

HEALTH CARE

"If They're Safe, They're Coming"

Christmas came early this year for the pharmaceutical industry. A Bush administration task force took the drug industry's talking points opposing drug re-importation and gift wrapped them in a [130-page report](#) released yesterday. Instead of making substantive recommendations about how to provide Americans access to cheaper prescription drugs, the report exaggerates the costs and complexity of importation. (Predictably, the drug industry's lobbying group said the report "substantiates" its own weak claims and quickly [repackaged the report's conclusions into a press release](#)). Buried in the report was an important concession: [commercial imports from Canada are safe](#). In October, Bush promised the American people that he was awaiting the conclusions of the task force to make a decision on importing drugs from Canada, saying, "[If they're safe, they're coming](#)." But in a letter to Congressional leaders yesterday, Health and Human Services (HHS) Secretary Tommy Thompson and Commerce Secretary Donald Evans said that if Congress were to pass a drug reimportation bill that didn't meet a detailed set of requirements designed to protect the pharmaceutical industry, the president would likely [veto the bill](#).

MONEY FOR SOMETHING: It is not surprising a report sponsored by the Bush administration would come to a conclusion which is favorable for drug companies. According to Public Citizen, thirteen pharmaceutical company executives and their lobbyists in Washington "together [raised at least \\$2.2 million](#) for Bush's two presidential campaigns." Since 2000, the pharmaceutical industry has shelled out [more than \\$70 million](#) in campaign contributions, with 70 percent going to Republicans. In addition, a total of fourteen senior Bush administration officials have "passed through the federal government's [revolving door](#) and are now lobbying for the prescription drug industry."

REAL PROBLEM IS EXCESSIVE PROFITS: The task force claims that, if re-importation were legal, the drug industry would have to reduce spending on research and development by \$1.1 billion each year, resulting in "[between four to eighteen fewer new drugs being introduced per decade](#)." (This is based on the assumption that it costs about \$1.3 billion to bring a new drug to market). Here is what the task force doesn't tell you: In 2002, Fortune 500 drug companies [pocketed \\$35.9 billion in profits](#). Astoundingly, "the combined profits for the ten drug companies in the Fortune 500 (\$35.9 billion) were [more than the profits for all the other 490 businesses put together](#) (\$33.7 billion)." In other words, by the task force's logic, the excessive profits raked in by major drug companies deprive consumers of 275 new drugs per decade. If the drug industry decided to pare back its profits by just three percent, Americans could have access to cheaper drugs with no impact on drug innovation.

THE LOST PROFIT MYTH: Any impact on drug research and development is premised on the task force's conclusion that drug imports would "reduce overall U.S. pharmaceutical industry revenues." But an April study by Boston University School of Public Health Directors Alan Sager and Deborah Socolar argued that, because importing medications from Canada would allow substantial numbers of Americans to obtain prescription drugs they cannot afford today, "the financial harm to drug makers may be surprisingly low. [Drug makers could even benefit](#)." The study found that if prescriptions that would otherwise go unfilled accounted for more than 45 percent of the imports from Canada, drug makers' profits would actually increase. The profit lost by drug makers when patients filled their existing prescriptions at lower Canadian prices would be offset by the added profit drug makers would see from selling additional prescriptions through Canada.

KEY FINDING: IMPORTATION FROM CANADA IS SAFE: In "key finding" # 2, the report's authors admit, "some means of drug importation (e.g., traveling to Canada for certain brand name drugs available in both countries) [may be relatively safe](#)." Of course, this is exactly the notion the Bush administration has [argued against](#). Missing the point, the administration report goes on to

warn about the dangers of "bogus internet operations" and "rogue websites," which "provide customers with inferior products." But such methods of "[personal importation](#)" would not be necessary if the government simply agreed to import drugs in the first place.

THE FDA 'GOLD STANDARD' MYTH: The administration report warns Congress to make sure imported drugs "adhere to the 'gold standard' of safety and efficacy that is expected from FDA-approved drugs." That might be shooting a little low: In just the last month, FDA approved products [Vioxx](#), [Celebrex](#), Bextra, [Aleve](#), Naprosyn and [Nevirapine](#) have been shown to pose serious unacknowledged health risks to consumers. "The authors of this report [don't cite a single example where an American has been harmed](#) by an imported drug," said Rep. Gil Gutknecht (R-MN), "and we have thousands of examples now where Americans were harmed by FDA-approved drugs."

REPORT DOWNPLAYS SAVINGS: The report downplays the potential savings from legalized drug importation, saying most of the price difference would be captured by "intermediaries." But the CBO's analysis of a bill considered by Congress in 2003 found legalized importation would "[reduce total prescription drug expenditures](#) in the United States by about...\$40 billion" over the next nine years." The act would also "reduce spending on health benefits for firms that provide health insurance," increasing tax and Social Security revenues.

ADMINISTRATION INSTEAD CALLS FOR RESTRICTIONS ON PATIENTS' RIGHTS: In its letter to Congress, the administration task force makes one recommendation for addressing health care costs: reining in "[excessive litigation](#)." But, according to the Congressional Budget Office, even major restrictions on malpractice payouts would have "[only a small direct impact on health care spending](#)," since "malpractice costs account for less than 2 percent of that spending." Meanwhile, aggressive restrictions on patients' rights might prevent consumers from [holding drug makers responsible](#) when they, say, [bury studies and data](#) revealing serious safety risks associated with their drugs.

REPORT PROMPTS BI-PARTISAN CRITICISM: The bipartisan co-sponsors of the legislation which authorized the study were frustrated with the task force's report. Sen. Byron Dorgan (D-ND) said he "[never had much confidence that this study was going to be objective](#) or its conclusions accurate." Sen. Olympia Snowe (R-ME) called the report "[a disappointment](#) to those of us who have fought long and hard to develop safe and effective prescription drug importation legislation." ([Other GOP supporters](#) of importing drugs are Sen. John McCain (AZ), Sen. Trent Lott (MS), Gov. Tim Pawlenty (MN) and Rep. Jo Anne Emerson (MO)).

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