

# CHARLESTON GAZETTE, April 27, 2006

## Accelerate implementation of law to reduce drug costs

Alan Sager

THE world's prescription drug makers take almost one-half of their worldwide revenue from Americans, even though we are only 5 percent of the world's people. One reason: U.S. prescription drug prices are by far the highest in the world.

Elsewhere, governments regulate drug prices. But drug makers have successfully fought off public efforts to cut U.S. prescription drug prices.

Consider the result. From 1981 to 2000, the average retail price per prescription rose from \$9.50 to \$44.11, up 360 percent. Then the average price soared to \$53.92 in 2004. Consequently, needed medications are harder to afford.

It is astonishing and terrible that the prices of dangerous illegal drugs have plummeted during these years. The average retail price of heroin and cocaine plunged from \$1,341 per pure gram in 1981 to \$247 in 2000 — a four-fifths drop. Consequently, more people can now afford more of these illegal drugs.

The prices of heroin and cocaine fell because more drugs were illegally imported into the United States. But prescription drug makers and their allies in Congress and in the Bush administration have thwarted efforts to cut prescription drug prices by importing safe and legal medications from Canada.

Can anyone doubt that the world's drug makers are also working behind the scenes to stall implementation of West Virginia's landmark law limiting prescription drug prices?

In 2004, the West Virginia Legislature had the brains and guts to enact HB 4084 to cut drug prices to the level approved by the Veterans Administration's Federal Supply Schedule, or FSS. Then-Gov. Bob Wise signed the bill into law.

Unfortunately, important provisions of the law are being implemented much too slowly.

Because the law will sunset on July 1, 2008, it is important to accelerate action to cut drug prices to FSS levels. One vital next step is to overcome a procedural hang-up involving waivers.

The law allows drug makers to seek waivers to charge prices above the FSS level if they can show this is justified. Therefore, the Pharmaceutical Council needs to move quickly to prepare the rule for applying for waivers and criteria for granting them. (Justifications include certain costs considered legitimate. Justifications exclude advertising and marketing costs.)

Once this is done, the Pharmaceutical Council can move forward and hold drug makers to FSS prices.

Drug companies seem to have been using their LIP (Lobbyist-Induced Paralysis) to try to slow the West Virginia law's implementation. If drug companies and their lobbyists succeed, they will mock the law as another failed government regulation — even if they cause it to fail.

West Virginians deserve the lower FSS prices promised by a law that the Legislature enacted and the governor signed. West Virginians don't deserve furtive lobbying that thwarts the will of the people.

High drug costs pillage and plunder the pocketbooks of West Virginians. In 2004, the average West Virginian spent \$806 for prescription drugs — 41 percent above the national average. In 2004, the average West Virginian devoted 3.1 percent of personal income to prescription drugs — 81 percent above the U.S. average.

Both West Virginians' drug spending per person and spending as a share of income are highest in the nation. This stems from a greater elderly population, higher rates of chronic illness and lower average incomes.

High drug costs burden West Virginians excessively. That's one of the reasons why the Legislature enacted HB 4084 and Gov. Wise signed it. This law deserves speedy and careful implementation, not more delay.

Dr. Sager, director of the health reform program at Boston University, testified before the Legislature during adoption of HB 4084 in 2004.