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**Statement of U.S. Senator Byron L. Dorgan
Chairman, Subcommittee on Consumer Affairs, Foreign Commerce and Tourism
Hearing on Comparative Pricing of Prescription Drugs Sold in the U.S.
and Canada and the Effects on U.S. Consumers
Wednesday, September 5, 2001**

(WASHINGTON, D.C.) — Following is the text of Senator Byron Dorgan's opening statement Wednesday at the hearing by the Senate's Subcommittee on Consumer Affairs, looking into the decision by the Department of Health and Human Services not to implement legislation passed by Congress allowing re-importation of, and access for U.S. consumers to, lower priced prescription drugs sold abroad.

TEXT

"Spending on outpatient prescription drugs rose a whopping 18.8 percent in 2000, to \$132 billion. This increase can be attributed to a number of factors – price inflation, a shift to newer, more expensive prescription drugs, and an increase in the number of prescriptions being used. And this trend is expected to continue: Prescription drug spending is projected to increase by an average of 12.6 percent annually until 2010. This increase in prescription drug spending is also driving up overall health care expenditures.

"As my colleagues know, I have long been concerned about these increases and in particular that American consumers are charged two to three times more for prescription drugs than consumers in other countries pay. One cold, snowy day in January of last year, I accompanied a group of North Dakota senior citizens and pharmacists on a trip to Emerson in Manitoba, Canada. Emerson, Canada is a tiny one-horse town just five miles from the North Dakota-Canadian border. In Emerson, I watched as my North Dakota constituents saved hundreds of dollars each on the exact same prescription drugs available to them in the United States.

"One of the folks who went with me was a 70-year-old Medicare beneficiary from Fargo, North Dakota named Sylvia Miller. Sylvia has diabetes, heart problems, and emphysema, and she takes at least seven different medications each day for her various ailments. Sylvia told me that she received \$4,700 in Social Security benefits and paid \$4,900 for her prescription drugs. "Things don't add up, do they?" she asked.

"By making the short trip across the border to Canada, Sylvia was able to cut her monthly prescription drug bill in half. No American should be forced to travel to Canada or Mexico just to get more affordable prices for his or her prescription drugs. Yet a prescription drug that costs \$1 in the United States costs only 64 cents in Canada, 65 cents in Great Britain, 57 cents in France, and 51 cents in Italy. Those price differences compel many senior citizens who are struggling to pay for their medications and make ends meet to leave the United States to get lower prices elsewhere.

"Today's hearing will document that Americans are paying significantly higher prices for the same medicines sold elsewhere at a fraction of the price. The hearing will also explore what Congress can do to end this unfair pricing practice.

"Last year, the Senate overwhelmingly passed legislation, the Medicine Equity and Drug Safety Act (MEDS Act), authored by Senators Jeffords and I, along with Senators Snowe, Wellstone, and others, to address this unfair pricing situation by allowing U.S. pharmacists and drug wholesalers to re-import FDA-approved prescription drugs from other countries at a fraction of the cost. This amendment included appropriate safeguards to ensure that only safe and effective FDA-approved medications, made in FDA-approved manufacturing facilities and for which safe handling could be assured, would be imported. The final conference report language was substantially similar to the Senate-passed amendment, and was signed into law by President Clinton.

“Before the law was implemented, however, the Secretary of Health and Human Services was required to certify that it would pose no additional risks to the public’s health and safety and would result in cost savings for American consumers. Unfortunately, in July, HHS Secretary Tommy Thompson announced that he would not make this certification both on the grounds of safety and that it would not result in savings.

“I am very disappointed by this decision, and I am looking forward to hearing more from the Administration about why it reached this, in my opinion, wrong-headed conclusion. As we will hear later in this hearing, American consumers could save \$38 billion a year if they could access prescription drugs at the Canadian price. I call that substantial savings. As for the safety of imported medicines, our country is already importing nearly \$15 billion in pharmaceutical products from Canada, Mexico, and all around the world. If we can already safely import this growing volume of medicines, then licensed pharmacists and wholesalers can also safely import these prescription drugs. Other witnesses will testify both to the safety net and potential for huge savings created by the MEDS Act.

“Let me make one final point. I don’t think prescription drug importation is the end-all, be-all solution. I have been saying all along that we have a two-prong problem with prescription drugs in this country. First, prescription drugs cost too much, and through drug importation, we can put pressure on the drug companies to lower their prices. Second, there are too many Medicare beneficiaries who have no prescription drug coverage, and they need it. Congress must modernize the Medicare program by adding a prescription drug benefit, but unfortunately, it looks as though another year will pass without action. The MEDS Act, however, is already on the books, and its implementation can help to make prescription medicines more affordable for all Americans. I hope today’s hearing will help to strengthen the case for Congress and the Administration to take prompt action to accomplish this goal.”

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