

**Statement of Lesli L. Paoletti  
Roxane Laboratories, Inc.**

**Before the Subcommittee on Oversight and Investigations  
December 7, 2004**

Chairman Barton and Members of the Subcommittee, my name is Lesli Paoletti. I am appearing today on behalf of Roxane Laboratories, Inc., where I am Senior Product Manager. I am here today at your request to assist you in your efforts to examine Medicaid reimbursement.

Roxane is a leader in the development, manufacture and marketing of generic pharmaceutical products. We are proud to produce medicines that extend and improve the quality of patient lives while reducing reliance on more expensive alternative treatment options, including hospital stays, invasive medical procedures, and more expensive prescription products. We are committed to continuing to provide lower cost pharmaceuticals to meet the health care needs of Americans.

As you know, Roxane is one of 26 drug manufacturers from whom the Subcommittee requested documents in connection with its investigation into pharmaceutical reimbursements and rebates under Medicaid. Roxane voluntarily produced several thousand pages of documents and provided witnesses for informal interviews on two separate occasions. Roxane understands the importance of the congressional oversight process in determining the need for, and establishing a basis for, legislation improving the Medicaid system. We therefore agreed to the Subcommittee's request that we appear today to answer any questions on which Members believe we can provide useful information.

We have been advised that the Energy and Commerce Committee may develop legislative recommendations to reform Medicaid reimbursement policies, which we understand currently are established on a state-by-state basis under a variety of complex formulas. As you know, as a manufacturer of multisource products, our revenues come exclusively from purchases by our customers who, in turn, sell to other parties or patients. We do not sell prescription pharmaceutical products directly to patients, nor do we receive any payments from Medicaid. However, we would support any effort by Congress to bring greater efficiencies and simplicity to the system, including much needed guidance from the government. We believe any reform should maintain an incentive for using generic drugs and ensure that an appropriate and viable economic framework remains in place for health care providers to serve patients.

I would be pleased to answer any questions on the issues you have identified and on the materials we previously have provided to you.

Roxane looks forward to working with you as you address these issues.