

charged are significantly higher than what pharmaceutical companies charge their favored customers such as HMOs, insurance companies and the Federal Government.

Because of this price gouging, seniors across the country are gathering their friends and traveling to other countries such as Mexico and Canada to purchase prescription drugs because to buy them in our own country, is just too expensive. Why not go somewhere else when you can pay a lower price somewhere else?

Here's the reality—prescription drug prices are higher in the United States than they are in neighboring countries. According to the General Accounting Office (GAO), prescription drugs in the U.S. were priced about 34 percent higher than the same products in Canada.

The average price for products sold in the U.S. was \$45.17, ranging from \$2.35 (for Deltasone, 5 mg. tablets) to \$304.32 (for PCE, 333 mg. tablets). The average price for the same products sold in Canada was \$33.78, ranging from \$1.29 (for Deltasone) to \$211.98 (for PCE). The comparisons were based on data collected from both countries for 121 prescription drugs in the same quantities for each product.

Also, the group Public Citizen conducted a study of eight newly developed antidepressant and antipsychotic medications. They found that the prices for each of these eight drugs were higher in the U.S. than they were in 17 other European and North American countries. That's every country looked at in the study.

The study showed that on average, American prices were twice as high as other countries', and for individual comparisons with other countries, the American price was as much as six times higher.

The consequences are that many individuals who need these new drugs, for financial reasons, are not getting the treatment they need.

GAO says the reason for this differential in the drug prices in the two countries is because Canadian law controls prices of both new drugs entering its market and any increases in prices of pharmaceuticals already on the market.

If the manufacturers see profits in countries with price controls and/or government purchasing plans, why do they charge higher prices elsewhere?

When consumers in one area cannot buy in another, the seller may be able to increase its profits by engaging in what economists call price discrimination. That is what is going on in our country, pure and simple, price discrimination. And what this price discrimination amounts to is our seniors are being ripped off.

Mr. Speaker, if someone were going around stealing from seniors in your town or city, stealing right out of their homes and their pockets, people would be outraged. The police would be called and those thieves would be arrested. Then why are we allowing the pharmaceutical companies to rob our seniors? Isn't price discrimination the same thing?

We try to allow people to live longer, but then when a doctor prescribes a drug, the senior can't take it because they can't afford it.

We live in the richest country in the world but we allow people to starve, go without heat, and only take half of their medicine because they can't afford to take the prescribed

amount. It is also wrong that seniors have to travel hundreds of miles for medication, they need, often just to stay alive.

#### PRESCRIPTION DRUG PRICING

**HON. PATRICK J. KENNEDY**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Friday, October 9, 1998*

Mr. KENNEDY of Rhode Island. Mr. Speaker, I want to thank Congressman ALLEN and Congressman BERRY for their work in organizing today's special order.

As we are hearing today, many seniors are unable to afford the cost of prescription drugs due to a lack of insurance coverage and excessive drug price inflation.

Ninety percent of Americans over 60 years or older take one or more medications. The days when someone only takes one drug a day are long gone. Today's seniors take three or four drugs a day at least. At the same time, 45 percent of seniors, age 65 and older, do not have prescription drug coverage.

High drug costs, coupled with this lack of coverage, often means making choices between groceries, heating oil, or prescription drugs. How many of our constituents have had to choose between buying certain foods at the grocery store or buying high blood pressure medicine? How many of them had to make sacrifices, just so they could buy their medicines?

For three out of four seniors, prescription drugs represent the highest out-of-pocket medical care cost; only long term care costs more.

The prices of the top selling prescription drugs have risen nearly four times the general rate of inflation between 1985 and the early 1990s. Meanwhile, the Federal Government and the taxpayer spends billions of dollars to help find drugs to treat the diseases of our generation: cancer, Alzheimers, high blood pressure, diabetes, and other chronic conditions.

The industry must do their share as well, and so far they are not doing enough. The pharmaceutical industry is the most profitable industry in the world. In FY 96, it made over \$106 billion in sales and revenues and \$16.2 billion in sheer profits.

One example of the profits made in the pharmaceutical industry is from the drug TAXOL. TAXOL is an anti-cancer drug that treats breast, lung, and ovarian cancers. It makes \$800 million in profits annually. The NIH budget supplied \$32 million of the money needed to research this drug. Furthermore, a cancer patient taking TAXOL may pay in excess of \$100,000, while the cost to the pharmaceutical company that manufacturers this drug is only about \$500 per patient. We pay for the development of these medications, and then pay high prices for their use.

The bill that I introduced this spring with two of my colleagues, Republican Congressman TOM CAMPBELL of California and Independent Congressman BERNIE SANDERS of Vermont, gets at both the need for seniors' prescription drug coverage and the rising costs of these medicines. The bill, called Making Affordable Prescriptions for Seniors Act, will provide up to \$500 of such assistance, for any legally marketed prescription drug that is safe and effective according to the FDA.

Also, I am a proud sponsor of the Prescription Drug Fairness Act, by Congressman ALLEN and Congressman BERRY.

The Prescription Drug Fairness for Seniors Act protects senior citizens from drug price discrimination and makes prescription drugs available to Medicare beneficiaries at reduced prices.

The legislation is a "win-win" bill because it allows pharmacies that serve Medicare beneficiaries to purchase prescription drugs at the low prices available under the Federal Supply Schedule. The legislation has been estimated to reduce prescription drug prices for seniors by over 40 percent.

It is time that we help alleviate the burden on our nation's seniors and become accountable for rising drug costs. It is only fair that we end the need to make choices between a good nutrition and shelter or critical medication.

#### PRESCRIPTION DRUG PRICING

**HON. THOMAS H. ALLEN**

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Friday, October 9, 1998*

Mr. ALLEN. Mr. Speaker, I am pleased to join my colleagues to address a very serious problem, the high price of prescription drugs. We only have a few remaining days left in this Congress. I would like to spend this time discussing the issues which matter to the American people such as HMO reform, reducing class size, and yes, improving the health and well being of our seniors.

As I travel throughout the first district of Maine, people, particularly seniors, share their experiences regarding the high cost of prescription drugs.

The high cost of prescription drugs is particularly difficult for seniors, who use one third of all prescriptions. While the average American under 65 uses only four prescriptions a year, the average senior uses 14 prescriptions a year. Furthermore, most older Americans suffer from more than one chronic condition, such as hypertension, diabetes, arthritis, glaucoma and circulatory problems.

Medicare does not provide prescription drug coverage, so many seniors do not have prescription drug coverage and must incur these expenditures out-of-pocket.

To bring attention to some of the above mentioned problems, and to consider appropriate action, I have joined my colleagues, Representative MARION BERRY and Representative JIM TURNER in establishing the Prescription Drug Task Force.

Last June I requested that the Government Reform and Oversight Committee investigate whether pharmaceutical companies are taking advantage of older Americans through price discrimination, and, if so, whether this is part of the explanation for the high drug prices being paid by older Americans.

According to a recent Standard & Poor's report on the pharmaceutical industry, "drugmakers have historically raised prices to private customers to compensate for the discounts they grant to managed care companies. This practice is known as 'cost shifting.'" I understand that this is the first study which attempts to quantify the extent of price discrimination and how it affects seniors.