

On May 8th, 2018 the Subcommittee on Oversight and Investigation held a hearing titled: Combating the Opioid Epidemic: Examining Concerns About Distribution and Diversion.

A webcast and opening statements can be found [here](#).

Witnesses included:

- **Mr. George Barrett**, Executive Chairman of the Board, Cardinal Health, Inc.
- **Mr. Steven Collis**, Chairman, President, and CEO, AmerisourceBergen Corporation
- **Mr. John Hammergren**, Chairman, President, and CEO, McKesson Corporation
- **Dr. Joseph Mastandrea**, Chairman of the Board, Miami-Luken, Inc.
- **Mr. J. Christopher Smith**, Former President and CEO, H.D. Smith Wholesale Drug Company

The hearing was held with the leadership of national and regional drug distributors in regard to the committee's bipartisan investigation into opioid distribution practices, particularly alleged pill dumping in West Virginia. Committee members grilled the distribution leaders on their companies' roles in fueling the opioid drug crisis. The committee has been investigating the opioid crisis since 2012.

During the hearing, Rep. David McKinley (R-WV) railed against opioid distributors for denying their companies' involvement in the drug abuse epidemic that killed more than 900 people in his state last year. He said he wants distributors to take some responsibility for the mounting overdose deaths.

Four of the five executives testifying said their companies did not have a role fueling the public health crisis, despite a committee report revealing all the companies had shipped massive amounts of painkillers to West Virginia and other areas.

Joseph Mastandrea, chairman of Miami-Luken, acknowledged his company's role and blamed it on prior management. Cardinal Health Executive Chairman George Barrett apologized for not detecting bad actors fast enough. The executives mostly laid blame on doctors who over-prescribed painkillers and bad actors at pharmacies. They added their companies have since improved safeguards to detect pharmacies that distribute excessive bills and have ceased to ship pills to "hundreds" of those facilities.

Highlights from the hearing include:

Subcommittee Chairman Gregg Harper (R-MS) notes the alarming amounts of opioids being sent into small towns.

- hearing marks one year to the day since the subcommittee first asked the DEA and the nation's largest opioid distributors for information about the overwhelming amount of prescription opiates that flooded countless communities.
- After hearing from the DEA in March, it's important that we hear from the executives who lead the most influential pharmaceutical distributors in the country.
- In one town in West Virginia, they have enough opioids pills to person ratio is 400 to 1.
- Questions- Why did the distributors repeatedly fail to report suspicious orders of opioids or exercise effective controls against diversion?

Rep. DeGette (D-CO) notes that they want to know what these companies knew about the rise of opioid epidemic, when they knew it and whether it informed their distribution practices.

- Whatever system is in place did not prevent damage to the communities caused by the excessive supply of opioids pills.
- The epidemic puts a lot of burden on the health care system, child welfare program and its economy as a whole.
- Wants to understand why major drug companies do not have adequate suspicious order reporting programs in place. This forced them to settle with the DOJ and DEA twice.

Rep. Walden (R-OR) notes that there will be two important hearings and a full committee markup being held this week on this issue. Their efforts continue on two tracks, first providing new laws and new programs to combat the crisis and second, to continue this yearlong investigation. Also notes that the DEA cannot fight this crisis on an individual doctor and pharmacy level. The more effective and efficient way to combat this challenge is to have distributors have a more proactive role with suspicious orders.

Rep. Pallone (D-NJ) notes how these doctors were running pill mills and how they have now been caught and are in jail. The investigation has shown that the distributors have failed to stop this from happening and were fined. Not many years after, they were fined again. Rep. Pallone wants to know how distributors have bettered their systems so that moving forward they will not miss key indicators that may help uncover diversion.

Question & Answers

Rep. Harper (R-MS) asked, the whole panel yes or no questions.

- “Do you believe that the actions that you or your company took contributed to the opioid epidemic?” Mr. Barrett-No. Dr. Mastandrea- Yes. Mr. Hammergren- No. Mr. Smith- No. Mr. Collis -No.
- “Do you acknowledge that your company has passed failings in maintaining effective controls to prevent the diversion of opioids?” Mr. Barrett-Yes. Dr. Mastandrea - Yes. Mr. Hammergren - Yes. Mr. Smith - No. Mr. Collis - yes.

Rep. DeGette (D-CO) asked the whole panel if they were performing their duty under the Controlled Substances Act and they all answered yes. Rep. DeGette followed on with two cases, first with Dr. Mastandrea. In response to the specific case in West Virginia, he mentioned that the company’s due diligence was not acceptable. The next case was with a Sav-Rite location. Mr. Hammergren believed his company should have terminated their relationship with Sav-Rite immediately, but has no response to his company’s two page due diligence report and whether it complies with the DEA. In these two cases, Rep. DeGette tries to show that they are not performing their duty under the Controlled Substances Act.

Rep. Walden (R-OR) mentioned a specific case that failed the McKesson’s lifestyle drug monitoring program which audits large orders. Rep Walden mentions that there was a Sav-Rite location that was consuming 36 times the threshold of 800,000 pills a month. Mr. Hammergren acknowledges that the program failed to find this Save-Rite location. Mr. Hammergren says the systems were not automated enough and that is why it was not flagged sooner.

Rep. Pallone (D-NJ) asked how the panel ensures that adequate systems are in place for the future. Dr. Mastandrea: they have made changes. There are now full-time compliance officers and an algorithm system that reports suspicious orders to the DEA in real-time. McKesson has reached two settlements with the DOJ. What have you learned from this? Mr. Hammergren stated that their systems are now automated and not subjective.

Rep. Susan Brooks (R-IN), citing employee emails obtained as part of the committee's investigation, posed a number of questions to Mr. Smith, including whether or not they reported to the DEA that one physician was responsible for 51 percent of the hydrocodone prescriptions filled by Family Discount, a pharmacy in West Virginia. Mr. Smith replied, "I'm not sure what the timing of what we would have reported to the DEA was." Rep. Brooks continued with her questioning, flagging an email from a H.D. Smith employee who noted this pharmacy's satellite location had reached its hydrocodone threshold only 12 days into a month. When asked if Mr. Smith or H.D. Smith knew this information, he said he was unaware. When asked if his company reported the suspicious activity to the DEA, Mr. Smith said he didn't know.