US efforts urged to check high pharmaceutical costs

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A Boston researcher presented a proposal to a congressional task force yesterday that calls for government intervention in bringing US pharmaceutical prices down to a level comparable to those in other developed countries. US prices are among the highest in the world.

An estimated 70 million people, or a quarter of the US population, have no prescription drug coverage, according to Alan Sager, a Boston University School of Public Health professor, who presented a report yesterday before the House Prescription Drug Task Force.

"I think a great crisis is unfolding here," said Sager. For those without insurance to cover prescription drugs, he said, "the crisis is already upon them."

In the report, Sager and BU colleague Deborah Soclar compared US drug prices to those in other developed nations, such as Canada and Australia, and found that wholesale prices here are 25 percent to 68 percent higher.

Total US expenditures for prescription drugs will reach an estimated $120 billion this year, making it the second-most-expensive part of the nation's health care budget, behind physician services and ahead of hospital care, according to Sager.

But if the United States were able to negotiate prices akin to the level paid by Canadians, for example, US residents would save about $16.2 billion this year, or 13.5 percent, according to the report. That would provide enough savings to provide all US residents with the medications they need, it said.

Some government agencies in the United States, such as Medicaid and some state public health departments, already negotiate lower drug prices. Legislative efforts are underway in Massachusetts and Vermont to give state government the ability to negotiate drug discounts.

Bills have been filed in Congress, including one that calls for international parity on drug prices, and another that would allow pharmacies to buy drugs at low prices for Medicare beneficiaries.

Medicare, the federal program for the elderly and disabled, does not cover prescription drugs, although beneficiaries can buy supplemental insurance for medication needs.

Sager said the report does not propose or support specific legislation. "We're trying to identify some principles that good legislation should follow. There is a lot of good in many of the bills," he said.

But Jackie Cottrell, a spokeswoman for the Pharmaceutical Research and Manufacturers of America, said any effort at a government mandate or price control will hurt research and, ultimately, patients. Instead, the industry group supports Medicare changes so that prescription drugs are covered for the elderly and disabled.

"There are ways to expand drug coverage without harming the industry and innovation," said Cottrell, who cited other recent reports, including one done for the group by a Brandeis University researcher, which found that price controls would stymie the development of new drugs.

Cottrell pointed out that the Clinton administration opposes price controls.