U.S. consumers funding most of world’s drug research

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Why does the world’s best-selling drug, the heartburn medicine Prilosec, cost $3.30 a pill in the United States but only $1.47 in Canada?

Why does an allergy drug Claritin cost almost $2 a pill in the United States but only 41 cents in Great Britain and 48 cents in Australia?

Why does a year’s supply of Rilutek, the only drug approved to treat Lou Gehrig’s disease, cost $9,000 in the United States but only $5,000 in France?

Why does the United States have the highest drug prices in the world?

INSIDE LOOK

MEDICINE COSTS

That’s the question President Clinton posed last month when he ordered a comprehensive report on why drug prices are so much higher in the United States than elsewhere. The study is a presidential counterpunch to the pharmaceutical industry, which Clinton blames for killing his plan to add prescription drug coverage to Medicare for the elderly.

A USA Today survey found that the most popular drugs often cost two, three, even four times as much in the United States as in other industrialized nations. The overall price gap narrows considerably when cheaper generic drugs and discounts negotiated by insurers and managed care companies are taken into account. Still, Americans pay about one-third more for prescription drugs than people in other wealthy nations.

Some politicians and researchers say the high prices show that the United States is being played for a sucker in the world market.

Every industrialized country — except the United States — imposes some form of price controls on prescription drugs. As the lone holdout, the United States pays the price, literally. U.S. consumers subsidize research and development for the world as well as the pharmaceutical industry’s substantial profits. Fortune magazine ranked the pharmaceutical business as the most profitable of all industries last year when measured by returns on equity, sales and assets.

“Pharmaceutical companies use the U.S. as their safety valve,” said Alan Sager, head of the Access and Affordability Project at Boston University’s School of Public Health. “If other countries negotiate or regulate to win lower prices, drug makers raise their prices on the hapless American consumer.”

AT A GLANCE

BUYING ABROAD

Medicines purchased in Mexico or Canada must be declared at the border, but U.S. Customs agents seldom show interest in small amounts. The official rules for buying abroad include:

■ U.S. laws permit bringing up to 50 doses of prescription drugs into the United States from Mexico and Canada without a prescription.

■ Some drug requiring a prescription in the United States don’t require one in other countries.

■ The FDA warns it cannot guarantee the safety of drugs brought back from foreign countries. Instances of counterfeit drugs have been rare, though, officials say.