



The Case for Legalizing Importation of Prescription Drugs from Canada

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One of the biggest financial burdens for America's seniors today is the skyrocketing cost of prescription drugs. Hitting them at the time of their lives when they need them the most, retirees are facing the day-to-day challenge of being able to pay for life-saving medication. A great many seniors are choosing between off-setting the cost in their budget with cuts to food and other necessities, or by trying to stretch out their drug supply by cutting the prescribed dose in half or worse, simply going without.

Just over the U.S. border in Canada, those same drugs are sold for a significantly lower cost and many Americans could benefit from this if federal law allowed them to bring them into the U.S. for personal use. Several members of Congress recognize this and over the years have introduced legislation to that effect which remains to be passed.

In this Congress, the Safe and Affordable Drugs from Canada Act of 2017 (S. 92) has been introduced which help ease the burden for a great many Americans, especially seniors. It is time for Congress to act. America's seniors can no longer wait.

The Facts About Prescription Drug Increases

Global spending on prescription drugs is forecast to reach nearly \$1.3 trillion by 2018, an increase of about 30% over the 2013 level. This level of growth - a compound annual growth rate of 4 - 7% on a constant currency basis will be slightly higher than the 5.2% recorded over the past five years, as the introduction of new specialty medicines and increased accessibility for patients coincides with lower impacts from patent expirations.

Spending on prescription drugs surged 13% last year to a record \$374 billion, according to a report from IMS Institute for Healthcare Informatics. This constitutes the largest increase in the pace of prescription drug spending since 2000-2001, when drug spending rose by 16%, and significantly faster than the 6.8% spending growth projected by the Centers for Medicare & Medicaid Services (CMS). That amounts to \$995 per person according to an April report by IMS, triple the amount Americans spent in 1995 when adjusted for inflation.

Specialty medicines now account for one-third of spending, driven by a wave of recent innovations in-treatment for autoimmune diseases, hepatitis C and cancer

Specialty medicine spending increased by 26.5% to \$124.1 billion in 2014; the increase was 16.3% excluding hepatitis C treatments

The sharp increase in spending in 2014 was driven by new brands which increased by \$20.2 billion in 2014, lower impact from patent expirations and increases in the list prices of branded medicines

Lack of Price Competition – A Congressional Failure to Act

It's not surprising that the prescription drugs that have garnered the most attention are the extremely expensive specialty drugs that typically target serious and complex diseases. Recent acquisitions of old brand and generic companies and subsequent price gauging, by over 1,000% in many cases, has intensified the cry for action.

A poll by the Henry J. Kaiser Family Foundation released on June 16, 2015 indicates that most people believe the costs of prescription drugs are "unreasonable," with 77% citing the drug company profits and 64% citing the

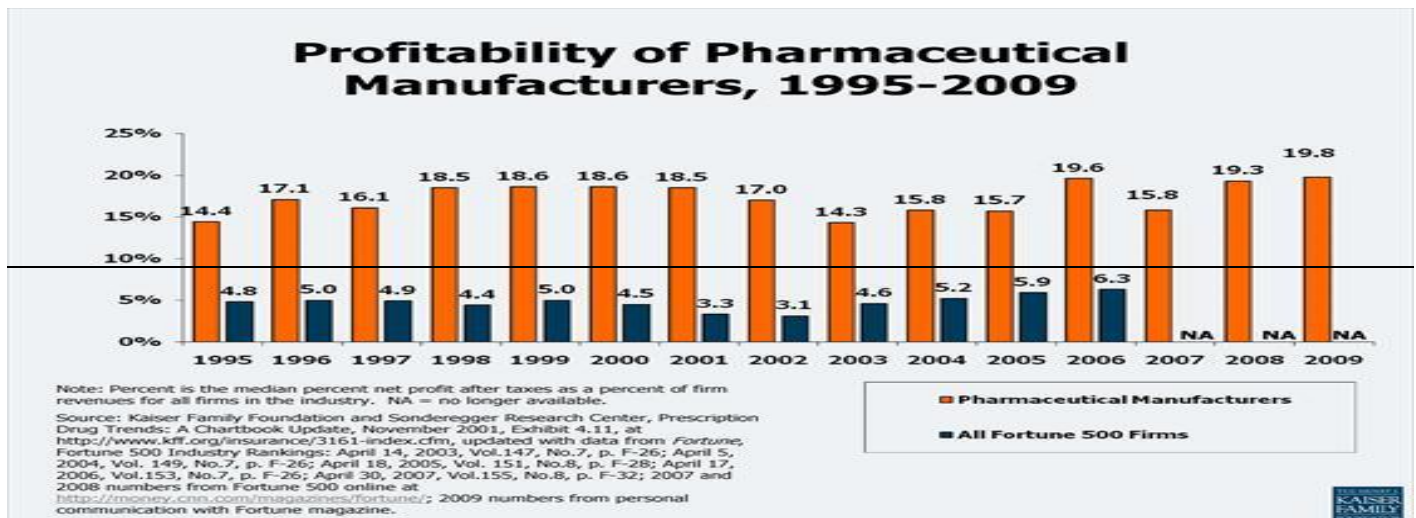
high cost of medical research as major factors contributing to the costs. Half of those polled said they were currently taking a prescription drug; more than three-quarters of people in this group said it was easy to pay for their prescription medicines. Even so, the Kaiser Family Foundation report noted, the majority of respondents said that addressing high drug costs should be a top priority for Congress and the President.

The basic dilemma is that, in order to encourage investment in innovations like prescription drugs and new biologics, the government needs to provide intellectual property protection for the more unique products. This also opens the door for more monopoly power. What is clear is that the presence of a monopoly, exacerbated by aggressive profit incentives, has led to higher prices than would exist in a more competitive market.

Maine residents, who spent more than \$1.5 billion last year to fill prescriptions at pharmacies, lost their best short-term option earlier this winter for avoiding those stifling prescription drug costs. U.S. District Court Judge Nancy Torresen in February invalidated a 2013 state law that allowed licensed pharmacies in Canada, the U.K., Australia and New Zealand to dispense drugs to Maine residents. Torresen determined that the state law violated federal law, it flew in the face of federal law, which bars prescription drug imports from foreign pharmacies for personal use. (Attorney General Janet Mills declined to appeal Torresen’s ruling, citing the need for federal action.)

The prohibition on personal prescription drug imports from safe pharmacies within the boundaries of trusted trade allies does not protect America’s seniors from absolutely anything and only serves to endanger their health when they cannot afford prices in the U.S. Congress must protect our seniors by passing legislation which permits the importation of prescription drugs for personal use. With effective monitoring, drugs from licensed Canadian pharmacies are no less safe than drugs purchased from American pharmacies, and there’s no reason to deprive Americans of a simple way to lower their prescription drug costs. Americans pay nearly \$1,000 per capita on prescription drugs, but Canadians — who pay the second most per capita — spend about 40 percent less. For name-brand drugs, the prices paid by Americans generally are at least double the prices one would find in the U.K. or Australia.

Many have argued that lowering drug prices in the U.S. could translate into substantially less capital available for the research and development necessary to bring new drugs to market. This argument ignores the fact that the vast majority of the research that leads to meaningfully different drugs — new molecular entities — is done in academic centers and sometimes in nonprofit and government research labs. A 2001 study in the journal Health Affairs found that just 15 percent of the research cited in drug patent applications to the FDA was done by industry. Further, a 2012 study in journal BMJ found pharmaceutical companies spent just 1.3 percent of their revenues on research into new molecular entities while spending at least a quarter on marketing their products. The high prices of Americans pay for prescription drugs is simply not justified by claims that the prices support research and development.



NRLN's Reaction and Proposal

The National Retiree Legislative Network (NRLN) conducted a September 2015 study in the sixteen (16) Canadian states border (including those bordering the Great Lakes), including Maine. NRLN State leader volunteers and members were asked to research state laws and measure the amount of in-state support there is for legislation allowing the importation of drugs from Canada. The NRLN asked over 27,000 members in these states to take a consumer survey, then the results of the survey were combined with in-state investigations.

In February of 2015, the NRLN asked its members to share their personal experiences with purchasing prescription drugs from Canada for their personal use. Respondents from 24 U.S. states cited purchases of 61 specific brand drug names such as Crestor, Nexium, Niaspan, Plavix, Prilosec, Spiriva, Restasis; cancer drugs Tarceva and Revimid; heart drugs Plavix, Nisoldipine and Gleevac; and perhaps the most outrageously priced, Insulin.

In early September 2015 responses to an NRLN online survey was aimed at just Canadian drug importation. Responses came from all 16 states border states, 1,701 members responded, some fearing to respond despite a guarantee of anonymity. Responses ranged from Alaska - 2 responses to Michigan – 640, with Illinois, Minnesota, New York, Ohio and Washington all at 95 or more each. In these 16 states, there are 137 members of the U.S. House and 32 members of the U.S. Senate (169 or 32% of Congress), 77 of them are Democrats and 90 Republicans, representing the public needs of these 16 states.

Of the 169, or roughly 10% of those who responded, admitted to buying prescription drugs from Canada. Those who did claimed significant savings: 64% who purchased brand label drugs claimed savings of 41% or more with 44% claiming over 50%, and 66% who said they bought generic drugs claimed savings of 41% or more with 54% claiming over 50% savings. Seventy-seven members sent lists of drugs purchased.

Eighty-four percent (84%) said they buy from a single Canadian pharmacy, 68% said they have been buying there for 2 or more years. Delivery times varied but 30% said it took over 2 weeks to receive some products. Despite this, 97% said they were happy with delivery service and only 1 reported being unhappy with quality.

Only 8% said they travel to Canada to buy prescription drugs personally, in rounded percentages, 16% order by mail, 32% by phone/fax and 56% over the Internet. Only 5% of the respondents said they paid in cash, 25 % paid by check, 65% paid by credit/debit card, 3% by EFT and 3% other.

Conclusion

Where there is a will to solve problems, sincere, honest, intelligent people find ways to solve them. In the case of purchases from America's most trusted trading partner, the risk is negligible. The delay in enacting legislation to ease the financial burdens of aging America in this manner is unconscionable. Democrats and Republicans, liberal, moderate or conservative, need to address what is happening to Americans' purchasing power when money that could be used to buy goods and services, that generate jobs and tax revenue, is instead being used toward purchasing prescription drugs that are extremely expensive in the U.S. and much more affordable across the border.

Pass the Safe and Affordable Drugs from Canada Act of 2017 (S.92) now.