

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

March 14, 2011

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Cliff Stearns  
Chairman  
Subcommittee on Oversight and Investigations  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Upton and Chairman Stearns:

We are writing to request an investigation and hearing on rising prescription drug prices. A new GAO report that we released today identifies rapid increases in the prices of brand-name drugs.<sup>1</sup> The report finds that between 2006 and 2010, prices for commonly used brand-name drugs increased at an annual rate of 8.3%. For many drugs, price increases were even higher. Over this same time period, the overall inflation rate was 2.1%.

The price increases identified in the GAO report occurred prior to passage of the Affordable Care Act in March 2010. We took action in the new law to provide seniors and taxpayers with relief from these high prices. The Affordable Care Act provided seniors who hit the Part D drug donut hole in 2010 with an immediate \$250 rebate to mitigate their high costs; this year, as of January 1, 2011, it provides these seniors with a 50% discount on brand-name drugs. The Affordable Care Act also increased rebates for drugs under the Medicaid program, reducing taxpayers' drug costs by billions of dollars.

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<sup>1</sup> Government Accountability Office, *Prescription Drugs: Trends in Usual and Customary Prices for Commonly Used Drugs* (Mar. 2011) (GAO-11-306R)

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Despite these improvements, rapidly increasing drug prices continue to pose a risk to seniors and to taxpayers. These price increases erode the value of the Part D benefits, increase out-of-pocket costs for seniors, and raise the costs of Medicare Part D and other public programs for taxpayers. Price increases for brand-name drugs also result in significant cost increases for small and large businesses that provide health care for their employees and retirees, for those who purchase insurance through the individual health insurance market, and for the uninsured, who must pay the full cost of their prescription drugs.

Although we took important steps in the Affordable Care Act to protect seniors and taxpayers from high drug costs in the Medicare and Medicaid programs, there are numerous additional steps the Committee and Congress can take. Policy proposals that passed the House last Congress would considerably reduce government spending on prescription drugs, mitigating the impact of rapid price increases and saving tens of billions of dollars.

We ask that the Committee investigate these price increases and hold hearings to assess options for reducing high drug prices for seniors, taxpayers, and all Americans.

Thank you for your attention to this request.

Sincerely,



Henry A. Waxman  
Ranking Member



Diana DeGette  
Ranking Member  
Subcommittee on Oversight and Investigations