

## Diagnosis: An Ailing System

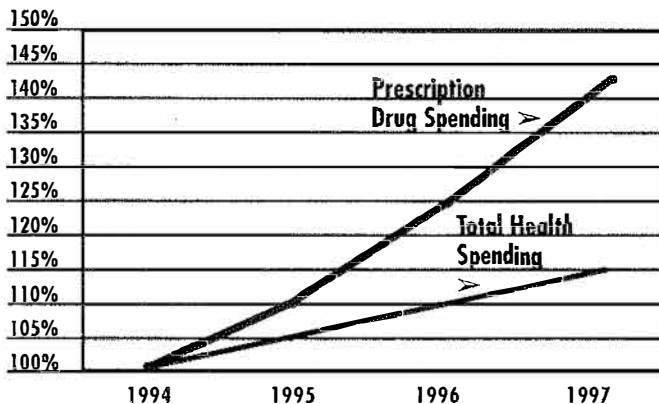
Our health care system is coming under increasing strain from escalating costs, mis-managed care, and too much bureaucracy.

Fewer people are insured, too many are suffering needlessly, and, one way or another, we're all paying too much.

Who or what is driving health care costs so high? One key answer is skyrocketing prescription drug prices. Consider:

- Drug costs are rising three times faster than overall health care costs (see chart below).
- Americans pay the highest prescription drug prices in the world.
- Many senior citizens can no longer afford prescription drugs: roughly one half of all prescriptions written for the elderly go unfilled, primarily because they can't afford the price.

**TOTAL HEALTH & PRESCRIPTION DRUG SPENDING, U.S.,  
AS % OF 1994 SPENDING**



## Prognosis: More Rising Prices

Prescription drug companies can charge so much because exclusive government patents grant them monopoly control over each new drug they develop.

The companies claim they need high prices to spur on more research. Yet B.U. researchers found that Merck and Pfizer, two of the largest drug companies, put 11% of their revenue into research — and took 19% as profit. The top 10 drug company CEOs earned \$229 million in 1997.

Drug companies are charging Americans an average of 32% more than Canadians, and 60% more than the British for the exact same pills. (See chart below)

As insurance companies and employers shift the costs of prescription drugs to subscribers and workers, drug prices are taking a bigger and bigger bite out of our paychecks, Social Security checks, and retirement funds.

For example: Earlier this year, Massachusetts HMOs cited rising costs as the reason they eliminated prescription drug coverage for 60,000 Medicare recipients in the state.

## Prescription: Lower Drug Prices

How can we lower prescription drug prices?

The U.S. Veterans Administration provides one model. The VA negotiates prices for prescription drugs for all veterans, getting prices that are lower than those paid by other Americans.

**MASSPIAG** is proposing that we do the same thing on a statewide level. A bill filed in the Legislature would give Massachusetts consumers, who spend \$2.5 billion a year on prescription drugs, the group buying power we deserve. The law would enable the state to negotiate lower drug prices on behalf of all Massachusetts consumers, passing the savings on to all of us. Consider:

- The bill would cut prices by at least 20% for brand name drugs and 14% for generic drugs.
- Cost savings and rebates would be used to expand coverage for consumers who can't afford medications.
- By controlling drug prices, which constitute the fastest growing health care expense, we'd help control health care costs and premiums.

### HIGH COSTS OF U.S. DRUGS

Drug	U.S.A.	CAN.	BRIT.	AUS.
LOPRESSOR (50mg) blood pressure	\$ .38	\$ 1.23	\$ 1.83	
FELDENE (20mg) backpain, arthritis	\$ .16	\$ .90	\$ 1.24	
ZANTAC (150mg) ulcers	\$ .05	\$ .21	\$ .78	\$ .39

## Caution: Drug Companies' Influence

In 1998, the pharmaceutical industry was the most profitable industry in the country. The industry's lobbyists are not likely to sit idly by while the Legislature considers how to lower their prices. Consider:

- When Congress debated health care reform in 1997 and 1998, the drug companies spent \$138 million on Washington, D.C. lobbyists and other influence-peddling expenses—more than any other single industry.
- In August 1999, when Congress considered a prescription drug benefit plan, the industry launched a \$30 million national media blitz to press lawmakers to defeat the proposal.

According to Dr. Bernard Lown,  
Professor emeritus at  
Harvard School of Public Health,

**" Our present system has deteriorated into a hodgepodge of corporate fiefdoms whose central aim is to defend their economic well-being. "**

## Action: Write Your Lawmaker

**MASSPIRG** will get the facts to our lawmakers. But the drug company lobbyists will also make their influence felt on Beacon Hill. We need you to show your support to counter the special interests.

Write to your state representative and urge him/her to lower your prescription drug costs by passing the Drug Pricing Reform Bill today. The chairs of the Health Care Committee, Representative Harriette Chandler and Senator Richard Moore, should also get a copy of your letter.

### SAMPLE LETTER

The Honorable \_\_\_\_\_  
State House, room \_\_\_\_\_  
Boston MA 02133

Dear Representative \_\_\_\_\_,

Prescription drug prices are out of control. Greedy drug companies are making millions at my expense. (Mention your drug costs or personal story.)

Allowing the state to combine our \$2.5 billion dollars worth of drug purchasing power to negotiate lower drug prices makes sense.

Please pass H. 2886, the Drug Pricing Reform Bill filed by Representative Patricia Jehlen today, to bring down the cost of all Massachusetts consumers' prescription drug bills.

I look forward to hearing from you on this critical matter.

Sincerely,

**MASSPIRG**

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**MASSPIRG's  
Campaign  
For  
Lower  
Drug  
Prices**