Cheap drug imports - who wins?

By Gregory M. Lamb | Staff writer of The Christian Science Monitor

Kathryn Stewart sees the impact of high drug prices first hand. Low-income patients frequently get released from her Chicago hospital with a supply of prescription medication that will last only two or three days. And they can’t afford to buy more.

So when Americans head to Canada, either in person or via the Internet, to buy lower-cost drugs illegally, she applauds. Claims by the Food and Drug Administration (FDA) that such drugs are unsafe “has a hollow ring with the American public,” says Dr. Stewart, medical director of care management at Mt. Sinai Hospital. It “makes the FDA look like it is just a protectionist arm for the US drug industry.”

Stewart is not alone. As the price of prescription medication soars and as the FDA begins to toughen its stance against drug importers, support for drug imports is building in the halls of Congress, in statehouses, even in city halls. At stake is a larger and more ticklish issue for the pharmaceutical industry. Even as they plow profits back into research and warn of the dangers of imports, drugmakers risk a growing backlash from consumers and politicians that could lead to more government control of their industry. The battle over imports is merely the latest manifestation of pent-up frustration.

“This is a very ugly issue for the pharmaceutical industry,” says Humphrey Taylor, chairman of The Harris Poll. “As importation of drugs grow - and it looks set to grow a lot more - drug companies run a big risk of making more enemies as they fight to prevent importation. This would fuel the growing backlash against the industry.”

In a Wall Street Journal Online/Harris Interactive poll released a week ago, 77 percent of Americans surveyed said they think it is “unreasonable” for pharmaceutical companies to stop Canadian pharmacies from selling drugs over the Internet to Americans.

Already, battle lines are forming. In July, a bipartisan majority in the House of Representatives passed a bill that would allow Americans to buy prescription drugs from 25 industrialized countries, including Canada. The legislation has stalled in the Senate, where 53 senators, more than enough to defeat the measure, have indicated they oppose it. Supporters are trying to include a drug-importation provision in the broad Medicare reform bill being shaped by House and Senate conferees this week.

The FDA and the Pharmaceutical Research and Manufacturers of America (PhRMA), a powerful lobbying group representing pharmaceutical and biotechnology companies, remain adamantly opposed to legalizing imports. In a statement, PhRMA says the House legislation “would jeopardize the safety of our nation’s medicine supply and import foreign governments’ price controls.” Drug manufacturers also contend that price controls in the United States would smother incentives to invest in research to develop new drugs.

Nevertheless, states such as Illinois, Iowa, Michigan, Massachusetts, and Minnesota are looking into buying cheaper foreign drugs. Nearly all of the Democratic presidential candidates, including Howard Dean, a medical doctor, have expressed support for legalizing prescription drug imports. So has the AARP, the lobbying group for older Americans.
Perhaps the most flamboyant support comes from the city of Springfield, Mass. The mayor, Michael Albano, has garnered national headlines by having his city buy drugs from Canada for its workers, retirees, and their dependents. The mayor claims his city could save up to $9 million a year doing so.

He’s also asked the city’s pension fund to divest itself of pharmaceutical-company stocks, saying it would be inconsistent to claim that drug companies are "gouging" the public and then profit from them.

For several months Mayor Albano’s own son has been taking insulin from Canada to treat diabetes. "It’s been a quality product, same as you could purchase in the United States," he says in a phone interview. "The exact same, with a substantial [cost] savings."

Last week, Albano also testified in a key court case in Tulsa, Okla., involving Rx Depot, a company that imports prescription drugs from Canada.

As in Europe and most of the developed world, drug prices in Canada are regulated by the government. Drugs purchased there, even if originally manufactured in the US or elsewhere, are much less expensive than in the US. On its website, Rx Depot lists examples where buyers can save between 42 and 88 percent over the price paid for the same drug at an American pharmacy.

Last summer, the FDA conducted a series of spot checks on foreign drugs shipped into the US, about 15 percent of which came from Canada. It said these checks "revealed that these shipments often contain dangerous unapproved or counterfeit drugs that pose potentially serious safety problems."

Though purchase of prescription drugs outside the US, either in person or via the Internet, remains illegal, enforcement against individual purchasers has been lax. With the Rx Depot case, the FDA has signaled its intention to go after drug suppliers.

Both supporters and opponents of legalizing foreign drugs agree that Internet sales from Canada aren’t the answer to high-priced medications, only a symptom of public frustration.

"Drug spending in the United States has been doubling every five or six years. Nothing can grow like that without resulting in enormous problems," says Alan Sager, a professor at Boston University’s school of public health and co-director of the school’s health-reform program. Right now, he says, drug companies engage in "disguised inflation" by bringing out new, only slightly altered, drugs, allowing them to stay under patent so that lower-priced generic alternatives aren’t available, essentially selling "old wine in new bottles."

Importing drugs from Canada right now is "a safety valve," Professor Sager says. "If the supply of foreign drugs is cut off, the pressure will build up ... and explode, unless we take prompt and careful political action where government and [the public] work with drugmakers to craft a regime of affordable medications for all Americans."

But Dennis Lyons, the director of government and regulatory affairs at the Massachusetts College of Pharmacy and Health Sciences in Boston, says the FDA is right to ban these drugs. Some, he says, could be counterfeit; others could have passed their expiration date or been mishandled in shipment - exposed to heat or cold, for example - rendering them ineffective. Others could be mislabeled or lack proper directions for use.

"Once we open the door to medications coming from outside the country, without this FDA process, we’re putting people in a position that, if there are problems, there is no way to identify where these products came from," Mr. Lyons says.

Meanwhile, American pharmaceutical companies are taking their own steps to stanch drug imports by insisting that Canadian pharmacies they sell to not sell the drugs back to American buyers.

The Rx Depot case is expected to be decided sometime after Oct. 31.
"This case is very important to my city and very important to the country," Albano says. "Because if the judge rules against Rx Depot and shuts down its 85 locations around the country, it's going to mean the consumer is going to have to look elsewhere. And I don't know where else there is to look besides Canada."

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