BUSH, SENATE NARROW DIFFERENCES ON DRUG IMPORT BILL

Mark McClellan, who once oversaw a crackdown on illegal imports of cheaper prescription drugs, said Congress has made "strong efforts" to resolve the Bush administration's concerns about safety.

McClellan, the former head of the Food and Drug Administration, said the FDA is providing technical support for a drug-import bill to be introduced next week by Senate Health Committee Chairman Judd Gregg, a New Hampshire Republican.

"I think everyone appreciates Senator Gregg's strong efforts to address the safety issues in a meaningful and significant way," said McClellan, 40, in an interview in Washington.

Momentum has been building since April as senators introduced two competing bills and a government task force held public hearings on the issue. Last week 228 House members, including 79 Republicans, asked Senate Majority Leader Bill Frist of Tennessee to schedule a vote in June on drug import legislation. The House passed its bill last year.

Republicans, including Mississippi Senator Trent Lott, have thrown their support behind such legislation as they seek to retain control of Congress and the White House in this year's election. AARP, which represents 36 million older Americans, and Bush's Democratic challenger, John Kerry, also support legalizing the imports.

"The Bush administration has maintained the strongest front against reimportation, but an upcoming task force report, dependent on its findings, could sway the administration to support those findings," Susquehanna Financial Group analyst Greg Kelly wrote in a note to investors last month.

'Might Taste Lousy'

Drugmakers including Pfizer Inc., whose Chief Executive Officer Hank McKinnell has raised more than $100,000 for President George W. Bush, oppose imports, citing safety concerns and the impact on drug development funding. The White House has insisted since 2001 on safety guarantees for any drug imports.

"The administration hasn't seen a proposal that meets the criteria for safe reimportation," White House spokesman Trent Duffy said. "If you mess up a cake recipe, it might taste lousy, but it won't kill you. If someone gets your medicine wrong, it's a life-and-death consequence."

Health and Human Services Secretary Tommy Thompson said earlier this month it was "inevitable" such legislation will pass Congress and he would advise Bush not
to veto a measure.

'Intense Amount of Interest'

McClellan stopped short of endorsing any of the Congressional drug-import proposals. He said the drug importation task force, of which he is a member, is pushing to issue its recommendations in the next few months.

``There is an intense amount of interest in addressing this issue in Congress,'' McClellan said in a Washington interview. ``The administration is providing a lot of technical support to make sure that the safety issues are addressed properly. Hopefully something can be worked out.''

More than two dozen states are considering drug imports from Canada, where government controls hold prices as much as 70 percent lower than in the U.S., as a way to limit health-care costs. California lawmakers yesterday approved five bills addressing drug costs, including one directing the state's health department to create a Web site to help residents buy drugs from Canada.

'Constructive Suggestion'

The FDA two days ago said a Minnesota program to eliminate co-payments for state employees who buy low-cost drugs from Canadian Internet pharmacies is ``irresponsible'' in terms of consumer safety. At the same time, the FDA suggested Minnesota send inspectors from the National Association of Boards of Pharmacy to Canada to inspect suppliers.

The letter ``had a very constructive suggestion,'' said Leslie Kupchella, a spokeswoman for Minnesota's Republican Governor Tim Pawlenty. ``It sounds like they're interested in taking us up on our long-ago suggested idea of a pilot project. It does sound like they're interested in working with Minnesota to review or inspect pharmacies. We're interested in furthering those suggestions.''

William Hubbard, the FDA's assistant commissioner for policy and planning, said the agency has ``made progress'' in a number of states, including Illinois, which decided not to go ahead with Canadian drug programs after meeting with FDA officials.

``As the good guys, we should be trying to work these things out,'' Hubbard said in an interview. ``We may end up suing them. We may have to. It's not so much suing them but rather asking an impartial federal judge to referee this.''

Support and Supplies

The drugs Americans bought through Canada last year would have cost $1.1 billion at U.S. pharmacies, IMS Health Inc., an industry consultant, has estimated. When customers switch to Canadian sources, drugmakers lose about 40 percent of their revenue, according to Alan Sager, a health economist at Boston University.

About 64 percent of Americans support legalizing drug imports from Canada,
according to a survey by the Kaiser Family Foundation, a nonprofit research group in Menlo Park, California.

"Everyone wants to seem supportive, but at the end of the day, it may not get done," said Andy Bressler, a policy analyst at Banc of America Securities. "People on both sides have an interest in not getting anything done. Democrats want an issue to run on, and Republicans don't want bad policy."

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