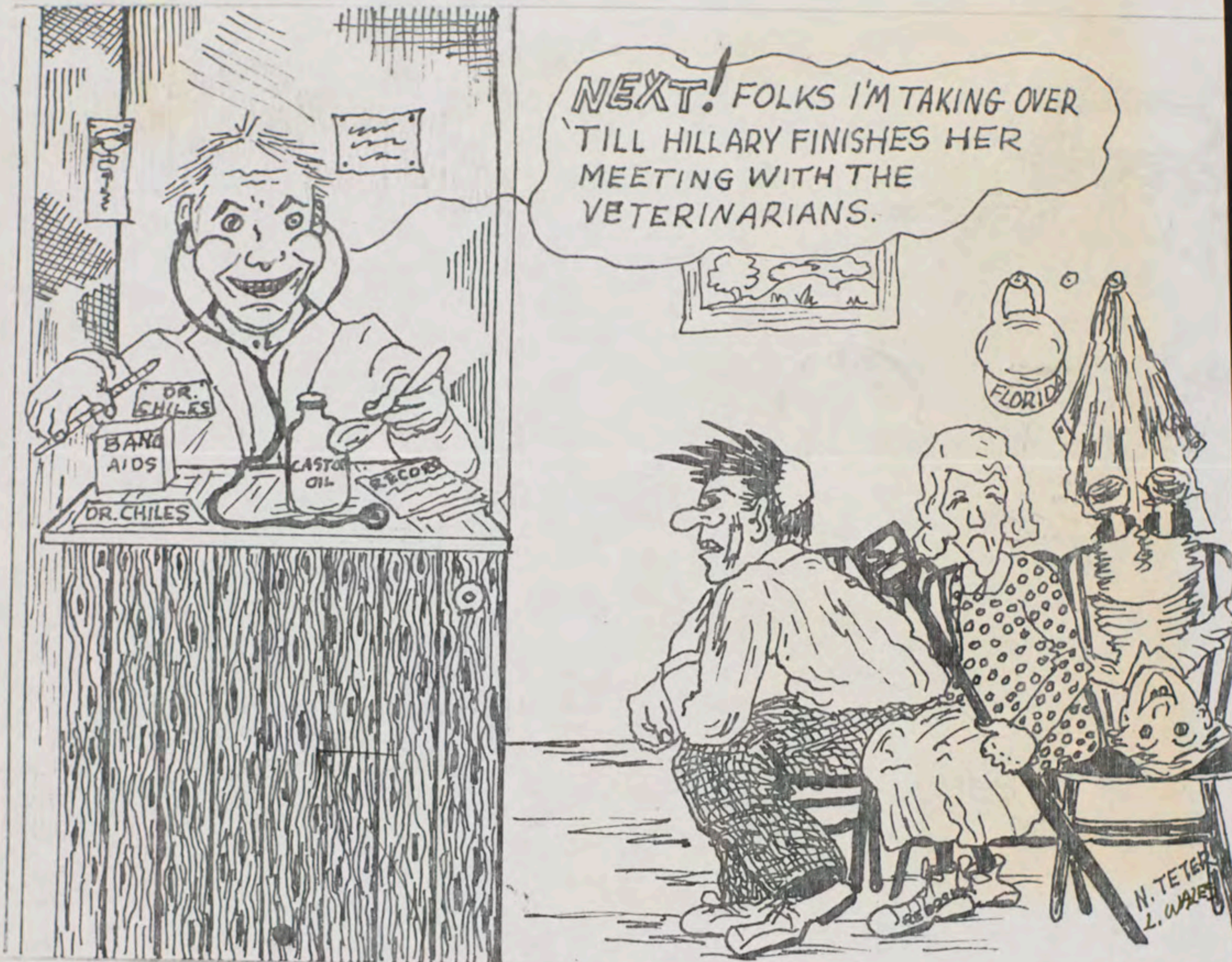
How about
interviewing
Mr. Gerald
Mossinghoff and
ask him what he
has against Sen.
David Pryor, Committee
on aging?

[redacted]

[redacted]
Lake Wales, FL 33853



DR. CHILES— GOV, FL.

Price controls on drugs would harm, not help

By GERALD MOSSINGHOFF

Point/Counterpoint

This winter the cash price for the 2-by-4 studs used in virtually all building projects increased by 75 percent — in just four months.

The dramatic increase in lumber prices added some $2,000 to $3,000 to the price of a typical new home in Washington's Northern Virginia suburbs.

Did the White House issue a denunciation? Were the lumber companies accused of "price-gouging?" Has Congress threatened the building industry with price controls?

These are not entirely rhetorical questions, because one American industry — an industry that is indirectly involved in life-and-death medical decisions every day — is under attack because the retail prices of its products allegedly are too high.

The "solution" certain members of Congress have in mind, however, would not only hurt the industry, but almost every American, and millions more abroad.

This industry is the pharmaceutical industry; the companies that search for cures for diseases and manufacture prescription drugs to treat illnesses and alleviate suffering.

According to Sen. David Pryor, D-Ark., and Rep. Henry Waxman, D-Calif., and others in Congress, the pharmaceutical industry has gotten too fat, and it's doing so at the expense of the American public.

As somebody who has seen the industry's financial fortunes rise and fall over many years, I know these charges are nonsense. But most Americans don't understand (or care about) the economics of the pharmaceutical industry — all they know is that the prices they pay for prescription drugs have gone up. ✓

Have prescription drug prices increased excessively? Are pharmaceutical companies guilty of price-gouging?

Consider this: Government price surveys, compiled by the Bureau of Labor Statistics, confirm that the retail price of prescription drugs increased 5.7 percent last year. By comparison, overall health-care costs increased an estimated 13 percent. The moderation of drug prices in 1992 was not a one-year aberration; prices have been slowing down since the late 1980s.

In 1989, for example, drug prices increased 9.5 percent; in 1990, they increased 8.1 percent; in 1991, 7.8 percent.

Indeed, with prescription drug prices moderating and other health-care costs escalating, pharmaceutical costs have actually declined as a percentage of overall health-care spending, from 8.9 percent of the total in 1965 to 4.8 percent in 1991.

While statistics can be useful, at best they tell only part of the story. The rest of the story involves human disease and suffering, and the money the pharmaceutical industry risks every year in the hopes of discovering new drugs.

In 1993 alone U.S. pharmaceutical companies will invest an estimated $12.6 billion in research and development (R&D), more than the entire budget of the federal government's National Institutes of Health.

Although we would like every research project to result in a major medical breakthrough, only a small fraction of R&D expenditures pay off in the long run. Indeed, academic studies show it now takes an average of 12 years and expenditures of $359 million to bring a single new drug from the laboratory to your local pharmacy.

Company scientists are searching for ways to combat AIDS, cancer, pain, Alzheimer's and dozens of other diseases — some well known to you, others more exotic. Price controls would kill or delay much of this research.

In 1976, the year before the introduction of the first modern anti-ulcer drug, some 155,000 ulcer operations were performed in the United States. By 1987 the number of operations had dropped to fewer than 19,000. Though drug therapy can cost $1,000 a year, surgery typically costs $25,000 or more. While the drug is expensive, the alternative is far more costly.

Imposing price controls on the drug industry would do little to control health-care costs. But it would hurt America's pharmaceutical companies. And it would hurt even more the millions of people worldwide who are praying for the next miracle drug that might cure the condition with which they or a loved one is afflicted.

Gerald Mossinghoff is president of the Pharmaceutical Manufacturers Association, an industry trade group.

LETTER TO THE EDITOR

PMA leader is out of touch with consumer reality

Gerald Massinghoff, president of the Pharmaceutical Manufacturers Association, should stand in line at some of our pharmacies and talk to the people there. Most of them wonder if they can pay for their medicine and wonder also how much it has increased in price since they bought their last prescription. They are not buying lumber or building a house, and a lot of them keep saying something has to be done. Mr. Massinghoff's "lumber" argument is full of termites!

Most Americans understand, and certainly do care, about the economies of the pharmaceutical industry. We all understand and know that our tax money is helping our government to invest millions of dollars in drug research and development in drug companies hoping it will be money well spent for our future. Drug companies get multi-billion dollar tax credits for manufacturing drugs in Puerto Rico.

Drug industries are consistently tops in the Fortune 500 in profits. In Sen. David Pryor's studies he found that drug companies spend billions of dollars on marketing and receive billions in tax subsides. There is no credible reason to cost shift to any other purchases. In fact, according to the special Committee on Aging, documents show drug companies spent $1 billion more on marketing and advertising that on their research efforts.

LETTER POLICY: The editors invite comments on public issues and topics of current interest. All letters should be typed and signed and include a daytime telephone number for verification purposes. Send letters to: Editor, Winter Haven News Chief, P.O. Box 1440, Winter Haven, Fla 33882-1440

How many readers know that drug companies are now engaged in manufacturing "me too" drugs? In answer to a letter I wrote Sen. Pryor, he explained the "me-too" drugs to me. I quote the following paragraph from his letter:

"Me-too" drugs are essentially duplicates of drugs that are already on the market. Drug companies make small modifications to the structure of existing drugs and attempt to convince us — the consumer — that they represent truly different drugs from those that are already on the market."

One recent drug, on the market as a "new" drug for arthritis, is one of the N-SID group and the price of this drug is $112 per hundred. Some medicines of this group can be, or soon will be, marketed across the counter.

None of us want a reduction in research and development, but here is Gerald Massinghoff literally threatening blackmail against further research if our government doesn't back down on drug caps.

We have not said a word about the cost of our new miracle drugs. Our argument is about old established drugs which sold much cheaper in the past. Some drugs sold in 1955 are now higher than they were because they are marketed now as a new drug.

We cannot see why Canada and other nations can sell drugs so much cheaper when they were manufactured in the U.S. How can anyone say it is fair to sell Tagament for $67 per 100 here in our town when anyone can buy the same amount in Mexico, made in the U.S., for $14.

Mr. Massinghoff must be unfamiliar with the hard times our citizens are having now. When he compares lumber, new homes, etc., to the price gauging the drug companies are doing now, he doesn't see the poor, disabled and senior citizens who aren't buying anything but the bare necessities and trying to hold on to their homes if they have one. He doesn't see the thousands of sick people who do without medicine or cut a pill in half to make it last longer.

We all hope the PMA will stop spending money defending an outmoded philosophy of business.

[redacted]
Lake Wales

July 5, 1993

Gerald J. Mossinghoff, Pres.
PMA
1100 Fifteenth St. N.W.
Washington, D.C. 20005

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Dear Mr. Mossinghoff, Pres. PMA,

Your article in the Winter Haven News Chief just made us want to cry! The Fortune 500 Drug Companies must be writing their own copy now and doing your personal letters also.

You say the price of drugs has been slowing down since the 1980's. We wish you would show us one citizen who will agree with you. Who was the smart dog who wrote the lumber price gouging comparing our drug bills? I guarantee you he isn't buying medicine or lumber.

We wish Senator David Pryor was our President because he really knows who and how Government officials are closing their eyes to your big gouging racket. We thought Clinton might get something done but if he turns his big plan over to the states we will have things worse than we do now. We have been writing Chiles since 1981 about Government waste and so far he has done nothing.

Since you are feeling so much compassion for the people how about sending me $300 per month to cover the cost of drugs for my Lupus. One drug is Plaquenil which is mostly quinine and went up two months ago $4. per hundred bringing the price to $101.91. How do you account for that? Quinine for Lupus has been used since 1955— it is not a new drug. I would think you could cut out some of the lobbyists in Washington and lower the cost of <u>all</u> drugs. What do you need them up there for anyway— give parties?

Well, I'll go cut one of my pills in half so I can buy a stamp to mail this letter to you.

PHONE [redacted]

[redacted]
Lake Wales, FL 33853