

LE Magazine April 2004

AS WE SEE IT

The \$50.00 Toll Bridge

Sometimes the only way to alert Americans to a disgraceful new law is to compare it to absurd situations that arise in other countries because of government ineptitude.

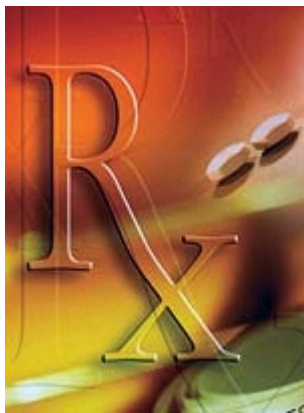
A front-page article in the Wall Street Journal reports that Japan's highways are so heavily tolled that Japanese motorists go out of their way to drive on back roads. The result is enormous traffic congestion and lost productivity. In many parts of Japan, the highways sit empty while drivers meander around side streets to avoid the outlandish tolls. Driving the length of Japan costs \$330, while it can cost \$50 to cross a single bridge.¹

The Japanese are often thought of as frugal and highly productive. While this characterization appears to be accurate as to the citizens of Japan, the Japanese government is no different from the US government when it comes to squandering taxpayer dollars through politically inspired policies.

The new Medicare bill is one such policy that will create economic havoc in the US for generations to come. Some estimate that this bill will cost trillions of taxpayer dollars.^{2,3} And because the federal government is already running a \$500 billion deficit, the money must be borrowed to pay today's inflated drug costs.



William Faloon



The Medicare bill will become the equivalent of the Japanese toll highways, with ordinary Americans bearing the economic burden of an artificial problem caused by needless government regulation.

MEDICARE BILL VEHEMENTLY OPPOSED

The Life Extension Buyers Club expended enormous resources to defeat this Medicare bill. We showed that it is nothing more than a taxpayer subsidy to the pharmaceutical industry and that prescription drug prices would plummet if Americans could import lower-priced medications from Canada and Europe.

We went even further and documented that there would be no drug price problem were it not for FDA over-regulation. We showed that prescription drug prices would drop to pennies a pill in a competitive market environment, as opposed to the FDA-protected drug monopoly that exists

today. Tens of thousands of readers wrote their members of Congress, asking that a taxpayer subsidy for the drug cartel not be enacted into law. Below is an excerpt from the form letters so many Life Extension members sent to Congress:

“I don't want my tax dollars used to further line the pockets of the drug companies. I therefore ask that you vote against any legislation that calls for taxpayers to subsidize the artificial high prices of prescription drugs. If Americans are free to purchase their drugs from other countries, prescription drug prices will plummet, thereby mitigating the need for tax dollars to be taken from consumers to pay for their prescription drugs.”

The new Medicare bill, which is an economic windfall for the drug industry, clearly shows that our government has capitulated to pharmaceutical lobbyists at the expense of ordinary citizens who will bear the burden of paying this needless debt.

The Medicare bill gives the government no rights or discretion to negotiate a better unit price with the drug cartel. This means that the drug companies' biggest customer—the federal government—will pay conventional Medicare prices for prescription drugs, which are sometimes even higher than what individuals pay. In the business world, lower prices are negotiated for large, guaranteed product orders. Not so with the federal government. Because it is future taxpayers who will have to pick up the tab, little concern was shown for what price the government pays to subsidize drug prices.

To make matters worse, the Medicare bill is rife with bureaucratic complications that provide little benefit to many of those in need of affordable drugs. As is typical of government programs devised by special interest groups, lots of money will be wasted to accomplish relatively little, with horrendous economic consequences to pay in the future.

The FDA's Insidious Role

Since 1984, Life Extension has battled against the high cost of prescription drugs. We long ago predicted that a health care cost crisis would erupt if Congress did not reign in the artificially inflated prices that Americans pay for their prescription medications.

To expose the incestuous relationship between the FDA and the pharmaceutical giants, we made hundreds of appearances on television and radio shows, mailed out millions of pieces of mail, ran full-page newspaper ads, and set up anti-FDA websites. We did all this to encourage consumers to “act up” against the blatant corruption that is bankrupting the nation’s health care system.

A focal point of our assertion that prescription drugs cost too much was that identical medications could be obtained in other countries for far less money. The FDA countered by contending that drugs imported from Europe and Canada are “dangerous.” We repeatedly showed that the FDA was misleading Congress and the public by making these false statements about the safety of prescription drugs sold in other countries.

On June 7, 2001, the FDA told Congress that it wanted to halt almost all small shipments of foreign drugs mailed to consumers in the US. The only exemption would be for compassionate use, so that seriously ill patients who have exhausted all approved treatments could order drugs from overseas. The FDA told Congress:

“We need to be able to make a blanket assessment that these things are not safe for American consumers and should be turned back.”⁴

In response to the FDA’s assertions, Life Extension sent Freedom of Information Act (FOIA) requests in June 2001 asking the FDA to substantiate its sworn testimony before Congress that drugs imported from other countries are dangerous. Although the FDA is legally mandated to respond to FOIA requests, it has ignored our repeated written requests and phone calls asking that it substantiate its sworn testimony about the alleged dangers of imported medications.

News Media Interrogate FDA

Life Extension was never able to interrogate FDA officials to ascertain their basis for stating that offshore drugs are dangerous. With bills pending in Congress that would legalize the importation of lower-cost prescription drugs, the FDA launched a media campaign (at the pharmaceutical industry’s behest) to frighten Americans away from buying medications from Canadian pharmacies.



This FDA lobbying effort gave the news media a golden opportunity to cross-examine the FDA. It turns out that the FDA cannot name a single American who has been injured or killed by drugs bought from licensed Canadian pharmacies. For example, Tom McGinnis, the FDA’s director of pharmacy affairs, stated:

“I can’t think of one thing off the top of my head where somebody died or somebody got put in the hospital because of these medications. I just don’t know if there’s anything like that.”⁵

Neither does Health Canada, the Canadian equivalent of the FDA. The Canadian drug regulation agency says that it **“does not have any information that would indicate that any Americans have become ill or have died as a result of taking prescription medications purchased from Canada.”⁵**

In a news conference, the FDA commissioner stated that there are **“thousands of examples of unapproved and potentially unsafe medications coming into the United States.”⁵** Yet in an interview with Ted Koppel on the ABC News program Nightline on November 5, 2003, the commissioner was repeatedly asked to name a single instance of an American being harmed by a Canadian drug—and could not come up with a single person. When asked if the FDA had any “anecdotal evidence” that an imported drug had harmed an American, the commissioner admitted that the agency had not even heard of anyone having a problem with an imported prescription drug from Canada.⁶



The news media are becoming increasingly skeptical of the FDA's baseless claims. According to one news source:

“Concern that the FDA may be misleading consumers has hurt its credibility among some Capitol Hill lawmakers, who say the agency is carrying water for the powerful drug industry.”⁵

According to Rep. Dan Burton (D-CA), who chairs a House subcommittee that has studied the Canadian drug issue:

“I asked FDA Associate Commissioner William Hubbard to give me examples where people have been damaged by Canadian pharmaceuticals and reimportation, and he couldn't even give me one example, not one.”⁵

The news media have humiliated FDA officials who are unable to point to a single case of harm occurring to anyone who has ever imported a drug from Canada or Europe. Despite losing more credibility each day, the FDA continues its cruel farce by issuing warnings about the purported dangers of offshore drugs. The sidebar on the next page is an excerpt of a warning that appears on the FDA's website (www.fda.gov).

While the FDA claims to be a consumer protection agency, its actions clearly show that it is firmly in the pocket of the pharmaceutical industry. The Associated Press surveyed comparable US and Canadian prices for 10 popular drugs and found the Canadian prices were from 33% to 80% cheaper.⁷ Lower-income Americans who believe the FDA's deception may not be able to afford medicine they need to stay alive, even though safe and affordable medications are available right across the border.

Cities and States Rebel

The Medicare bill does little to help cities and states that are being driven into insolvency by the high cost of prescription drugs they are obligated to buy for their employees. A growing number of governors and mayors are setting up programs whereby their employees can order lower-priced drugs from Canada.

The FDA is warning that these cities and states are breaking the law by encouraging this “illegal” behavior. Local officials clearly see that the FDA's motive is to protect the profits of the pharmaceutical industry instead of guarding the health of Americans. These maverick local and state officials are ignoring the FDA's threats, despite warnings that the federal government might take legal action against them. The news media have described a “tea party” revolt as local governments disregard the FDA's baseless assertions that people are being put at risk when buying Canadian medications.



Why the Medicare Bill Passed

The drug industry historically has spent more money lobbying Congress than any other interest group. It can afford to because it is selling products with the highest markups in the world and enjoying the largest net profit margins of any industry. In return for this intensive lobbying, the government has treated the drug companies like royalty—and the American citizenry as their serfs.

According to Rep. Burton, who has extensively studied drug company lobbying efforts, the cost of the industry's influence peddling exceeded \$150 million in 2003. The Congressional Budget Office estimates that taxpayers alone will pay roughly \$1.8 trillion for prescription drugs over

the next 10 years—not including the additional \$400+ billion provided in the new Medicare bill.⁹

These numbers clearly show that lobbying the government is a highly profitable endeavor for the drug industry. In return for the influence peddling, the government grants the drug companies a virtual monopoly to charge inflated prices while ordinary citizens are doing without food to pay these outrageous costs.



What the FDA Says About the Safety of Foreign Drugs



The FDA created this gruesome image of a serpent wrapped around a prescription drug bottle to frighten Americans away from buying lower-cost medications from Canada.⁸ The text below appears on the FDA website:

“Think it's safe buying medicine from outside the United States? Think again. Medicine you buy from outside the United States may be fake, contain the wrong active ingredient, wrong amount or no medicine at all. The medicine may not be appropriate to treat you and your condition — and it could be dangerous to your health. If you buy foreign medicine from an Internet site, from a storefront business that offers to order medicine for you, or during visits outside of the United States, you

Drug lobbyists labored long and hard to craft the new Medicare bill so that it provides their industry with the greatest protection against the competitive forces of the free market. The drug import provision, which the House of Representatives had earlier passed, was stripped from the bill altogether so that no one in Congress could be accused of voting against the right of Americans to buy drugs from Canada and Europe. The Senate instead set up a special “committee” to “study” the safety issue further.

are risking your health. Even medicine that appears to be the same or have the same brand name as the medicine you buy in the United States can be dangerously different. Don't put your health in danger.”

FDA and Drug Cartel Win This Battle

Despite overwhelming voter support for consumer access to lower-cost Canadian drugs, the Senate chose to side with a pharmaceutical industry that doles out huge campaign contributions.

That Americans cannot legally buy their drugs from lower-cost Canadian pharmacies does not mean the practice will stop. It is, in fact, growing by leaps and bounds, as more Americans realize they can save big dollars by buying their medications offshore. What may emerge, however, are counterfeiters who will take advantage of there being no protective mechanism in place to guard Americans against unsafe medications from other countries. The original House bill had built-in safety requirements that would have made drugs imported from Canada safer than those available in most American pharmacies.

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The FDA has said that it does not plan to stop individuals from importing their medications for personal use, so the opportunity for offshore companies to counterfeit has never been greater. As we revealed several months ago, it is American pharmacies that are more likely to be targeted by sellers of counterfeit drugs, because the high profit margins in this country make the selling of bogus medications super-profitable. Unlike the situation with Canadian drugs, where there is no evidence to demonstrate a potential danger, serious side effects have occurred after Americans were exposed to adulterated drugs purchased in US pharmacies.^{12,13}

Drug money has overwhelmed logic, decency, and the oaths that federal officials took when being sworn into office. This is a sad day for the American citizenry, as the government has performed a public disservice that flies in the face of all we know about the virtues of a free marketplace.

Today's Plight

The federal government has erected an artificial toll bridge that forces consumers to subsidize exorbitant drug prices. Dr. Benjamin Rush, a signer of the Declaration of Independence, predicted this when he stated:

"Unless we put medical freedom into the Constitution, the time will come when medicine will organize into an undercover dictatorship . . . to restrict the art of healing to one class of men and deny equal privileges to others . . ."¹⁵

The pharmaceutical industry has become the "undercover dictatorship" that Dr. Rush said would manifest without a constitutional guarantee of medical freedom. Drug companies not only exert tremendous control over which medications are allowed on the market,¹⁶ but they also have succeeded in dictating where Americans may purchase these medications, thereby keeping out lower-priced competition.

Pharmaceutical companies say high prices are needed to pay for research. The facts are that many drugs are dangerous and only minimally effective.¹⁷ Sky-high prices have enabled drug companies to aggressively market their mediocre products to doctors and the public, while lavishing huge dollars to buy the political influence needed to stave off regulatory interference.

Drug company research consists of identifying patentable molecules that show some effect against a disease. After hundreds of millions of dollars are spent gaining FDA approval, the new drug is then massively promoted to create a cash cow for the duration of the patent. This proven formula for economic success has not resulted in cures being found for our most feared diseases, but it has consistently produced billions of dollars in profits for the pharmaceutical giants.

The new Medicare bill guarantees gargantuan tax dollars to the drug companies for their overpriced products, with limited consumer benefit. A free-market approach, on the other hand, would force the drug companies to develop better products because there would be no government guarantee that mediocre drugs would be paid for by tax dollars.

Defending the Consumer

The Life Extension Buyers Club is battling the drug industry behemoth because we believe that today's FDA-protected monopoly discourages innovation. Those with novel disease treatments are censored by an overbearing FDA, which acts to protect the economic interests of the entrenched drug industry at the expense of the consumer and taxpayer.

Medical progress is hindered when the government guarantees outrageous profits to companies that fail to develop real

The Public Is Not Fooled

The FDA's deception about the purported "dangers" of Canadian drugs gave elected officials an excuse for denying Americans access to them.

But the American public is not that gullible. On October 20, 2003, the results of a randomized survey of more than 1,000 people conducted by the Washington Post and ABC News found that 66% of Americans favor legalizing prescription drug imports.¹⁰ A much larger survey of more than 160,000 people produced the following result:¹¹

Should Americans be allowed to import lower-priced prescription drugs from Canada?

Yes 73%

No 27%

When the same question was placed on the Life Extension website, **97%** favored allowing Americans to import lower-priced drugs from Canada. This is not surprising, considering Life Extension members' contempt for the FDA.

The vast majority of Americans favor legalizing the importation of lower-priced drugs from Canada. That the import provision was intentionally left out of the Medicare bill is an utter disgrace to the democratic process.

breakthroughs, while making it too expensive for those with novel lifesaving therapies to compete in the marketplace.

Ordinary Americans pay the equivalent of a \$50 bridge toll every time they buy a prescription drug. As a customer of the Life Extension Buyers Club, you help support a voice for the consumer in a political environment subjugated by vast amounts of drug money.

For longer life,



William Faloon

How Drug Companies Influence Politicians, the FDA, and the Public

On June 9, 2003, the chairman of the House Subcommittee on Human Rights and Wellness provided the following data to show how pharmaceutical companies are infiltrating multiple levels of government, the FDA, the media, and the public by spending millions of dollars on influence-peddling campaigns. The following data reveal some expenditures that were being considered by the pharmaceutical industry:¹⁴

- \$72.7 million for advocacy at the federal level, aimed mainly at Congress
- \$48.7 million for advocacy at the state level
- \$17.5 million to fight price controls and protect patent rights in foreign countries and in trade negotiations
- \$15.8 million to fight a union-driven get-out-the-vote initiative in Ohio that would lower drug prices for people who have no insurance to cover drug costs
- \$12.3 million to develop coalitions and strategic alliances with doctors, patients, universities, and influential members of minority groups
- \$9.5 million for public relations, including \$1 million for inside-the-Beltway advertising
- \$4.9 million to lobby the FDA
- \$3.1 million to retain more than 60 lobbyists in the 50 states
- Several million dollars to foster ties with groups like the National Black Caucus of State Legislators, the National Hispanic Caucus of State Legislators, and the National Medical Association, which represents the interests of African-American doctors
- \$2 million or more in payments to research and policy organizations to build “intellectual capital” and generate a higher volume of messages from credible sources sympathetic to the industry
- \$1.3 million for local publicity
- \$1 million to “change the Canadian health care system”
- \$1 million for an “intellectual echo chamber” of economists to oppose, in written articles and testimony, federal price-control regulations
- \$500,000 for efforts to “educate and activate” Hispanic-Latino organizations on the state and federal levels
- \$550,000 for placement of op-ed pieces and articles by third parties.



Clearly, these formidable expenditures are designed to eliminate American consumers' freedom of choice and block their access to lower-priced Canadian and European drugs, while increasing drug manufacturers' profits.

What You Can Do

You can express your outrage over the new Medicare bill by writing or emailing your US representative and senators. Those who believe that prescription drugs sold in Canada and Europe are safe should demand that their members of Congress change the law to enable Americans to purchase lower-cost medications from these other jurisdictions.

To find out the name of your members of Congress and email them directly, log on to the following congressional websites: www.house.gov and www.senate.gov.

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