

Is Big Pharma pulling Canada's chain?



ALAN CASSELS

It's as if there were a sign outside Tunney's Pasture, Health Canada's home in Ottawa, that reads, "Gone Fishing."

For as pressure mounts from American pharmaceutical manufacturers for Canada to stop selling our cheaper drugs to Americans via the Internet, Health Canada is casting for evidence that the cross-border trade may be causing drug shortages here at home.

But Health Canada officials might as well stow their rods; they'll only find red herrings. The fact is that despite repeated warnings of the disaster that will befall Canadians when angry U.S. drug companies restrict their supply of drugs to Canada, no one has produced such evidence. Nor are they likely to.

Canadians can ignore "the sky is falling" pronouncements about shortages in our pharmaceutical supply — because at the

end of the day, money talks. And multinational drug companies are still extremely profitable in Canada.

Will Big Pharma companies restrict their supply of billions of dollars worth of product to Canada because a tiny portion gets sold back to U.S. customers at lower prices? Given that logic, U.S. pharmaceutical manufacturers would have to restrict supply to every country that has cheaper prices and Internet connections — which means most of the world.

The main issue here is visibility and precedent. Earlier this year, there was news of a leaked U.S. pharmaceutical manufacturers' document which said the industry was earmarking \$1-million (U.S.) to "change the Canadian health-care system."

Well, what we're seeing now is that lobbying money at work. As long as there are large price discrepancies between our two countries, Canada and our policies will naturally be in the crosshairs of the U.S. drug-makers. Before we allow our federal health agency out on another fishing expedition, let's remember that this latest red herring swims alongside a large school of equally fatuous pseudo-warnings issued by federal health regulators on both sides of the border.

Because U.S. citizens are paying some of the highest prescription drug prices in the world, they naturally turn to the Internet for cheaper options. Canada is a relatively trustworthy neighbour, with some good recent history of supplying cheaper branded drugs to seniors living along the border, so we've become the pharmacy of choice.

And not just for individuals: The governors of Minnesota, Illinois, Iowa and Wisconsin have all announced that they want to import cheaper medicines from Canada, thereby saving state budgets and taxpayers millions. Illinois Governor Rod Blagojevich estimates that his state could save as much as \$56.5-million a year on prescription drugs for state employees and retirees by reimporting American-made drugs from countries with cheaper prices.

Ah, ask critics, such as the U.S. Food and Drug Administration, are those drugs safe? And who will pay for the research and development of future medicines if U.S. pharma loses too much revenue?

More red-herring distractions. The fact is, most American brand-name drugs, when they aren't made in places like New Jersey, come from places like Puerto Rico, usually using the same processes, quality

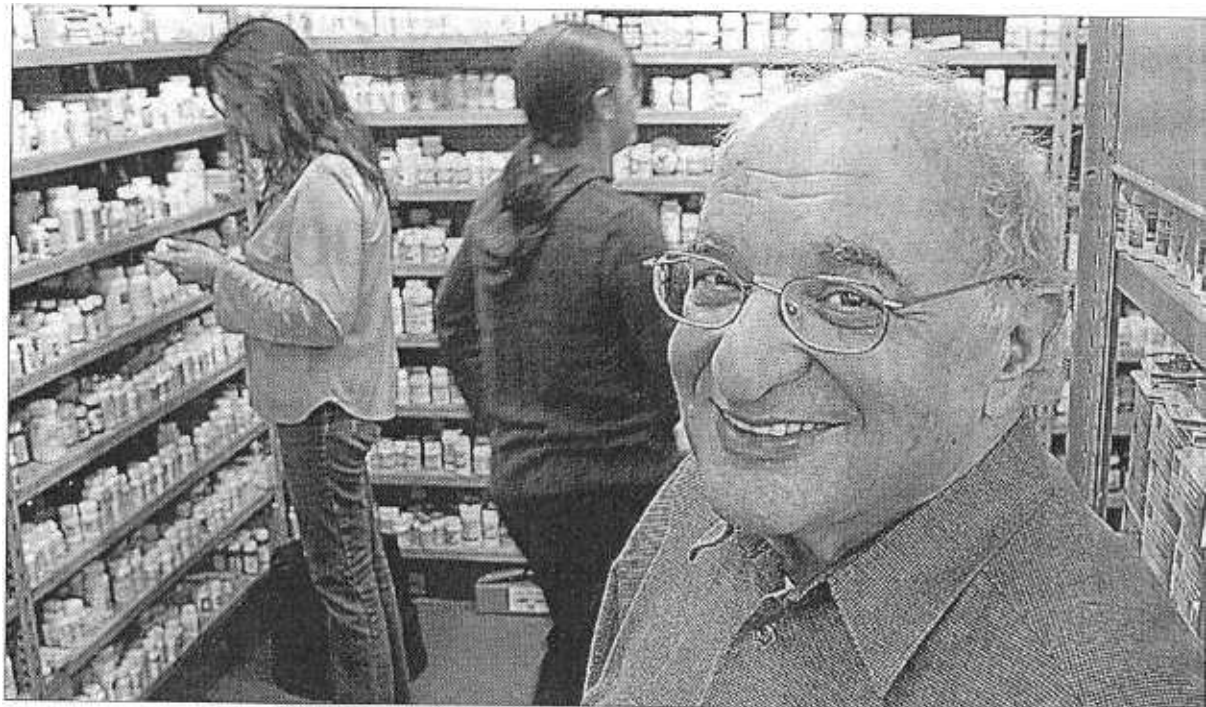
standards and safeguards as U.S.-based manufacturers. If a drug becomes "unsafe" every time it crosses a border, then U.S. citizens should be concerned about their entire drug supply.

What about the fear that Canadian-style price-controls could inhibit the development of new drugs? Drug-industry supporters call countries that control drug prices "parasites." The industry often says that those paying cheaper prices are being subsidized by U.S. research and development, which is in turn funded by high U.S. prices.

This argument might hold some water, were it not for the fact that the U.S. drug industry spends about three times more money marketing its products than researching them in the first place. Here's a reverse question: Should Canadians be subsidizing Americans' habit of being bombarded by drug ads?

What Health Canada ought to do is go fishing for evidence that U.S.-style drug ads are being unleashed here in our country. They may catch more than they bargained for.

Alan Cassels is a drug policy researcher with University of Victoria's School of Health Information Science.



THOMAS FRICKE/THE GLOBE AND MAIL

Manny Morry, at his pharmacy in Winnipeg, says price can be the difference between living and dying.

Government warns of shortages

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"I have no evidence at this point that that is not happening."

Sources confirmed yesterday that Health Canada has been in touch with the United States Food and Drug Administration on the issue. The sources would not say whether the two sides discussed the need for the federal letter before it was sent.

The Health Canada letter, which was sent to pharmacy and medical associations and provincial governments, warned that shortages could result if too much product is shipped to the United States. The letter asked recipients to report potential shortages and safety concerns.

Sources also said that the federal government has some options to restrict Internet outfits. For example, it can pass legislation ensuring that exporters charge the same prices for the drugs as charged in the U.S. jurisdiction where they are sent. Ottawa could also put in place restrictions that would make it more difficult to mail drugs out of the country.

Ms. McLellan refused to say yesterday what measures she might consider to stop the practice. Since June, the Canadian Medical Association has maintained it is not acceptable for doctors here to sign off on prescriptions without properly assessing patients first.

Despite this, the Health Minister

Under the status quo, several states are looking to cut billions from their budgets by buying drugs from Canada. These states include Wisconsin, Illinois, Michigan, Iowa, Minnesota, and Michigan.

And despite opposing Canadian price controls, the New York mayor yesterday launched a petition aimed at persuading the FDA to end its prohibition on Americans buying prescription medications from Internet-based providers in Canada.

Mr. Bloomberg said American consumers are forced to pay more because U.S.-based pharmaceutical firms need to recover lost profits in countries like Canada that have price controls. "Why should American consumers support Canadian citizens?" he said. "Canadian citizens should pay their full share."

About \$400- to \$800-million in prescription drugs flowed into the United States from Canada via Internet pharmacies or cross-border shopping in 2002, according to the first study of the phenomenon by IMS Health Canada, a private research firm.

It's a small industry compared with Canadian prescription sales of \$14.1-billion in 2002, but it has grown rapidly since Internet sales took off a few years ago.

Canadian government policies set guidelines for the entry prices of new drugs and limit price increases of existing prescription medications to the rate of inflation. Further

because of people such as the 81-year-old U.S. woman he got a phone call from six months ago.

"I picked up the phone, and this lady started saying to me, 'God bless you, God bless you,'" Mr. Morry said. "I said, 'Have you got the right number?' But she went on and told me that she's on a fixed income, you see, and before she could only buy pills for three weeks of the month. After that, she had to choose pills or food. She says, 'Now dealing with you I can afford to do both.'"

But trying to sate the American appetite for cheap drugs would wreck Canada's health system, said Barry Power, director of practice development for the Canadian Pharmacists Association.

If politicians such as Mr. Bloomberg get their way, he said, Canada would face drug shortages and rising prices. "The growing threat of Americans buying Canadian drugs is a disaster waiting to happen," he said.

Some drug companies are already restricting supply. Pharmaceutical giant Eli Lilly and Co. announced last week that it will limit its total sales to Canadian wholesalers.

An organization that represents mail-order Canadian pharmacies said that multinational companies, intent on protecting high profit margins, are raising fears to try to stem the cross-border flow.

U.S. medicare bill could open door to drug imports

Bush seeks coverage for millions of seniors

By Beth Gorham

WASHINGTON — President George W. Bush tried to persuade legislators yesterday to make a quick deal on a medicare bill that would provide prescription drug coverage for millions of American seniors.

It would be a big boost for Bush, who could start next year's re-election campaign with a polished image as a compassionate conservative who accomplished what Democrats promised for nearly a decade.

But there are still big obstacles facing the \$400 billion US drug subsidy, including demands that the legislation legalize imported pills from Canada to provide further relief to Americans paying the highest prices in the industrialized world.

The president didn't raise the issue of drug imports, a touchy subject for any administration so heavily supported by giant pharmaceutical companies that face huge profit losses if more Americans can buy cheaper drugs.

Last summer, the House of Representatives and Senate passed two different versions of the medicare bill aimed at helping some of the 45 million Americans who don't have health insurance.

A committee is looking at ways to compromise, especially on the biggest challenge — Republican demands for competition between medicare and pri-

vate insurance plans.

In a surprise move, the House also passed a bill allowing drug imports and many want it incorporated in the final medicare bill.

An estimated 10 million Americans are already crossing the border to fill prescriptions or buying drugs on the Internet.

Unlike Canada, there are no price controls in the U.S., where federal governments are loathe to negotiate lower prices and cut into massive profits that big firms use partly to research and develop new medicines.

Cost-saving plans

The issue has exploded in the U.S., where at least two states and some cities are considering cost-saving plans to buy drugs from Canada for their workers and retirees, something the U.S. Food and Drug Administration warns is illegal.

Many see the cross-border drug trade as a big plus for pharmacies, especially in Manitoba where there are about 60 international stores.

But some analysts also warn about drug shortages, higher prices, less attention from pharmacists and big drug firms that leave Canada and take their jobs and research with them.

It's unclear whether separate U.S. legislation allowing mass drug imports could be introduced if the medicare bill fails.

— Canadian Press

Doctors who co-signed for Net drugs censured

Drug shortages possible: warning

By Kevin Rollason, Paul Samyn and Bill Redekop

FOUR Manitoba doctors have been censured for co-signing for prescription drugs for Internet pharmacies, in a crackdown by the College of Physicians and Surgeons.

"We hope this will reinforce for any other Manitoba doctors, who might be tempted to do this, that they should be very careful not to," said Dr. Bill Pope, the college registrar.

Meanwhile, Health Canada has issued a warning that cross-border drug sales of prescription drugs "raise the potential for drug shortages domestically.

"Health Canada regards this as a very serious matter due to the inherent risk to Canadians' health," deputy minister of health, Diane Gorman, said in a letter sent this week to pharmacies and medical associations across Canada.

Kris Thorkelson, president of the Manitoba International Pharmacists Assoc., and owner of Canada Drugs, said any drug shortages could be rectified by the drug manufacturers themselves. "If there are shortages here, it's only because they don't want to increase the allotment of drugs here," he said.

Lothar Dueck, president of the Coalition for Manitoba Pharmacy and a Vita pharmacist, said local pharmacies are finding it tough to find pharmacists because of hiring by Internet pharmacies. A pharmacy in Winnipegosis was recently closed because no pharmacist could be found.

"Now residents have to drive 40 minutes each way to fill their prescriptions," Dueck said.

About half the country's Internet pharmacies are based in Manitoba. There are about 3,000 Manitobans employed in the industry, which sells drugs mainly to Americans. The industry claims the provincial government will get about \$180 million in taxes.

The college of physicians warned its members 18 months ago that co-signing for prescription drugs is unacceptable and members would be disciplined.

For a prescription drug to be dispensed, the province's pharmacy act only requires a signature from a licensed Canadian doctor.

While the censure of the four physicians carries no fine or suspension, it is taken very seriously in the profession.

"For a doctor to have something on their record is a huge thing," said Pope. "It will be on their records permanently."

Names of doctors will not be released until the college's newsletter is available next month so college members see the names first.

FDA enlists Ottawa in war on Internet pharmacists

Some U.S. politicians opt to support grassroots uprising

BY TOM BLACKWELL

Frustrated by the illegal export of prescription drugs to the United States, American drug regulators are urging authorities here to investigate possible violations of Canadian law by the pharmacies feeding the trade.

Days after meeting with Food and Drug Administration officials in Washington, Health Canada issued a letter to pharmacies on Monday, warning they could face sanctions if they act as unlicensed wholesalers in the export business.

U.S. authorities are concerned partly at reports that individual pharmacists in such provinces as Manitoba are supplying medication under the table to Internet pharmacies. Drug-makers south of the border, eager to curb the trade, refuse to sell to the Canadian Net retailers directly.

"Canadian health laws may be broken," Tom McGinnis, the FDA's director of pharmacy affairs, said in an interview yesterday.

"Since our jurisdiction stops at the border, we wanted to work with [Health Canada] to look at some of these issues.... We wanted them to look at their laws to see if anything is being broken."

The developments come as the number of U.S. politicians supporting the controversial import of cheaper drugs from Canada appears to be growing by the day, with some describing the movement as a grassroots uprising akin to the Boston Tea Party.

The Mayors of both Boston and New York said this week they would be interested in using Canadian Internet pharmacies to supply the medication needs of city employees.

Minnesota, Illinois, Vermont and Iowa are all in the process of at least investigating the idea, while bills legalizing the cross-border sales work their way through Congress.

"There's a rebellion brewing across America," said Tim Pawlenty, Governor of Minnesota, at a public forum this week in Boston.

"It is the prescription drug equivalent of the Boston Tea Par-

tion to a Canadian Internet pharmacy, which fills the order after a local doctor co-signs the prescription.

The cost can be as much as 80% lower than what the patient would pay in the United States.

But both the FDA and drug companies are trying to combat the mass sales.

Not only have companies stopped selling to wholesalers whom they know supply the Internet pharmacies, but some have decided to limit the total amount they ship to Canada.

The result is that delays in obtaining specific medicine from suppliers, once relatively rare, are becoming commonplace, said Michelle Fontaine of the Coalition for Manitoba Pharmacy, which is opposed to the Internet trade.

Ms. Fontaine, a pharmacist in Winnipeg, said she spent hours one day trying to obtain drugs to treat a child with leukemia, eventually tracking down a sole bottle at a local hospital. Yet Ms. Fontaine found ample supplies of the medication listed on Canadian Internet pharmacy sites geared toward the U.S. market.

She said she is terrified of the prospect of New York City and other large American jurisdictions adding to the demand for Canadian drugs.

"It scares the daylight out of me," Ms. Fontaine said. "I almost see it shutting down pharmacy in Canada."

The U.S. regulators are also worried about problems with how some prescriptions are being filled.

Of 1,000 drug-import packages opened by the FDA at New York's JFK airport recently, 400 were manufacturer's "stock bottles" of 100 pills, rather than the precise amount prescribed, he said.

Top officials of the FDA met with Health Canada officials in Washington two weeks ago on the issue.

Mr. McGinnis visited Manitoba last month, talking to regulators, provincial officials and pharmacists. He said he sensed that regulators in Manitoba, where more than 100 Internet pharmacies are located, are frustrated at the government's support for the industry, which generates millions of dollars in business for the province.

"The provincial government sees so much money going into the province — unemployment is

N.Y. mayor seeks boycott of Canada by drug firms

BY SHAWN McCARTHY, NEW YORK
AND BRIAN LAGHI, OTTAWA

New York Mayor Michael Bloomberg is urging U.S. drug companies to stop shipping to Canada unless Ottawa changes its policies.

"What American pharmaceutical companies should do is refuse to sell drugs to Canada until they get rid of price controls," Mr. Bloomberg said yesterday.

The remark added to a growing controversy over the cross-border trade in prescription drugs, estimated to be 60 per cent cheaper in Canada than the United States. Health Canada this week warned

pharmacists that cross-border sales, increasingly made through the Internet, could lead to possible drug shortages in Canada.

Health Minister Anne McLellan said yesterday there is no evidence yet of any shortage. She said that regulation of doctors and pharmacists is a provincial responsibility, and that she'll be speaking to her counterparts if there are shortages.

"My primary obligation and interest in this is to ensure that Canadians have access to high-quality drugs when they need them," she said.

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GLOBE & MAIL OCT. 30/03