

Profits - Sole Reason For Blocking Importation Of Cheap Drugs **Evelyn Pringle**

Dr Peter Rost has spent 20 years marketing pharmaceuticals. On Feb 16, 2005, he testified before a senate committee on health, education, labor and pensions, in support of the reimportation of cheaper drugs from other countries.

Currently, Rost is a Vice President with the pharmaceutical giant, Pfizer. He explained to the committee that the views expressed were his own and did not reflect those of Pfizer.

At one point during his career, Rost was responsible for an entire region in Europe where he gained personal experience with reimportation. He observed first-hand how the free market works and thinks the industry is making a huge mistake in opposing drug importation.

In fact, Rost told the committee that there came a time, where he had lots of reimported drugs coming into his market in Europe, and admitted, "I was not happy about this." However, in order to compete, Rost dropped his own prices, and by doing so, he said, "I doubled sales and increased my company ranking from No. 19 to No. 7 in less than two years."

There is simply no reason to believe that a free market would not work just as well in the US. The only conceivable downside is that it might mean a reduction in profits for the pharmaceutical industry. But when it comes to saving lives, why shouldn't the industry that is the most profitable in the nation be expected to get along with a little less profits?

Bogus Excuses Over Safety

The biggest argument put forth by Bush and the industry against importation is safety. But in reality, the safety concern is patently bogus, mainly because the imported drugs are nearly all from the same manufacturers who already provide drugs to US suppliers.

According to Rost, half of the large drug companies, including Roche, Glaxo, Novartis, Astra-Zeneca, and Sanofi-Aventis, are currently foreign corporations anyways. He maintains that our government allows these foreign drug makers to charge more in this country than their own governments allow them to charge, and this is the reason why they fight against reimportation.

"So what do these foreign companies do?" he said, "They take out big ads in American newspapers, and tell us that reimportation is not safe," he told the committee, "while they know full well that it's been done safely and cost-effectively in their own home markets, in Europe, for over twenty years."

While testifying, Rost responded to an absurd comment about safety made by FDA Commissioner, Lester Crawford, who said that his main concern about drug reimportation was that al Qaeda might attack the Canadian drug supply.

This fear is totally irrational because according to Rost, "we have thousands of

secondary wholesalers that trade drugs. States license them, not the FDA," he said. Therefore, he explained, "All it takes for a terrorist to become a drug wholesaler is a \$1,000 and a driver's license, according to Aaron Graham, head of security for Purdue Pharma, quoted in the Providence Journal."

Rost believes drugs coming from other countries may actually be safer than those made in the US. A problem in this country, Rost advised, "is that our drugs are shipped in big vats to wholesalers, and then poured into smaller, bulk-size containers, from which tablets are dispensed manually to the patient," which means there are lots of entry points for a terrorist. In Europe, Rost explained, "drugs are sold in tamper-proof individual bottles or blisters, and no one touches a drug after it leaves the manufacturer."

He told the committee, "The German Federal Health Ministry has verified that not one single confirmed case of a counterfeit medicine has ever come through the parallel trade chain," and that "The UK regulatory authority has described the level of pharmaceutical counterfeiting as "virtually undetectable," according to European Association of Euro-Pharmaceutical Companies." he said.

Rost believes reimportation is about a safe drug supply and getting drugs to consumers who can't afford them. The "biggest problem we have today is that drugs don't work if you don't take them," he warned.

False Assertion - Importation Won't Save Money

During his testimony, Rost told the committee about a 2001 study conducted by the Kaiser Family Foundation that determined that 15% of uninsured children and 28% of uninsured adults had gone without prescription medication because of cost, and cited the journal, *Diabetes Care* in February, 2004, that reported on a study of older adults with diabetes that found 28% went without food to pay for their medication.

Rost discussed the recently released HHS report that claimed that savings from reimportation would ultimately only represent a 1% to 2% savings on drug costs, and explained "that if this was true, reimportation of drugs would never have existed in Europe with much smaller price differentials than the US, and it would never take off in the US," he said.

Rost also pointed out that if this were true, the industry would not be working so hard to block it. "Why, then, do you think, the drug industry spends so much time and money fighting reimportation?" he asked, "The answer is that the data in the HHS report don't support this conclusion," he advised.

Rost thought it important to explain to the committee that this false conclusion was based on a London School of Economics study that was sponsored by the drug industry.

While testifying, Rost referred to Table 7.2 in the HHS report that showed US drug prices to be 100% higher than in Europe, and said, "So the premise of less than 20% savings assumes price gouging by importers and a complete lack of competition," and added, "Of course, we in the industry know that is not how the free market

works."

Bush Put Profits Over Lives

According to Rost, we have 67 million Americans without insurance for prescription drugs in the US. "Many of them don't get the drugs they need because they can't afford them, because drugs cost twice as much in the US as in other countries," he said.

Drug prices in Canada are significantly lower than in America because, unlike the US, the Canadian government negotiates for cheaper prices directly with drug companies.

With the exception of a few agencies, Bush won't allow the government to negotiate here, which leads to unequal and unfair drug costs for ordinary citizens. For instance, Rost told the senate committee that in the US, drug companies charge high prices to the uninsured, but through rebates, sell the rest of the drugs at the same low prices charged in other countries. "These are given to those with enough power to negotiate drug prices," Rost claims, "such as the Department of Veterans Affairs and various pharmacy benefit managers."

Technically, it is illegal to import prescription drugs into the US from other countries, but the government has never before enforced the regulation when the drugs were imported specifically for individual use. However, Bush is banding together with the major drug companies to do it now.

In fact, many believe that Bush is behind the threat by Canada to ban importation to the US. "Canadian Health Minister Ujjal Dosanjh could issue new rules that would virtually halt drug exports. He would do so by forbidding doctors there from signing off on US prescriptions unless they actually examined the patients first," according to the Feb 19, 2005, South Florida Sun-Sentinel.

"He said in a speech that Canada could just not be the drugstore for the United States," said Dosanjh's spokeswoman, Adele Blanchard," the Sun reports. "The minister said it could lead to shortages [for Canadians]. He also said it is unethical for Canadian doctors to just countersign prescriptions from an American doctor," according to the Sun.

Canadian pharmacies now supply drugs to about 1.8 million Americans, mostly uninsured elderly or low-income people, according to David MacKay, executive director of the Canadian International Pharmacy Association, when he testified before the Canadian Parliament.

However, besides worries over the threats by the Health Minister, Canadian pharmacies are being pressured to stop importing drugs to Americans, by drugmakers who sent out letters warning of plans to stop the shipment of products to wholesalers who sell to the pharmacies, according to MacKay.

The Sun reports that drug companies who sent out letters, include Pfizer, Merck, GlaxoSmithKline, and Eli Lilly. As a result, some common drugs such as the cholesterol drug, Lipitor, are not always available for American buyers, MacKay

reports.

Several South Floridians who buy drugs from Canada, according to the Sun, "said they resent Bush and the drug industry for allowing drug prices to remain high in this country while trying to keep out cheaper drugs from the north."

Abraham Kaplan, who is a Canadian drug consumer, told the Sun, "I don't think the U.S. should be in the position of protecting the obscene profits of these big manufacturers."

While it remains to be seen what will happen with Bush in the US, should the Canadian Health Minister, Dosanjh, act to ban or limit US sales, MacKay told the Sun-Sentinel that his organization, and the province of Manitoba, would likely fight him in court.

Just in case the plot to block supplies is successful, some Canadian suppliers have already arranged to keep selling to the US, with the overseas drugs, said Steve Fishman, manager of Prescriptions Direct in Hallandale, according to the Sun. "Eighty percent of Canada will get shut down if the minister goes forward. The other 20 percent will find alternative sources to do the same thing that their pharmacies do now," Fishman said.

Rost maintains that "the fight against reimportation is a fight to continue to charge our uninsured, our elderly, our poor, our weakest, full price, while giving everyone else a rebate," which he says, "is fundamentally unethical."

Rost advised the committee that every day, "Americans die because they can't afford life-saving drugs, because we want to protect the profits of foreign corporations. I believe we have to speak out for the people who can't afford drugs, in favor of free trade and against a closed market," he said. Blocking reimportation has a high cost, Rost warned, "Not just in money, but in American lives."

Evelyn Pringle Miamisburg OH

(Evelyn Pringle is a columnist for Independent Media TV and an investigative journalist focused on exposing government corruption)