



COMMITTEE ON  
**ENERGY & COMMERCE**  
DEMOCRATS  
RANKING MEMBER FRANK PALLONE, JR.

**FOR IMMEDIATE RELEASE**  
May 8, 2018

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## **Pallone's Opening Remarks at Opioid Distributors Hearing**

**Washington, D.C.** – *Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at a Subcommittee on Oversight and Investigations hearing on “Combating the Opioid Epidemic: Examining Concerns About Distribution and Diversion.”*

The opioid epidemic continues to devastate this country, and virtually no community in America has been left untouched. West Virginia in particular has been severely affected. For the last several years, the state has had the highest overdose death rate in the country.

This Committee's investigation has uncovered some very troubling information about seemingly large shipments of opioids from drug distributors to rural pharmacies in West Virginia over the course of several years.

I think it is important for us to understand what went wrong and why, but we must also understand what needs to change so that we do not ever find ourselves in this situation again.

For example, there is simply no excuse for distributors sending more than 13 million doses of opioids to a single pharmacy in a town of just 400 people over a six year period.

Some of the distributors who supplied high amounts of pills to this pharmacy appear not to have submitted suspicious order reports to DEA, even though the law requires them to do so. In addition, some of the distributors' files are either sparse or unavailable, raising additional questions about whether they investigated the risks of diversion before shipping these pills. In the end, federal authorities raided and shut down this pharmacy and its owner went to jail. We must understand what went wrong here so that we can be sure no town is ever again flooded with pills.

In another case, two doctors in the town of Williamson prescribed more opioids than entire hospitals did, according to a Justice Department press release. These doctors were in fact the highest opioid prescribers in the entire state, and were widely known to be running “pill

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mills.” One of these doctors ultimately went to jail; the other fled overseas. It appears that certain distributors’ systems failed to detect the volume of prescriptions these pharmacies were filling for these doctors, which may have led to oversupply and diversion of pills.

It is the distributors’ responsibility to know their customers, monitor orders, refuse suspicious orders, and report those orders to DEA. Distributors must perform these functions, particularly when pharmacies order high volumes of opioids. But our investigation has shown that this did not always happen.

In fact, some of these distributors paid large fines to DOJ because their systems failed and because they did not report suspicious orders to DEA as required. These distributors promised to clean up their act. But just a few years later, they were again hit with multi-million dollar fines for the very same shortcomings.

I want to know how we can be confident that distributors have sufficiently improved their systems now, so that going forward we will not miss key indicators that may help uncover diversion in other situations. For example, one distributor told us that, with the benefit of hindsight, they wish they had asked different questions of at least two of the pharmacies we have examined. I would like to know what kind of questions they believe will make the process more effective and reduce the possibility of diversion.

This is a nation-wide concern, and the problems we have found in West Virginia have broader lessons for the rest of the country.

I also want to point out that this investigation focused on the role that distributors played in this crisis, but we know that there are many causes of this epidemic. This includes the role of some manufacturers in marketing these drugs, the role of some rogue physicians in overprescribing them, and the failures of regulators at the state and federal level to adequately oversee the opioid supply chain.

But let me also highlight another important aspect of this Committee’s work, which I hope will not be lost as we look at how events unfolded in the past, because this crisis is far from over.

Right now, countless Americans, including those in the hard-hit areas of West Virginia, still need access to quality health care to help them recover from the opioid crisis. In the past month, we have marked up a substantial number of opioid-related bills. I am concerned that we have made this push without taking the time to make sure we get it right or without much of an emphasis on treatment.

It is not enough to only look backwards at this crisis. We must take the necessary steps to actually help those who are suffering by providing comprehensive treatment to individuals and communities in need. I yield back.

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