CHAMBER HILL

INSIGHTS

House Energy and Commerce Health Subcommittee Hearing on the Prescription Drug Supply Chain

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On February 11, 2026, the House Energy and Commerce Health Subcommittee held a hearing to consider how to reduce health care costs by examining the prescription drug supply chain. This hearing was the Subcommittee's second on health care affordability, and reports indicate there will be additional hearings focusing on other parts of the health care sector. Overall, Republicans and Democrats both agreed that prescription drug costs are too high and that there is too much consolidation in the prescription drug industry, especially among pharmacy benefit managers (PBMs). However, Republicans and Democrats on the Committee also focused on familiar partisan arguments regarding the impact of the Inflation Reduction Act and recent actions by the Trump administration, including TrumpRx, on prescription drug costs. Unsurprisingly, witnesses from different parts of the pharmaceutical industry sought to highlight actions they have taken to reduce costs and to place blame on other stakeholders, including hospitals and insurance companies, as well as on programs such as the 340B program.

OPENING STATEMENTS

- Health Subcommittee Chair Morgan Griffith (R-VA-9)
- Full Committee Ranking Member Frank Pallone (D-NJ-6)

WITNESS TESTIMONY

- Lori M. Reilly, Esq., Chief Operating Officer, PhRMA – Testimony
- John F. Crowley, President and CEO, Biotechnology Innovation Organization - Testimony
- John Murphy, President and CEO, Association for Accessible Medicines - Testimony
- David Marin, President and CEO, Pharmaceutical Care Management Association - Testimony
- Angie Boliver, President and CEO, Healthcare Supply Chain Association - Testimony
- Chester "Chip" Davis, Jr., President and CEO, Healthcare Distribution Alliance - Testimony
- James Gelfand, President and CEO, The ERISA Industry Committee - Testimony
- Douglas Hoey, CEO, National Community Pharmacists Association - Testimony
- Rachel E. Sachs, Professor of Law, Washington University in St. Louis - Testimony

MEMBER DISCUSSION

PBM Consolidation and Vertical Integration

Multiple Health Subcommittee members on both sides of the aisle expressed concerns about reports that the 3 largest PBMs control 80% of the market and about PBMs' frequent vertical integration. Members expressed skepticism about Mr. David Marin's arguments that there is competition within the industry and that this competition leads to lower prices for patients. Other witnesses who did not represent PBMs were also highly critical of certain PBM practices. A number of Subcommittee members praised the inclusion of PBM reforms in the recently passed appropriations legislation, but others said more needed to be done.

Medicare Negotiation Vs. Most-Favored Nation Deals and TrumpRx

The biggest partisan divide centered on whether Medicare negotiation, as passed under the Inflation Reduction Act, or the most-favored-nation deals negotiated by the Trump administration and presented on TrumpRx, represented the better way to address concerns about drug costs. Republicans, including Health Subcommittee Chair Morgan Griffith (R-VA-9) and Rep. Michael Rulli (R-OH-6), praised the Trump administration for its efforts to secure lower drug prices for the American people through TrumpRx. Republicans, including full Committee Chair Brett Guthrie (R-KY-2), criticized the Inflation Reduction Act for disrupting the Medicare Part D marketplace.

On the other hand, Democratic members, including full Committee Ranking Member Frank Pallone (D-NJ-6) and Health Subcommittee Ranking Member Diana DeGette (D-CO-1), argued that the deals from the Trump administration lacked transparency. As a result, they argued, there is no way to verify how effective they are at lowering drug costs. These members asked Subcommittee Chair Guthrie if he would be willing to work with them to determine the details of these deals. He said he would as long as that didn't blow up the deals in question. Democrats such as Rep. Marc Veasey (D-TX-33) criticized TrumpRx for listing drugs that could actually be found for cheaper using manufacturer or other coupons. Democratic members such as Reps. Pallone and Jennifer McClellan (D-VA-4) criticized Republicans for including carve-outs for orphan drugs from the Medicare negotiation program in the reconciliation bill and called for expanding Medicare price negotiation to the commercial market.

Federal Government's Role in Drug Development and Approval

Members on both sides of the aisle expressed interest in the federal government's role in drug development and approval. Rep. Dan Crenshaw (R-TX-2) asked Ms. Reilly about efforts to modernize the regulatory framework when it comes to the approval of new therapies. She responded that a transparent regulatory environment and strong IP protections are necessary to support the development of innovative therapies, including gene and cell therapies. On the other side of the aisle, Democratic members questioned

witnesses about the impact of reductions in force (RIFs) at the Food and Drug Administration (FDA) and concerns about reports of politicalization within the agency. All of the witnesses who were asked about the impact of RIFs and politicization expressed concerns about the negative impact on drug development and approval. Democratic members such as Reps. Pallone and Kim Schrier (D-WA-8) expressed specific concerns about the FDA not reviewing Moderna's flu vaccine due to vaccine skepticism. Other Democratic members criticized Republicans for not speaking out about cuts to basic research at agencies such as the National Institutes of Health (NIH). Rep. Guthrie countered that the NIH received a half-billion-dollar increase in the appropriations legislation.

Other Topics

- Rep. Griffith asked Mr. Crowley if they should start looking at insurance companies as fiduciaries and hold them liable for harm they cause to patients. Mr. Crowley agreed that this is a good idea to provide more protection for patients.
- Reps. Gus Bilirakis (R-FL-9) and Kevin Mullin (D-CA-15) asked Mr. Crowley about rare disease drug development. In response to a question from Rep. Bilirakis on how we can continue to encourage investment in finding cures for rare diseases without burdening patients, Mr. Crowley said we need to reduce the complexity of the clinical trial system, modernize the FDA, and ensure medications are affordable and accessible.
- Rep. Troy Balderson (R-OH-12) asked Mr. Hoey to elaborate on specific challenges rural pharmacies face when negotiating with PBMs, specifically with take-it-or-leave-it contracts for reimbursements. Mr. Hoey explained that PBMs hold all the leverage, forcing pharmacies to accept contracts that pay them less than it costs to acquire the drug; as a result, 5,000 pharmacies have closed in the last 4 years.
- Rep. Cliff Bentz (R-OR-2) asked Ms. Sachs how AI might help analyze the pharmaceutical space. She noted the FDA's approval of AI-enabled medical devices and the use of AI to streamline clinical trial enrollment. She also suggested using AI to help the subcommittee look through and summarize the vast amounts of information in the pharmaceutical space. She also warned of an AI arms race between providers and insurers that could deny care through prior authorization.
- Rep. Rick Allen (R-GA-12) asked Mr. Gelfand if his proposed bill, H.R.5509, the Safe Step Act, would help hold insurers accountable for increasing the use of step therapy, leading to nonadherence and access issues. Mr. Gelfand explained that reforming step therapy makes sense and that it should be electronic, timely, and aligned with medical management.

We trust you found this summary useful. Please reach out to us with any questions.