

Good morning Mr. Chairmen and members of the Senate Banking and Insurance Committee. I'm going to take just a few minutes to talk about some of the substantial pharmaceutical price increases we are experiencing.

First I want to mention that Capital BlueCross offers prescription coverage through CVS/Caremark. We also contract with a specialty drug purchasing company named Accredo. Approximately 50% of our customers purchase prescription drug coverage while the other half either do not carry prescription coverage or purchase it on their own.

One example of a difficult to explain increase deals with insulin. Over the past decade the list prices of Humalog, a short-acting insulin, and Humulin, a much older form of insulin, have increased by over 290%. Another similar example is the four-decades-old EpiPen, a life-saving allergy medication. Its price has increased 500% since 2007. What that means in real dollars is a package of two injectors has risen to \$609.

To give you some idea of the cost of new specialty drugs, Bavencio, a new cancer drug approved last March is approximately \$156,000 per patient. A new muscular dystrophy drug that came on the market last year is \$300,000 per year while last year the FDA approved Tecentriq, a new bladder cancer treatment that costs \$150,000 per year.

Two other examples of substantial price increases are Humira and Oxycontin long acting. Humira is a specialty medication that is used to treat a variety of immunologic conditions including psoriasis and rheumatoid arthritis. In just one year the price has risen nearly 17%.

Oxycontin is a pain killer that we have all heard about as we deal with the opioid epidemic. From 2016 to 2017 the cost has risen by 9.5%. In fact, overall, we have experienced a 9.3% increase in specialty drug costs in just the past year with brand drugs rising 10%.

There are plenty more examples but due to time constraints I'll just mention three more. Valeant Pharmaceuticals and Turing Pharmaceuticals purchased monopoly positions in old drugs with no direct competition in the U.S. Valeant purchased Nitropress, a drug used to treat patients whose blood pressure has risen to dangerous levels, and increased its price more than three times to \$805 per vial.

Meanwhile, Valeant raised the price of Isuprel, which is used for heart rhythm problems, by more than six times to \$1,346 per vial. Turing purchased a 63-year old anti-parasite pill, Daraprim, and inflated the price by more than 5,000% to \$750 a tablet. Daraprim treats an infection from a common parasite in cats, which can be deadly for babies in utero.

These are but a few examples of the type of cost increases or high cost drugs that we cover.

Thank you.