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The Honorable French Hill
Statement for the Record
House Committee on Energy and Commerce
Subcommittee on Health
U.S. House of Representatives
February 11, 2026

Chairman Griffith, Vice Chair Harshbarger, Ranking Member DeGette, and Members of the Subcommittee, thank you for the opportunity to submit a Statement for the Record. I appreciate the opportunity to offer my insights at today's important hearing, "*Lowering Health Care Costs for All Americans: Examination of the Prescription Drug Supply Chain.*"

Health care in America is broken and unsustainable. Arkansans and Americans know this. Like the Members on this subcommittee, I am angry that health care costs are high and unaffordable. Congress must examine the issue of high drug costs by looking at the prescription drug supply chain. I applaud the Subcommittee for holding today's hearing; it is a step in the right direction.

Throughout my time in Congress, I have worked with my colleagues to address the cost of prescription drugs. According to the Kaiser Family Foundation (KFF), approximately one in five adults say they have not filled a prescription because of cost, and a similar amount report that they instead opted for an over-the-counter alternative due to cost.[1] That is unacceptable.

High prescription drug costs do not happen in a vacuum. Each stakeholder in the prescription drug supply chain plays a role in the financial flow that surrounds prescription drugs. Stakeholders in the prescription drug supply chain include group purchasing organizations (GPOs), generic drug manufacturers, brand drug manufacturers, biopharmaceutical manufacturers, distributors, pharmacy service administrative organizations (PSAOs), health plans, pharmacy benefit managers (PBMs), and pharmacies. Each stakeholder mentioned above plays a different role in the prescription drug supply chain. Some stakeholders are directly involved in the physical flow of prescription drugs, others are involved in the financial flow surrounding prescription drugs, and some are involved in both.

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[1]KFF. Americas' Challenges with Health Care Costs. Published Jan. 29, 2026. https://www.kff.org/health-costs/americans-challenges-with-health-care-costs/#:~:text=The%20cost%20of%20prescription%20drugs,and%20those%20with%20lower%20incomes.

Recently, Congress passed PBM reforms, which will provide transparency to drive down drug costs. I am proud to have voted in support of those PBM reforms. While I am pleased to see Congress holding PBMs accountable, I fear that we have not focused enough on the entire prescription drug supply chain to holistically examine drug pricing. Until we do that, we cannot fully address the pressing issue of high prescription drug costs.

To address prescription drug costs, I encourage my colleagues to examine the roles of GPOs, health plans, and distributors in the prescription drug supply chain. All these stakeholders are involved in the financial flow surrounding the movement of medicine. While distributors do physically move prescription medicines, they and their vertically integrated subsidiaries still play a role in the financial flow surrounding prescription drugs.

GPOs, specifically hospital and health-system GPOs, are heavily consolidated and vertically integrated companies. Collectively, at least 80% of the hospital purchasing market is controlled by three large companies.[2] These companies have vertically integrated by expanding transitional purchasing into data analytics, clinical advisory services, and private-label manufacturing. While there may be benefits to this vertical integration, Congress should still examine it to ensure that GPOs do, in fact, reduce prescription drug costs.

Since the enactment of the Affordable Care Act in 2010, health plans have become increasingly vertically integrated companies. Health plans have extensive vertical business relationships within the prescription drug supply chain, including PBMs, GPOs, manufacturers, wholesale distribution entities, specialty and mail pharmacies, retail pharmacies, long-term care pharmacies, and health care providers. This vertical integration is concerning as it allows health insurers to game the system. For example, a large health plan pays its providers 17 percent more than it pays providers it does not own.[3] A health insurer has been found to pay its own subsidiaries more, which is a signal that it is maximizing profits and gaming the medical loss ratio requirements under the Affordable Care Act. In addition, health plan-owned PBMs are used to capture, rather than pass on, drug manufacturer rebates. That keeps drug prices higher and steers patients toward higher-cost drugs and health plan-owned pharmacies. This type of gaming through vertical integration is one of the reasons health costs and prescription drug costs are so high.

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[2] Fein, A. (2023). The 2023-2024 Economic Report on Pharmaceutical Wholesalers and Specialty Distributors. Drug Channels Institute.

[3] Arnold, David R. Fulton, Brent D. Health Affairs. UnitedHealthcare Pays Optum Providers More than Non-Optum Providers. Published Nove. 2025. https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2025.00155.

Distributors are also heavily consolidated and vertically integrated companies. The three largest distributors are heavily consolidated as they distribute approximately 90% of prescription drugs in the United States.[4] Similar to health plans, the big three distributors are vertically integrated, as they encompass manufacturers, retail pharmacies, PSAOs, GPOs, specialty providers, and oncology practices.[5]

Of note, distributors lessen competition in the generic drug space through their buying groups, which are also highly consolidated. Buying groups are partially owned by distributors and large retail pharmacies, which negotiate the purchase prices of generic drugs on behalf of retail pharmacies. The three largest buying groups account for nearly 80% of generic drug purchases in the United States.[6] These buying groups undermine competition from new, lower-priced medicines and may lead to generic drug shortages.[7]

Distributors also use their immense influence to purchase oncology practices[8], including smaller oncology practices that provide an alternative to hospital-based cancer care.[9] By purchasing oncology practices, the distributor that owns said oncology practice becomes the primary distributor for the oncology practice. Distributors could also require their oncology practices to enter into sole-source or prime vendor agreements with the distributor. That would block competition and lock in the oncology practice as customers.[10] This ownership and contractual dynamic introduce incentives for distributors and oncology practices to drive larger profits to distributors. For example, when a large distributor became the primary distributor for an oncology practice that the large distributor has a controlling stake in, the practices in that oncology practice led to larger profits for the large distributor.[11]

I encourage my colleagues to thoroughly examine all stakeholders in the prescription drug supply chain, especially GPOs, health plans, and distributors. Congress must understand vertical integration and then address it. Thank you for your consideration. I stand at the ready to work with the Subcommittee on matters related to prescription drug costs.

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[4] The Commonwealth Fund, "The Impact of Pharmaceutical Wholesalers on U.S. Drug Spending," Elizabeth Seeley, July 20, 2022, https://www.commonwealthfund.org/publications/issue-briefs/2022/jul/impact-pharmaceuticalwholesalers-drug-spending.
[5] https://www.drugchannels.net/2025/02/vertical-integration-redux-how.htmlv
[6] Fein, A. (2023). The 2023-2024 Economic Report on Pharmaceutical Wholesalers and Specialty Distributors. Drug Channels Institute.
[7] https://accessiblemeds.org/resources/press-releases/aam-response-to-ftc-hhs-rfi-on-drug-shortages/
[8] The Wall Street Journal, "Why Drug Distributors Are Buying Cancer Specialists," David Wainer, September 27, 2024, https://www.wsj.com/health/pharma/why-drug-distributors-are-buying-cancer-specialists-0ad12c83.
[9] Ibid.
[10] Ibid.
[11] Drug Channels, "The Battle for Oncology Margin: How Private Equity Enables Vertical Integration by Pharmaceutical Wholesalers (rerun)," Dr. Adam J. Fein, December 14, 2023, https://www.drugchannels.net/2023/12/the-battle-for-oncology-margin-how.html.