

**Statement of Ranking Member Richard Burr**  
**December 3, 2014**

I thank the Chairman. I will try to be brief Mr. Chairman. I would encourage our colleagues if they can put their opening statements on the record, I wish they would do that, rather than giving them so we can get right to the witnesses.

The one take away I have so far is innovation is expensive. We've known that. Every time we innovate a new therapy, a new drug, a new device, there's a recovery cost and many times it's government that drives it up because we lengthen the approval time and therefore we shorten the patent lifetime. Or individuals question exactly what the recovery period is going to be like and the cost of the capitol they will need to make it through the valley of death for research and advanced development and slow trials cost much more than what the innovator thought to begin with. So if you're going to hold companies responsible, then you're going to have hold venture capitalist responsible, and everybody in the chain of financing innovation. But I think the one thing we agree, we don't want to give up innovation.

While much of this discussion has focused on the cost of these new therapies, particularly Solvadi, I think it is important not to lose sight of the promise these breakthroughs hold for Hepatitis C patients.

While I am concerned that veterans may not have access to the prescription drugs they need and about the increases in general spending government-wide, in this case, I believe the attention has been misplaced. I believe the price of this specific drug needs to be looked at on a macro level. We should examine the long-term benefits ground-breaking therapies will bring to veterans, as well as the long-term savings it could bring to VA by replacing the need for more risky and costly treatments, such as liver transplants. The benefit to the veteran is obvious; however, since the FDA approved Sovaldi only a year ago, it may be too early to truly understand the benefit to VA.

This drug is a game changer in treating veterans with Hepatitis C. For the first time, there is a drug on the market that has a proven record of curing Hepatitis C in only 12 weeks without the debilitating side effects of previous treatments. This drug will put veterans on a sounder long-term path and vastly improve their quality of life.

Prior to this drug, patients with Hepatitis C faced 48 weeks of daily pills and weekly injections. This treatment came with severe flu-like side effects and a very limited cure rate. When we look at the costs of drugs, we need to take into consideration the role the drug plays in meeting the needs of the patient and the role they have on improving the patient's quality of life.

On one level, I understand why the Chairman chose this committee to hold a hearing on the cost of Hepatitis C treatments. Because of the battlefield blood transfusions that took place in Vietnam, Hepatitis C is more prevalent in VA's population than in the general population. In fact, in 2013, VA estimated there were 174,000 veterans with Hepatitis C or about three percent

of VA's unique patient population. Compare this to less than one percent of the general population suffering with Hepatitis C.

But, you can't make a comparison between what VA pays and what others pay for a prescription drug. Under current law, VA is mandated a discount on the prescription drugs it buys. The law directs the manufacturer of certain drugs to enter into an agreement with VA under which the price paid by VA for those drugs is no more than 76 percent of the average non-federal manufacturer price.

Let me stop there and just say, the general population is subsidizing everything we put in the VA population... the general population is subsidizing what we take into the VA population. Maybe that's the right thing to do – it's what we've adopted but it does make it more expensive for the general population.

Because VA is mandated to pay a certain price, it can't be assumed that government controls on drug prices will yield the best medicines in the future. Mandating drug prices would reduce the amount of money drug manufacturers invest in research and development and, ultimately, adversely impact innovation.

Today's hearing marks the second hearing in the past month the Chairman has convened to look at various drug-pricing issues. As I have said before, we are not going to do right by the American people if all we look at is a drug's price in a vacuum, and then proceed to ignore how greater government involvement by this Congress and the federal government more broadly adversely impacts the very innovation patients waiting for a cure depend on.

It is my hope that we will look at this in the context of how innovation actually saves the taxpayers long term money over the long term but most importantly, increases the quality of life for our nation's veterans immediately.

I thank the Chair.