State auditor backs importing drugs
Luallen says Kentucky could save $100 million

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FRANKFORT, K.Y. — Saying Kentucky could save more than $100 million a year in health care costs, state Auditor Crit Luallen called on the state yesterday to import cheaper prescription drugs from Canada.

If Gov. Ernie Fletcher agrees, Kentucky would join other states, including Illinois, Maryland, New Hampshire, Oregon, and Vermont, in seeking federal waivers to allow the importation of drugs from Canada.

"The train is leaving and Kentucky, especially in the midst of a health care crisis, cannot afford to miss it," Luallen said during a news conference.

Luallen's proposal comes amid an uproar over Fletcher's changes to state employees' health insurance that would increase the costs to workers and has prompted teachers to threaten a strike.

Fletcher, who voted against the importation measure in 2003 as a congressman, is out of the country and unavailable for comment. His office issued a statement saying he would be "happy to take a look" at the issue.

Pharmaceutical manufacturers oppose allowing drug importation, citing safety and other concerns.

Luallen said yesterday the release of her study is a coincidence. Her office began working on a study of drug costs in May, before she was aware of changes to the health plan for about 226,000 state workers, retirees and family members.

"The timing could not be better," Luallen said.

Fletcher last week called a special session of the Kentucky General Assembly beginning Oct. 5 to deal with the health insurance crisis.

Almost two-thirds of Kentuckians want the federal government to make it easier to buy prescription drugs from Canada and other countries, according to a Courier-Journal Bluegrass Poll conducted in May.

Seneca High School teacher Don DeKorte, who uses more than 10 prescriptions per day for health problems, said he's all for Luallen's proposal. Otherwise, he said, he won't be able to pay for medicine that he, his wife and daughter need.

"I cannot afford it," he said. "If they will allow us to mail order through Canada, that would help."

Perry County resident Betty Johnson said the plan could help her mother, on fixed income, get a better price on cancer medication that costs about $200 per month.

"A lot of people depend on these drugs, and the prices seem to just get higher," she said.
Saving money

Luallen’s study found drug costs are the fastest-rising segment of health care costs in the nation. The study — based on an analysis of the top 100 brand-name drugs used in the state — found that the state health plan could save about $37 million a year by buying drugs from Canada, Luallen said.

Public employees could save another $34 million a year in co-payments, which are waived or reduced for drugs ordered by mail or over the Internet, she said.

Medicaid, which provides health care for about 672,000 low-income and disabled Kentuckians could save about $37 million a year, according to the study. Other Kentuckians on private insurance or with no insurance could save about 30 percent on prescription drugs, Luallen said.

In Canada, medicine costs, on average, about 40 percent less than in the United States because of stricter government price controls.

The U.S. government forbids importing drugs from Canada, although it has not actively enforced the ban.

Several states are working around the ban by posting links on state Web sites where consumers may order drugs from Canada, and two lawsuits have been filed seeking to force the federal government to allow states to develop plans to do so, Luallen said.

Brent McKim, president of the Jefferson County Teachers Association, said he believes teachers would embrace the idea if it means lower insurance costs.

"I think our members would be very interested," he said.

Dr. O'tayo Lalude, a Louisville doctor, said many of his patients can't afford medicine they need and ask whether they should try to get it from Canada.

"If it would benefit the patient, I say go for it," he said.

Request for action

The analysis of Kentucky's prescription drug costs was conducted by Marcia Morgan, a former state secretary for health services who now works for Luallen.

Luallen yesterday called on:

Fletcher to ask the federal Food and Drug Administration for a waiver to allow Kentucky to develop a plan to provide imported drugs in the state. Five states have sought FDA waivers, and all have been refused.

Lawmakers to hold hearings before the 2005 session to determine how such a plan would work.

Kentucky Attorney General Greg Stumbo to look at the state's legal options. Vermont is suing the FDA over its refusal to grant a waiver, and some Illinois residents have filed a similar suit.

Local officials to look at ways to offer imported drugs on their own.

State Senate President David Williams, R-Burkesville, said he believes it's a "cruel hoax" to suggest to Kentuckians that Canada could supply everyone in need.

But House Speaker Jody Richards, D-Bowling Green, said he thinks the idea has merit.
"If there's something we can do to lower prescription costs for Kentuckians, I think we want to encourage it," Richards said.

U.S. Rep. Anne Northup, R-Louisville, is pushing federal legislation to allow drug sales from Canada. The legislation passed the House last year but is stalled in the Senate. She said it's a bipartisan effort and backs the efforts of Luallen, a Democrat.

"I think Crit is on the right track," Northup said.

Wanda Moebius, a spokeswoman for Pharmaceutical Research and Manufacturers of America, the trade group for the pharmaceutical industry, said the industry vehemently opposes importing cheaper drugs from Canada or other countries with price controls.

She said the group doesn't believe states can guarantee the safety of such drugs. Further, it opposes price controls in other countries — which force U.S. residents to subsidize consumers in other countries, she said.

But Dr. Alan Sager, a researcher at the Boston University School of Public Health, said the pharmacy industry is mainly concerned about protecting profits, and officials need to find a way to make sure people can afford their prescription drugs.

"It is an abomination that any American continues to suffer pain, disease and premature death for lack of needed medications," he said.

Staff writer Tom Loftus contributed to this story.

Where they stand

President Bush, a Republican, has opposed importing drugs, citing safety concerns. But he said last month that if safety can be assured, "it makes sense."

John Kerry, Bush's Democratic opponent, supports allowing imports of FDA-approved drugs.


Daniel Mongiardo, Democrat running against Bunning, supports allowing imports of prescription drugs.

U.S. Rep. Anne Northup, R-3rd District, supports and has voted for a House bill to allow importing prescription drugs.

Tony Miller, Democrat running against Northup, supports allowing imports of prescription drugs.