects this number to go up to more than \$1.1 billion. That is more than a five-fold increase in under ten years.

What else changed since 2007? The EpiPen became Mylan’s first billion-dollar drug. Mylan has received more than \$4 billion in net sales revenue on this one drug over the last decade—and that’s after rebates and discounts.

The company also engaged in a massive marketing campaign. According to information obtained by the Committee, Mylan spent nearly \$100 million on advertising and marketing for EpiPens last year alone.

Then came the price increases. When Mylan acquired the EpiPen in 2007, the cost for two EpiPens was about \$100. In 2012, they raised the price to about \$218. In 2014, they raised it again to about \$350. In 2015, they raised it again, to about \$460. And now, it's \$608.

While the price of EpiPens shot up exponentially, so did Ms. Bresch's paycheck—and the lavish compensation of her fellow executives at Mylan. In 2007, Ms. Bresch received \$2.45 million, according to financial reports. By last year, her compensation had soared to more than \$18 million—a 671% increase. Mylan's Chairman, Robert Coury, got even more—he made more than \$22.5 million in 2014 alone.

After the public backlash to Mylan's most recent price increase, they announced that they would expand their patient assistance program. This is the same PR playbook other companies use: When your price increases finally spark public outrage, just say you are expanding your patient assistance programs, and make as much money as you can along the way. That's what Martin Shkreli did, that's what Valeant did, and that's what Mylan is doing.

Here is my bottom line. I begged Martin Shkreli to use whatever influence he still had over his company to lower their prices. I pleaded with Valeant's executives to lower their prices. I called on Mylan to reverse its drastic price increases. But they all refused.

They talk about discounts and coupons and rebates, but even with withering bipartisan criticism from Congress—and desperate outcries from American families—they never, ever lower the price.

I am concerned that this is a rope-a-dope strategy. Today, we will hold yet another hearing where the industry will take these punches, but then go right ahead and keep raising their prices. After Mylan takes our punches, they will fly back to their mansions in their private jets and laugh all the way to the bank while our constituents suffer, file for bankruptcy, and watch their children get sicker, and in some cases die.

Yesterday, someone asked me if I wanted the head of Mylan to apologize today. I think that would be appropriate, but it will not cause Mylan to treat my constituents fairly and bring down the prices to where they should be.

We need solutions. It's time for Congress to act. We will hold today's hearing, just like we held our previous hearings. But it's time to start legislating. It's time to start doing our job and passing laws to rein in these out-of-control drug companies.

They have shown over and over again that they will continue bilking the American people and the American taxpayers until we force them to stop.

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