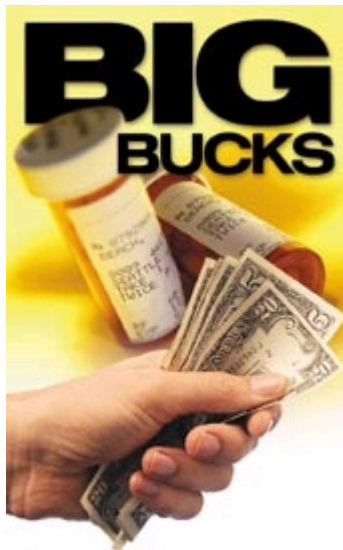


LE Magazine July 2000

COVER STORY



In this country, the elderly are forced to pay the world's highest drug prices

by: Deborah Rievman

This is a tale of three people. Myra Getz is a 79-year-old widow living in a small apartment in Orlando. She cannot afford a car, so she waits for a friend to drive her to go shopping. Movies are too expensive for Myra and so is cable television, so her recreation is limited to an occasional early bird dinner and a "Murder She Wrote" rerun. What else does Myra do with her Social Security check of \$998.00 per month? Well, she unwittingly pays an extra \$81.56 each month to support the U.S. pharmaceutical industry. Myra could desperately use that \$81.56 for some of the other necessities of life.

On the flip side, William Steere, Jr., is the chief executive officer of Pfizer, the pharmaceutical giant that produces Viagra, Zoloft, Visine, BenGay and dozens of other products. In the last three months of 1999, Pfizer earned \$4.5 billion dollars, with Steere, getting a multi-million dollar salary.

Dr. Jane Henney is the head of the Food and Drug Administration. She manipulates regulations, tells half-truths to Congress and helps to create "bogeymen" to scare the elderly away from purchasing medication from cheaper sources. Because of Dr. Jane Henney, Myra Getz pays \$81.56 too much each month for life sustaining drugs.

If this sounds unfair, it is. If this sounds cruel, it is. The truth is that the low-income elderly in the U.S. pay the highest prices in the world for prescription drugs. Because of the rigorous efforts of the FDA to support the U.S. pharmaceutical industry's inflated prices, Myra Getz and others like her pay far too much for their medications.

Ironically, another reason Myra Getz pays such high prices is because she is a U.S. citizen. Most of the countries in the world have arranged for cheaper drugs as a basis of their health care systems. In many cases, U.S. pharmaceutical corporations sell the same drugs Myra uses but at much-reduced prices. In effect, these countries become large group drug purchasers, just like our own HMOs and unions. They pay wholesale, while Myra pays retail. Unfortunately, the FDA forbids Myra to turn to another country to purchase these exact same medications, made by the exact same U.S. drug companies. No, Myra can't freely purchase FDA-approved drugs from Canada because, according to the FDA's definition, the drugs become "unapproved" as soon as they enter Canada.

To add insult to highway robbery, the FDA blatantly uses every innuendo imaginable to discourage Americans from using the Internet to discover cheaper on-line pharmacies within their own country. With the brutal power of the FDA and pharmaceutical monoliths such as Pfizer arrayed against them, the elderly don't have a chance. Myra Getz is going to continue being gouged by Steere and Henney.

A "catch-22" for outlawing foreign pharmacies

In a speech to the Minnesota Senior Federation on June 3, 1999, FDA commissioner Henney avoided any blame for the drug expense problems of the elderly. Despite her constant lobbying of Congress, Henney felt free to say that the FDA had no authority to affect drug pricing, nor could it endorse legislative proposals. The Senior Federation, whose members openly travel to Canada to buy lower-cost medicines, wanted Henney's support for a bill proposed by Senator Paul Wellstone (and a House bill sponsored by Congressman Gil Gutknecht) to permit Canadian imports. Henney then uttered the following astounding reason for the FDA's objection: "A drug manufactured and approved abroad may have a similar formulary to one here, but it might have different ingredients that could adversely affect a U.S. patient." (Excuse us, but we didn't realize there was such a biological difference between the two countries.)

The convoluted basis in law for the FDA's power to block drug imports was explained in a recent telephone interview between Life Extension and an FDA representative. An examination of the United States Federal Food, Drug and Cosmetic Act (21 U.S.C.

section 331) appears to prohibit the importation of "unapproved" new drugs. Under the Act, the FDA may refuse admission to any drug that "appears to be unapproved." This seems to allow the purchase of Zoloft, for example, from a Canadian pharmacy. After all, Zoloft is an approved drug made by Pfizer under FDA standards. It is sold in bulk to the Canadian government and is price-regulated by each individual province. Why, we asked, can't a U.S. citizen, with a valid prescription from a licensed physician, buy an FDA-approved drug made by an FDA regulated U.S. manufacturer from a Canadian supplier? "Because," he said, "now it comes from a country we don't regulate." This modern version of "catch-22" is calmly offered as the reason why Getz has to pay an extra \$81.56 a month to Steere and Pfizer.

Is there any reality to the need for FDA "approval" of imported drugs? Could the standards of manufacture and storage be a danger in some countries? Why haven't we heard of outbreaks of adverse Zoloft reactions in Canada? The answer is that such outbreaks haven't occurred. The FDA finds it necessary to invent a potential danger in order to maintain their restrictions of drug imports.

It is true that some countries make their own version of patented U.S. drugs. If the FDA fears for our safety, the most effective action would be to report on the history and effectiveness of those clone medications. That would be far more cost-effective than its current and biased attempts at enforcing ill-defined, illogical laws. And it would allow Getz to save a substantial part of her Social Security.

Internet "bogeymen"

While there are no laws preventing the purchase of medicine over the Internet, the FDA has attempted to discourage its use. To the FDA, the free and unregulated commerce of the World Wide Web reeks of danger. To convince the public to beware of the Web, Dr. Henney and her staff make speeches and publish articles in which rare or potential events loom over each consumer's head. A health crisis waiting to happen.

Bogeyman #1:

You could die from an adverse reaction if you use an on-line site that offers a resident physician to write your prescription.

The great majority of people using on-line physicians are trying to purchase Viagra (for erectile dysfunction), Propecia (for hair loss) or Xenical (for weight loss.) Many are embarrassed to speak to their doctors about such sensitive subjects. While there is always the possibility of a bad reaction or drug interaction when taking a new medication, the fact is that such dangers are no greater than exist when receiving a prescription through traditional channels. The FDA's "proof" time and again, article after article, is one man who apparently had a heart attack after taking Viagra he obtained on-line. The same poor guy, suffering for love's sake on dozens of occasions, is the FDA's example of why it needs an additional \$10 million tax dollars a year to regulate Internet pharmacies. This one unfortunate incident is supposed to represent a real danger according to Henney, extending even to those making perfectly legitimate prescription purchases. Dr. Henney conveniently ignores the hundreds of deaths that have occurred when Viagra has been dispensed in strict accordance with FDA standards.

Bogeyman #2:

You might get counterfeit or contaminated drugs.

Again, there might be rare instances of the substitution of counterfeit or contaminate drugs in an effort to cheat the consumer, but such a scam requires more effort than it's worth considering the vast profit in legitimate drug sales. A study by PC World, a popular, computer-interest publication, reported on its sampling of Internet drug sites. Every order placed arrived on time and on target: all were the real drug ordered. This bogeyman is untested and unsupported by the FDA, and contradicted by PC World.

Bogeyman #3:

Besides the risks, consumers do not save money buying on-line

Sometimes these bogeymen rely on the assumed ignorance of consumers. Judging by the explosive growth of Internet pharmacies, consumers are smarter than Dr. Henney thinks. In addition, the renowned Consumer Reports declares that drugs are 40% cheaper on-line. This bogeyman is a fairy tale. The truth is that there are wide variations in drug pricing on the Internet. The chart on the following page shows some of the high and low costs for various pharmacies. A wise consumer can find excellent bargains, even considering the small shipping fees.

Bogeyman #4:

The Internet sells illegal drugs that can harm you.

Dr. Jane Woodcock, director of the FDA's center for Drug Evaluation and Research, belabored Congress on this point in her speech of July 30, 1999. She mentioned one case of the sale of GHB (a bodybuilding drug,) a phony HIV testing kit and steroid sales as examples of what happens on the Internet when drug sales are allowed. O.K., we all agree that illegal drugs and defective medical testing equipment can harm people. What does that have to do with prescription drug sales from licensed pharmacies on the Internet? This is a perfect example of the sleight-of-hand shell game being used by the FDA. Take something universally

accepted as bad, and use it to imply that everything remotely connected to it is just as bad. Just another bogeyman, meant to frighten us all.

The good guys

Despite its power and influence, the FDA has not fooled everyone. Consumers are flocking to Internet pharmacies, seeking the bargains that do indeed exist. Unfortunately, this creates a new underclass: the non-technical. Many people are not adept at the often tricky and time-consuming task of Internet research. [As a result, there are now companies devoted to finding the cheapest U.S. sources for prescription drugs, customized for each person. We want to thank one such company, RxShopping@mediaone.net, which developed the chart of on-line and foreign drug prices that goes with this article. -Eds.]

Popular magazines have also started to expose FDA corruption. In a story from its February 7, 2000, issue, Time decried the current pharmaceutical disgrace, stating that, "Over and over, Washington extends favored treatment to those who pay up, at the expense of those who don't." Time was angered by the attempt of the drug companies to extend the patent on their most valuable drugs, including Claritin. Such extensions block the production of generic drugs. Generics, when available, save Getz a significant amount of money but deprive Pfizer and its friends of more years of obscene profits.

Within Congress, five people have stepped forward to challenge the FDA. Representatives Karen Thurman of Florida, Tom Barrett of Wisconsin, Marion Berry of Arkansas, and Elijah Cummings of Maryland have each conducted studies of the disparity between the prices paid by their constituents and the prices charged by Canadian and Mexican pharmacies. The difference showed an astounding 69% to 104% higher cost for U.S. pharmacies versus foreign pharmacies, depending on the district, for the exact same medication. These Representatives encountered no evidence of the existence of any of the FDA "bogeymen." All they discovered was a fairer deal for the people of their Congressional Districts. Senator Paul Wellstone of Minnesota, who called for a lifting of import restrictions, is another of these "good guys."

Yet the FDA seems unfazed and unashamed. And Getz continues to "pay through the nose" for Claritin, the very medicine she needs to stop her nasal congestion. Henney and the FDA can't even see the irony.

Note: Myra Getz is a fictional character, but there are millions of "Myra Getzs" in the real world. Unfortunately, William Steere, Jr., and Dr. Jane Henney are real.

International prescription drug prices

The following chart is a comparison of the prices paid for the exact same drugs in pharmacies in the United States (local and on-line) and pharmacies in five other countries. For purposes of comparison, the few generics for these medications were not included. (Interestingly, Canada has approved generics for some drugs that are still only available under patented, expensive brand names in the U.S., saving its citizens a great deal of money.) The U.S. local pharmacy prices are based on a Congressional study of comparative drug pricing, and will vary in different areas of the country. Of course, on-line pharmacy charges are the same for everyone, preventing discriminatory pricing.

Medication	U.S. Local Pharmacy	Canada	Mexico	Italy*	France*	England*	U.S. On-Line Pharmacy	Savings: On-Line vs. Local U.S. **
Zocor 5mg (60)	113.97	46.17	67.65	58.14	65.12	73.52	89.70	24.27
Prilosec 20mg (30)	122.62	55.10	32.10	62.56	70.06	79.09	101.21	21.41
Zoloft 50mg (100)	238.44	129.05	219.35	121.65	136.25	153.83	196.70	41.74
Procardia XL 30mg (100)	144.89	74.25	76.60	73.92	82.79	93.47	113.09	31.80
Norvasc 5mg (90)	127.17	89.91	99.32	64.88	72.66	82.04	102.49	24.68
Synthroid 1mg (100)	30.37	10.53	15.88	15.54	17.41	19.65	22.82	7.55
Micronase 1.25mg (100)	38.99	11.63	9.48	19.89	22.28	25.15	21.29	17.70
Cardura 4mg (100)	113.29	66.97	N.A.	57.80	64.73	73.09	90.70	22.59
Pravachol 40mg (30)	120.99	50.03	N.A.	61.72	69.13	78.05	98.95	22.04
Celebrex 100mg (100)	143.29	48.59	N.A.	73.10	81.88	92.44	124.44	18.85

* The prices for these countries were extrapolated from figures given in "Prescription Drug Pricing... An International Price Comparison" prepared for the U.S. House of Representatives on August 27, 1999. They are not exact, but should be considered close approximations of actual costs.

** The savings found in on-line pharmacies are listed drug by drug. In total, they represent a saving of more than 19%. Even greater savings could be realized through the prudent use of generics and dosage melding (purchasing double-strength dosages and splitting the pills... with your doctor's approval.)

Note: This chart illustrates the price differentials among various on-line and foreign pharmacies. The data are not as complete as possible because FDA intimidation and "cyber-letter" warnings have caused foreign pharmacies to refuse to quote drug costs. Life Extension contacted over two dozen druggists in Canada and Europe, but only a few sent their pricing. Several responded by saying they no longer could even tell a U.S. citizen their prices. Accordingly, when foreign prices are listed, the pharmacy is not named.

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What YOU Can Do...

A bill has been introduced to the House of Representatives that could put an end to the extortionist pricing power the FDA has bestowed to the drug companies. Congressman Gil Gutknecht of Minnesota has proposed a simple way to lower prescription drug prices without new taxes or more government controls. His bill (HR 3240) would allow U.S. citizens to import into the United States FDA-approved drugs manufactured in FDA-approved facilities in other countries. If HR 3240 is enacted into law, the cost of prescription drugs would plummet, and the drug monopoly would suffer a serious setback.

HR 3240 simply prevents the FDA from blocking the import of FDA-approved drugs made in FDA-approved facilities in other countries. Because the bill does not require the government to spend any money and because the availability of prescription drugs at lower prices will be very popular, we think the bill has a decent chance of passing in Congress. As of February 15, 2000, HR 3240 had ten co-sponsors in the House of Representatives.

The Medicine Equity and Drugs Safety Act of 2000 (S 2520) is a companion Senate bill that also addresses drug pricing. It would empower pharmacists and wholesalers to purchase FDA-approved medicines in Canada and pass the discounts on to Americans.

We encourage you to contact your members of Congress and ask them to cosponsor HR 3240 or S 2520, which would help to end the corrupt FDA-protected drug monopoly that exists today.

The supplied form letters that follow can be copied and mailed or faxed to your Representative in Congress. To obtain the name of your Congressman and two Senators, call 1-202-224-3121.

Passage of this bill would drive a stake through the heart of the drug cartel that views aging Americans as economic serfs who should spend their life savings paying grossly inflated prices for the medicines they need to stay alive. The Life Extension Foundation has been battling this drug cartel for two decades, and there is now a realistic chance of forcing pharmaceutical companies to compete in a free market environment.

U.S. House of Representatives

Date:

To the Honorable _____
U.S. House of Representatives
Washington, D.C. 20515

I am writing you to express my support for the bill H.R. 3240 that was introduced on November 4, 1999, by Congressman Gil Gutknecht. H.R. 3240 has ten cosponsors and I am requesting that you also join as a cosponsor.

H.R. 3240 would allow Americans to import into the United States FDA-approved drugs manufactured at FDA-approved manufacturing facilities in other countries. This would enable me to drastically reduce the price I pay for my prescription drugs and will help to keep a lid on my medical insurance premiums.

Americans pay the highest prices in the world for drugs that are identical to those sold in Europe and Canada. On November 3, 1999, Families USA released a study showing that the cost of drugs for seniors went up four times faster than the inflation rate. If something is not done, the high cost of prescription drugs will bankrupt most senior citizens.

I don't want Medicare (meaning tax dollars) used to subsidize drug prices, nor do I want a new pack of bureaucrats mandating price controls of drugs. Instead, I want to see free market forces compete for my business, as this is the most efficient way I can gain access to better medicines at lower prices.

I therefore urge you to cosponsor H.R. 3240 so that Americans will be free to shop for FDA-approved drugs from FDA-approved manufacturers anywhere in the world. Passage of H.R. 3240 would go a long way to resolving the looming Medicare crisis, and it would provide an immediate cost savings to Americans on their prescription drugs purchases and health insurance premiums.

Kindly inform me if you are going to cosponsor H.R. 3240 so I can enthusiastically inform people I know in your district that you are taking aggressive steps to protect the ordinary citizen from the skyrocketing prices of prescription drugs.

Signed _____
Name _____
Address _____

Date:

To the Honorable _____
U.S. Senate
Washington, D.C. 20515

I am writing you to express my support for the bill S 2520 that was introduced on May 9, 2000, by Senator James Jefford. S 2520 has ten cosponsors and I am requesting that you also join as a cosponsor.

S 2520 would allow Americans to import into the United States FDA-approved drugs manufactured at FDA-approved manufacturing facilities in other countries. This would enable me to drastically reduce the price I pay for my prescription drugs and will help to keep a lid on my medical insurance premiums.

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Signed _____
Name _____
Address _____

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