

Height Commentary

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Drug Pricing

Drug Pricing Hearings and Investigation Mount

THE TAKEAWAY

Since January, members in Congress have initiated at least three sets of hearings and four investigations into drug prices, surprise billing, and individual companies. The House Ways and Means Committee will hold their first hearing on the subject today, following introductory hearings in House Oversight and Senate Finance. Other groups and individual senators have also sent letters to several companies requesting information and explanations for rising drug prices and surprise medical bills. The requested response dates for those letters are approaching. While companies are not required to respond, inaction may cause further pressure in Congress. Notably, after drug manufacturers declined to testify at the first Senate Finance hearing, Senators Grassley (R-IA) and Wyden (D-OR) threatened to compel testimony. In this report we outline the ongoing investigations and the companies being targeted. For more information on congressional and administrative drug pricing outlooks, please see our [January 28](#) and [January 15](#) reports.

Several sets of drug pricing hearing are already underway (**Figure 1**). House Oversight Committee Chairman Elijah Cummings (D-MD) [announced](#) a comprehensive drug price investigation in early January, and the first hearing took place on January 29.

Senate Finance Committee Chairman Chuck Grassley (R-IA) also [announced](#) a series of hearings “scrutinizing prescription drug pricing,” and the first hearing took place on January 29. The second hearing in Grassley’s series is scheduled for February 26 and will include representatives from seven drug manufacturers. Finally, House Ways and Means Chairman Richard Neal (D-MA) [announced](#) a hearing on rising drug prices on February 5 with a follow-up hearing scheduled for February 12.

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Individual senators, working groups, and committees distinct from the announced hearings have also indicated their intent to investigate drug prices and surprise billing. Democrats in the House Energy and Commerce Committee and the Senate HELP Committee recently sent [letters](#) to Eli Lilly (**LLY**), Novo Nordisk (**NVO**), and Sanofi (**SNY**) requesting information on rising insulin costs. The two committees request that the companies respond by February 13 and February 19 respectively.

A bipartisan group of senators including Bill Cassidy (R-LA) and Michael Bennet (D-CO) are currently addressing surprise billing issues. The group recently sent [letters](#) to undisclosed plans and providers asking for more data about billing. Notably, the lack of data in billing is a roadblock to legislation we identified in our January 28 [report](#). The group requests a response to their letter by February 18.

Finally, Senator Bernie Sanders (I-VT) [continues](#) to pressure Catalyst Pharmaceuticals (**CPRX**) over their drug Firdapse, which treats Lambert-Eaton myasthenic syndrome (LEMS). The FDA [granted](#) the drug priority review and orphan drug status in November 2018 after years of the off-label use. Senator Sanders requests that the company respond by February 18.

Figure 1. Ongoing Drug Pricing and Surprise Billing Investigations

Topic	Chamber	Committee/Group	Launch	Hearings	Response Due	Companies Addressed	Players
Insulin Investigation	House	Energy & Commerce	January 30		February 13	LLY; NVO; SNY	E&C Chair Pallone (D-NY); E&C Oversight Subcommittee Chair DeGette (D-CO)
Insulin Investigation	Senate	HELP	February 05		February 19	LLY; NVO; SNY	HELP Ranking Member Murray (D-WA)
Drug Price Investigation	House	Oversight	January 14	January 29		ABBV; AMGN; AZN; CELG; LLY; JNJ; MNK; NVS; NVO; PFE; SNY; TEVA	Oversight Chair Cummings (D-MD)
Drug Price Investigation	Senate	Finance	January 23	January 29 February 26		ABBV; AZN; BMY; JNJ; MRK; PFE; SNY	Finance Chair Grassley (R-IA); Finance Ranking Member Wyden (D-OR)
Drug Price Investigation	House	Ways & Means	February 05	February 12			W&M Chair Neal (D-MA)
Surprise Billing	Senate	Bipartisan Working Group	February 05		February 18	Plans and Providers	Cassidy (R-LA); Bennet (D-CO); Young (R-IN); Carper (D-DE); Murkowski (R-AK); Hassan (D-NH)
Firdapse Investigation	Senate	Sanders	February 04		February 18	CPRX	Sanders (I-VT)

Source: Senate and House Committee and Member Documents; Height Capital markets Analysis

Note: "Response Due" indicates that a letter or letters have been sent to the companies addressed and the sender requests a response by the stated date.

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COMPANIES MENTIONED IN THIS REPORT

Eli Lilly & Co (LLY), Novo Nordisk Shs Sponsored American Deposit Receipt Repr 1 Sh -B- (NVO), Sanofi Shs Sponsored American Deposit Receipt Repr 1/2 Sh (SNY), AbbVie Inc (ABBV), Amgen Inc (AMGN), AstraZeneca Shs Sponsored American Deposit Share Repr 1/2 Sh (AZN), Celgene Corp (CELG), Johnson & Johnson (JNJ), Mallinckrodt PLC (MNK), Novartis Shs Sponsored American Deposit Receipt Repr 1 Sh (NVS), Pfizer Inc (PFE), Teva Pharma Ind Shs Sponsored American Deposit Receipt Repr 1 Sh (TEVA), Bristol-Myers Squibb Co (BMY), (CPRX)

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