

**US Senator Maria Cantwell**

**Senate Finance Hearing to Consider the Nominations of James O'Neill to be Deputy Secretary of HHS and Gary Andres to be an Assistant Secretary of HHS**

**May 6<sup>th</sup>, 2025**

**Q&A**

**[\[AUDIO\]](#) [\[VIDEO\]](#)**

**Sen. Cantwell:** Thank you, Mr. Chairman. Mr. O'Neill, do you support the proposed \$18 billion cuts to NIH funding?

**O'Neill:** Senator, I had no involvement in the development of any proposed budgets. I think it's important to pursue gold standard research, and anything we can do to improve NIH, ensure that it's promoting gold standard research, ensuring that it's funding research that replicates seems completely reasonable to me.

**Sen. Cantwell:** You mean the proposed cuts seem reasonable because there's some stuff we're doing that isn't gold standard?

**O'Neill:** Senator, I believe the President's proposal for NIH suggests combining some separate institutes of NIH into single institutes, where the functions belong together to reduce duplication.

**Sen. Cantwell:** That would cut \$18 billion?

**O'Neill:** Senator, I haven't had a chance to review the details that went into the budget. All I can say is I did not participate in that decision.

**Sen. Cantwell:** Okay, well, I'm looking for a little bit of philosophy here. I come from a part of the world where we like innovation. We certainly like NIH investment in that because we look at it and say, "How are we going to reduce these unbelievable costs of a Baby Boomer population reaching retirement and having huge demand?" So places like the University of Washington have done incredible work on Alzheimer's research. So we're going to strive to solve these huge health care costs by innovation, not by short cutting innovation.

Can I ask you about PBMs? They're a similarly challenging issue. As more and more people, as I mentioned, reached retirement, we have to figure out ways to lower costs. And according to the Federal Trade Commission, the largest PBMs imposed a significant price markup. In one example, PBMs marked up a drug to treat hypertension by 7,736%. And the report also found that PBMs generated \$1.4 billion from spread pricing, a practice where basically the PBMs and the payers, such as Medicare, they basically pocket the savings themselves, as opposed to passing them on.

So that's why Senator Grassley and I have supported legislation. This Committee has supported legislation. Do you support efforts to increase transparency and accountability in the PBM market, including things like Senator Grassley and I's [PBM] Transparency Act?

**O'Neill:** Senator, I think health care is too expensive, the cost of drugs are part of what's too expensive. I would support much more competition in drugs in order to drive down prices, and competition and transparency throughout the drug supply chain and pharmacy supply chain is very reasonable.

**Sen. Cantwell:** Okay, so, that's a yes you support this legislation?

**O'Neill:** Well, I haven't read your exact proposal.

**Sen. Cantwell:** If you would for the record, that would be so helpful. And did somebody ask you about the negotiation on price earlier? Has anybody? Senator Wyden, I would assume, but no?

**O'Neill:** No, Senator.

**Sen. Cantwell:** What are your thoughts about that, the legislation that we passed, and the notion that we too can be a market just as we are with the veterans and being able to negotiate?

**O'Neill:** Senator it's been an interesting experiment, allowing and authorizing CMS to negotiate prices for some drugs. I think CMS and HHS overall should do its best with that power that Congress has given it to bring down costs of drugs for taxpayers, as well as for other patients whose prices depend on CMS decisions. And as long as that's the law, I will support enacting it as vigorously as possible in order to promote competition.

**Sen. Cantwell:** Thank you. And what about-- there's a similar market creation power that we gave to states, like the Basic Health Plan, to negotiate on behalf -- basically bundling up a population that probably didn't have market clout. Would you similarly support that?

**O'Neill:** I'm not as familiar with that, but I definitely support the principle that states are laboratories of innovation. It's good for them to innovate and try to improve delivery for their residents, as well as use of their funds. So, I'm broadly sympathetic to the philosophy.

**Sen. Cantwell:** Okay, so yeah, I'll take that. I'll get you a little more detail for the record, but the fact that states, just like CMS, could be a source of creating a market, a hard to serve market, albeit, and that's why the basic bundling of the customer base, in my opinion, is way more effective than telling people to go search on an online site. And that bundling allows you to then give to those who want to serve that the ability to have the certainty of a customer base and so you drive down the price.

**O'Neill:** I love the philosophy, Senator.

**Sen. Cantwell:** Thank you. Thank you, Mr. Chairman.