

Study looks at prescription drug coverage

Prices rising faster than other parts of health care

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WASHINGTON — One in four of all Americans has no prescription drug coverage, and U.S. drug prices are rising much faster than any other health care cost, according to a Boston University study presented yesterday to the House Prescription Drug Task Force.

Rep. William Delahunt, D-Quincy, said members of the task force, which is focusing on issues involving the cost and availability of prescription drugs, paid close attention to results of the independent study conducted by Boston University professor Alan Sager and researcher Deborah Socolar.

Delahunt commissioned a study in February on price differences in the South Shore pharmaceutical drug industry. It found that local pharmacies charged an average of 134 percent more for five heavily prescribed brand-name medicines than prices paid by "favored customers" who work out special deals with drug

manufacturers.

Prescription drugs have become "central to health care of the elders. Early in the 1960s with the advent of Medicare and other health care intervention, acute hospital and doctor care involvement was critical," Delahunt said.

Sager said that a 1991 study found that one in eight seniors had to choose between food and medicine because of the rising costs of drugs.

Socolar and Sager found that in the early 1990s, drug makers charged Americans 32 percent more than Canadians for the same drugs. The gap suggested Americans would save roughly \$16.2 billion yearly if they paid the wholesale prices paid by Canadians.

But Meredith Art, spokeswoman for the Pharmaceutical Research and Manufacturers of America, said the study included nations whose governments have price controls. And the United States is a free market that drives innovation and access for the elderly.

The study also showed drug costs are rising about three times as fast as overall health care costs.

About 70 million Americans lack either private prescription drug coverage or public coverage

through Medicare or Medicaid, the Socolar and Sager study reported.

"We kept on hearing from our constituents the horror stories," Delahunt said. "We have had serious discussions with solid data. We not only know the problem, but we are also trying to find solutions."

The study suggested negotiating an international treaty to cut U.S. drug prices. Sager and Socolar found the world's prescription drug makers have charged Americans more for the same pills than they charge in any other country. But Americans buy one-third of the world's prescription drugs.

"Lower prices need not mean lower revenue," Sager said, noting an investment firm projection that a 40 percent discount for Medicare patients would cause only a 3 percent drop in revenue.

Sager's study also suggested pharmaceutical companies could save money by cutting advertising and targeting research to develop medications that are affordable and effective.

Another solution, which is being considered by the Massachusetts legislature, would be to implement statewide discount and rebate programs in conjunction with the pharmaceutical companies.