

Pathways to Lower Drug Prices



By *Stephen Barrett* — May 25, 2017



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The United States is a great place to get generic drugs. Our prices are among the lowest in the developed world because Costco, Kmart, Safeway, Target, Walmart, and many other supermarkets sell hundreds of generic drugs for \$10 to \$20 for a 3-month supply. But for brand-name medicine, you need to go outside the U.S. for real savings—which an estimated 5 million Americans do each year.

Drug prices are far higher in the United States than anywhere else. Prescription Justice, a non-profit group dedicated to tackling the crisis of high drug prices, has reported that about 45 million Americans did not fill a prescription due to the cost last year. The factors that contribute to the high prices include barriers to personal importation and the inability of the Medicare program to negotiate what it pays for drugs. A recent poll conducted for the group by Zogby Analytics found that 79% of Americans believe prescription drug prices are too high and half believe that drug companies engage in price gouging and put profits over patients.

Personal Importation of Safe and Effective Drugs Should Be Permitted

Many drug companies buy ingredients and make most of their drugs outside the U.S. Then they charge much higher prices in the U.S. than in other countries for the same medication. Although Americans can buy most types of products from abroad, our government has declared it illegal under most circumstances to buy medicines this way, claiming that is unsafe. It can be unsafe, because there are rogue online pharmacies whose products are counterfeit, but safe online pharmacies are not difficult to find.

Drug companies also oppose personal drug importation—not because of the quality of the products, but to stifle competition. They also fund programs to propagate the myth that buying

drugs outside the U.S. is always unsafe; and they lobby the government to keep Americans captive to their U.S. prices.

The FDA and Consumers Union advise online shoppers to buy only from pharmacies accredited by the National Association of Boards of Pharmacy's Verified Internet Pharmacy Practice Sites (VIPPS) program. The VIPPS program is valuable, but because non-U.S. vendors are automatically excluded, it is useless for people who want to buy from online foreign sources. Consumers Union also advises shoppers to utilize LegitScript, which says that it monitors more than 80,000 Internet pharmacies and classifies them as rogue, unapproved, unverified, or legitimate. LegitScript, which receives substantial funding from the FDA, lists Google, and Bing among its "partners," and is a founding member of the Alliance for Safe Online Pharmacies, a 501(c)(4) nonprofit whose members include seven drug companies, the American Pharmacists Association, and the National Association of Chain Drugstores.

Unfortunately for consumers, LegitScript automatically classifies non-U.S. pharmacies as "rogue" or "unapproved" even if they are perfectly legitimate and safe to deal with. VISA, which bases its policy on LegitScript verifications, will not permit its credit cards to be used at "non-legitimate" sites. Google and Bing will not accept ads from these pharmacies.

Despite these obstacles, prudent shoppers can obtain authentic medicines from licensed pharmacies in Canada, Australia, the United Kingdom, Israel, and several other countries. A free Web site, PharmacyChecker.com, maintains a database of trustworthy pharmacies and the prices they charge, which are usually less than half of their U.S. cost. Its verification program is run by a licensed pharmacist who previously directed the Massachusetts Board of Pharmacy's pharmacy quality assurance program. PharmacyChecker also publishes feedback from thousands of people like me who use their site.

Medicare Should Be Allowed to Negotiate What It Pays for Drugs

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established the Medicare Part D program that enabled many Medicare beneficiaries to purchase insurance that would relieve their drug costs. But the law also contained a little-publicized provision that prohibited the Medicare program from negotiating prices with drug companies. As a result, consumers and taxpayers ultimately pay billions of dollars per year more than necessary for prescription drugs.

Congressional Action Needed

The situations described above could easily be fixed by authorizing the FDA to evaluate legitimate non-U.S. pharmacies and permitting Medicare to negotiate prices. Bills to accomplish this were introduced during the last Congressional session, but none made it out of committee even though polls show that the public strongly favors them. Legislation of this type will continue to be introduced and deserves the support of everyone concerned about the high cost of drugs.

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