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Shkreli pleads the Fifth on drug price hikes

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The unwilling star witness was Martin Shkreli, the former head of Turing Pharmaceuticals who was responsible for the company's decision to raise the price of Daraprim, used to treat toxoplasmosis, a parasitic infection that affects HIV patients, from $13·50 to $750 a pill. Shkreli appeared before the US House of Representatives Committee on Oversight and Government Reform in response to a subpoena, and "respectfully declined" to answer the committee's questions by invoking his Fifth Amendment right against self-incrimination. Although he left Turing after he was charged in an unrelated securities fraud case, he is still a major Turing shareholder.

"What do you say to that single pregnant woman who might have AIDS, no income, and she needs Daraprim in order to survive?" asked Jason Chaffetz, a Utah Republican who chairs oversight committee. When Shkreli didn't answer, Chaffetz said, "Do you think you've done anything wrong?"

As Maryland Democrat Elijah Cummings tried a different tact, Shkreli turned to photographers and smiled. "I want to ask you to—no, I want plead with you to use any remaining influence you have over your former company to press them to lower the price of these drugs," Cummings said. "You can look away if you like but I wish you could see the faces of people…who cannot get the drugs that they need."

Within minutes after he was dismissed from the hearing, Shkreli sent a response via Twitter: "Hard to accept that these imbeciles represent the people in our government."

The committee then sought input on controlling drug prices from the chief commercial officer of Turing, Nancy Retzlaff, Howard Schiller, interim CEO at Valeant Pharmaceuticals—which raised the price of Isuprel for heart arrhythmia from $251 to $1346 a vial—Mark Meritt CEO of a trade group representing pharmacy benefit managers and Dr Janet Woodcock Director of the Center for Drug Evaluation and Research at the Food and Drug Administration.

When asked about drug prices, Woodcock reminded the committee that FDA doesn't regulate them. But since competition helps lower prices, she was asked about the delays in getting new cheaper generic drugs onto the market. FDA takes about 10 to 15 months to approve new drug applications, under the Generic Drug User Fee Act but there is a backlog of about 3000 applications that pre-date the 2012 law. The latter are already 40 months old "and they're not getting any younger," she said.

Retzlaff said she was "comfortable" with 5000 percent increase in Daraprim because the company was offering discounts to some patients and reinvesting the revenue to develop better treatments for toxoplasmosis. Several committee members reacted with skepticism, especially since the company had hoped—according to internal emails the committee obtained—that the increase wouldn't attract public attention.

But the Daraprim and other huge drug price increases attracted more than just public attention. Committee members called the practice "disgraceful," "outrageous," "repulsive," and "absolutely disgusting." And they promised to take action to solve the problem.