

Sen. Susan M. Collins
AARP Speaker Series
Oct. 11, 2016

Thank you, Lori. AARP has been a hardworking partner in our efforts to advance issues of great importance to older Mainers, and I am delighted to be with you tonight. My thanks to Husson University and the *Bangor Daily News* for hosting this event.

I chair the Senate Aging Committee, a position I sought because Maine is the oldest state in the nation by median age, and I felt issues affecting older Americans were not getting sufficient attention in Washington. As Chairman, I have been focused on three top priorities: stopping fraud and financial exploitation targeting older Americans; increasing our investments in life-saving biomedical research, particularly for Alzheimer's disease and diabetes; and strengthening financial security during the retirement years.

You may have read recently in the news about one example of financial exploitation that has particular implications for our seniors: the extreme spikes in the prices of certain prescription drugs, ranging from medications stored on crash carts in hospitals to help save people experiencing heart failure to EpiPen, which protects millions of people from severe allergic reactions. Since 2008, the price of EpiPen has increased by more than 500 percent.

Having first come onto the market in 1987, EpiPen has been around for some time. As many of you may know from your own or your family member's personal experience, EpiPen is an auto-injector that can be used easily and instantly by individuals with no medical training to reverse the deadly effects of serious allergic reactions. Older Americans in particular are at risk for more severe allergic reactions and rely on EpiPen to avoid life-threatening reactions.

EpiPen, of course, can save people of any age. For example, this August, Chris Stover of Windham, a young husband and father, was enjoying a picnic lunch with his family at Sebago Lake State Park when he was stung by a bee. With a potentially fatal allergy to such stings, he fell to the ground and began to lose consciousness.

Fortunately, a nurse was nearby. She injected Mr. Stover with an EpiPen to reverse the effects of the severe allergic reaction and stayed with him until an ambulance arrived. A few days later, Mr. Stover was able to celebrate his daughter's second birthday and meet and thank the Good Samaritan who saved his life.

Unfortunately, the escalating price of EpiPen has made it more difficult to save the lives of individuals suffering from allergic reactions that can kill in a matter of minutes.

When EpiPen was acquired by the pharmaceutical company Mylan, Inc., in 2007, a package of two injectors cost around \$100. Since 2008, Mylan has increased the price dramatically to more than \$600. During that same time period, the profitability of the product has skyrocketed, raising concerns that price increases were not driven by increased costs of production or product improvements. In fact, the epinephrine that is in an EpiPen still costs only about a dollar.

Last week, a woman stopped me at Hannaford's to talk about the burden the escalating cost of the EpiPen has placed on her and her son. She said that the \$600 she pays out-of-pocket is more than her monthly mortgage payment. And, as she points out, she is paying \$600 for a drug that most likely she won't need to use and will end up throwing away at the end of the year when it expires. Yet, she cannot risk not having it at hand.

Due to these dramatic price spikes, many people, especially those on limited incomes, are simply unable to afford this lifesaving medication and as a result have gone without, risked using an expired product, or resorted to less expensive but uncertain treatments. In addition to the individual Americans who are harmed by these price increases, local school districts and taxpayers are also affected, as many schools stock EpiPens to protect students. Federal law actually encourages schools to maintain an emergency supply of EpiPens.

Senator Claire McCaskill, the Aging Committee's Ranking Member, and I wrote to Mylan's CEO asking a number of questions about the drastic price increase of EpiPen.

In response to our inquiry, and pressure from other Congressional Committees, a spotlight was focused on Mylan. In response to this intense public pressure, Mylan announced that it would offer more generous patient financial assistance and introduce what's called an "authorized generic" of EpiPen. The phrase "authorized generic" is fancy regulatory jargon for "label swapping." Essentially, a brand-name company slaps a different label on what is the same product, calls it a generic, and sells it at a lower cost.

Why would a company do this? Mylan is able to dominate the market by selling both the EpiPen and its authorized generic version, discouraging a real generic competitor from entering the market and driving down the price. A far cry from a 'solution,' this strikes me as gaming the system. It creates a disincentive for a less expensive generic to come on the market.

The price spike of EpiPen, however, is far from an outlier and instead represents a disturbing trend in the pharmaceutical industry. This trend is of particular significance to older Americans, 90 percent of whom take at least one prescription drug in any given month.

Let me give you another example of a company the Aging Committee has investigated. Early last fall, I read an article about a company called Turing Pharmaceuticals.

Under CEO Martin Shkreli, who is now under indictment for securities fraud, Turing bought the rights to a drug that's been used to treat a rare but serious infection since 1953. After acquiring the medication, Turing jacked up its price from \$13.50 per pill to \$750 per pill. This is an egregious increase of 5,000 percent! Turing did not spend a penny on costly research to develop this drug, it didn't make any improvements to it, and the manufacturing cost did not go up. Mr. Shkreli said in interviews that he increased the price simply because he could. There was no good alternative for many people who needed this medication; Turing had a captive patient population. I was worried that this price spike would put this vital drug beyond the reach of patients who needed it.

I talked with my Ranking Member of the Committee, Senator McCaskill, who shared my alarm. Together, we launched a bipartisan investigation into the causes, impacts, and potential solutions to egregious price increases in seven older prescription drugs that many Americans have relied on for decades.

As we began to research and investigate this issue, one expert told me that many of these companies could not be considered pharmaceutical companies any more than a loan shark could be considered a bank. That description certainly seemed to suit Turing.

During the course of our investigation, we discovered that certain companies like Turing operate more like hedge funds than they do traditional pharmaceutical companies. We uncovered how these companies devised schemes to impose and protect egregious price hikes. While the actions of these “hedge fund pharma” companies may be legal, their greedy behavior harms patients and hospitals and represents a market failure that must be addressed.

Determined to reform the system, I have introduced bipartisan legislation to increase market competition and speed the approval of certain generic drugs to compete with monopoly drugs without compromising safety. The Aging Committee is working on a bipartisan report that we will release later this year that will have the full results of our investigation and identify additional solutions.

While a different form of financial exploitation, another of our committee’s top priorities is stopping fraud and scams targeting our seniors. As I reported at the AARP’s Scam Jam in June, our efforts include the toll-free Fraud Hotline we established, extensive investigations and hearings, and the publication early this year of a report describing the Top 10 scams against seniors. Our Committee’s work has continued since then, and I’d like to describe a major success.

Of all the scams that we investigated, none had more serious consequences for the victim than the international drug cartel scheme that turns unsuspecting seniors into drug couriers. A 77-year-old Maine man named Bryon Martin was tricked by a con artist whom he met online into unwittingly smuggling cocaine between South America and Europe in a variation of the “Romance Scam.” Although he was completely unaware that the packages he was given by a criminal posing as an attorney contained cocaine, Mr. Martin was arrested as he went through customs in Spain.

Mr. Martin was sentenced to six years in a Spanish prison. He was in poor health, thousands of miles away from his family and friends, and confused and stunned about what had happened to him as he sought to do a favor for his on-line “friend.” He was just one of more than 30 Americans imprisoned overseas after being deceived into smuggling drugs.

I am delighted to update that tragic story with a happy ending. As soon as I learned about this case, my staff and I worked to advocate for Mr. Martin’s release on humanitarian grounds. In March, I was joined by several members of the Committee in writing a letter to Secretary of State John Kerry, urging him to work with foreign governments to reexamine the cases of scam victims like Mr. Martin. In addition, my office called the U.S. Embassy in Spain and the State

Department every single week, pushing them to intervene with the Spanish government to secure Mr. Martin's early release.

As a result of our advocacy, the Spanish government granted Mr. Martin a humanitarian release on June 13, and he has been reunited with his family. I am so pleased that Mr. Martin is back in the United States where he belongs, and I was delighted to call him and welcome him home.

A scam that preys upon the emotions of lonely seniors is despicable. It is outrageous that the perpetrators of these crimes go free while innocent victims languish in foreign prisons. I will continue to work to ensure law enforcement has the tools to combat this crime and to raise awareness so that fewer seniors are victimized.

Finally, let me touch upon the importance of biomedical research and another significant milestone that will help us in the fight against Alzheimer's disease, which afflicts approximately 5.4 million Americans today, including 37,000 here in the State of Maine.

Recently, the National Institute on Aging selected The Jackson Laboratory in Bar Harbor – along with Indiana University – to co-lead the Alzheimer's Disease Precision Models Center. The National Institutes of Health will award Jackson Lab and Indiana University \$25 million in grant funding to establish and support this innovative effort to combat Alzheimer's disease and address one of the key challenges facing Alzheimer's research – the lack of a good model to test possible drugs to slow the progress of Alzheimer's and one day cure it. This award is truly a credit to the skilled scientists at Jackson Lab, who are global leaders in biomedical research. With Maine's outstanding biomedical research institutions in the vanguard, we can and will defeat Alzheimer's disease.

As the founder and co-chair of the Congressional Task Force on Alzheimer's, I have long worked to secure Alzheimer's research funding to support promising projects like the one at Jackson Lab and at the University of Pennsylvania, which I visited earlier today. In 2011, the Senate passed the National Alzheimer's Project Act that I co-authored, which provides a roadmap to a better future by setting the goal of preventing and effectively treating the disease by 2025. That bipartisan law created an expert council, whose chairman has testified that \$2 billion per year is needed to achieve that goal.

On the Appropriations Committee, I worked to turn the words of that recommendation into action. Earlier this year, I helped secure nearly \$1.4 billion for Alzheimer's research in the fiscal year 2017 Labor, Health and Human Services, and Education Appropriations bill—a \$400 million increase over this year's funding. This bill passed the Senate Appropriations Committee with overwhelming bipartisan support and will be considered after the elections.

If enacted, this funding would build on last year's historic \$350 million increase for Alzheimer's research that I advocated for. It represents significant progress toward the goal of providing \$2 billion per year for Alzheimer's research, the amount experts say is needed to prevent and treat Alzheimer's by the year 2025.

Whether a family member has Alzheimer's disease or just the frailty that comes with advancing age, we must support the caregivers who support them. More than 40 million individuals in our nation know all too well the compassion, commitment, and endurance that it takes to be a caregiver of a loved one facing a chronic disease like Alzheimer's.

Family caregivers are an invaluable resource to our aging society. As our aging population continues to grow and the need for round-the-clock care for our seniors increases, uncompensated family caregivers will continue to be the most important source of support for people who need long-term care. At some point most of us will likely either be family caregivers or someone who needs one. The RAISE Family Caregivers Act that I introduced will launch a coordinated, national strategic plan that will help us to leverage our resources, promote innovation and promising practices, and provide our nation's family caregivers with much-needed recognition and support.

Late last year, the Senate unanimously passed the RAISE Family Caregivers Act. I appreciate AARP's advocacy and support of this legislation, and I hope the House of Representative will pass it before the end of the year.

Our parents and grandparents worked hard their entire lives and should be enjoying their golden years. I will continue to advocate for our older Americans, from protecting seniors' hard-earned savings from criminals and unscrupulous companies to supporting biomedical research that will unlock new, innovative treatments for diseases like Alzheimer's. My thanks to everyone here today for working together on behalf of our seniors, and I look forward to your questions.