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NEWS RELEASE

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Study Finds Price Gouging in U.S. Prescription Drugs

Americans Pay Double European Prices for Latest Antidepressant and Antipsychotic Drugs

WASHINGTON, D.C. -- American consumers are paying as much as six times more than Europeans for some prescription drugs, revealed a study released by Public Citizen's Health Research Group today.

The study focused on the cost to pharmacists in 17 countries in North America and Europe of an average 30-day supply for three newer antipsychotics and five newer antidepressants, and found that U.S. costs were by far the highest.

"For all of the eight drugs, the cost in the U.S. was more than anywhere else," said Larry Sasich, a pharmacist with the Health Research Group and co-author of the study. "The U.S. costs varied from 1.7 times to 2.9 times higher than the average cost in all the other countries. The U.S. price for a month's supply of the antipsychotic drug clozapine (Clozaril, Novartis) was $317.03, six times higher than the $51.94 charged in Spain. For a year's treatment, this amounts to $3,184 more in the U.S. than in Spain. For fluoxetine (Prozac, Lilly), the U.S. cost was $72.16 for a month's supply, almost three times higher than the $25.93 charged in Spain. For a year's treatment, this amounts to $554 more in the U.S. than in Spain."

"American patients are being ripped off by profiteering drug companies, and those who can't afford the colossal prices are often left untreated, with disastrous consequences," said Dr. E. Fuller Torrey, a Research Psychiatrist with Public Citizen's Health Research Group and co-author of the study.

Community Mental Health Centers say the skyrocketing prices of some psychoactive drugs are putting a severe strain on community health centers around the country, and the prohibitive costs

of the newer medications put them out of reach for some Medicaid programs.

One mother whose son has been diagnosed with schizophrenia says he is taking Haloperidol, a cheaper alternative to the effective Risperdal, despite its severe side effects. "Risperdal offers my son the ability to lead a functional life as opposed to when he is on Haloperidol, but I am continually told that the costs would be too high for him to afford it," she said.

All of the countries studied, except the U.S., have a national health system. "National health insurance allows other governments to negotiate drug prices, while in the U.S. consumers are left at the mercy of the pharmaceutical companies who charge what they like," said Dr. Sidney Wolfe, Director of Public Citizen's Health Research Group.

The study found that even with negotiated prices, companies still make a hefty profit, e.g. a 20 percent profit on all drugs in the United Kingdom. By comparison, 1996 annual net profits for the six U.S. companies for which information was available were $12.3 billion.

The study revealed that Americans would have saved more than $2.1 billion if they had been paying the other countries' average prices for the eight drugs studied.

"Pharmaceutical companies selling in the U.S. have one of the highest profit margins of any American industry, profits which come at the expense of people with severe psychiatric disorders who cannot afford the newer medications," Dr. Torrey said. "The comparison with other countries exposes the U.S. drug industry's naked price gouging."

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INTERNATIONAL COMPARISON OF PRICES FOR ANTIDEPRESSANT AND ANTIPSYCHOTIC DRUGS

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ABSTRACT

Background: Recently introduced antipsychotic and antidepressant drugs may have advantages over older drugs but their high cost may be a major limitation to their availability. Anecdotal reports have described large differences between costs for these drugs in the US and other countries.

Methods: Physicians and pharmacists from 17 countries in North America and Europe provided information on the acquisition cost to the pharmacist of an average 30-day supply for three newer antipsychotics (clozapine, olanzapine, and risperidone) and five newer antidepressants (fluoxetine, fluvoxamine, paroxetine, sertraline, and nefazodone).

Findings: For each of the eight drugs studied, the acquisition cost in the US was higher than in any other country, varying from 1.7 times to 2.9 times higher that the average acquisition cost in all other countries studied. For example, clozapine's acquisition cost was $317 in the US for a one month supply compared to an average acquisition cost of $111 in the other countries. In 1996, $2.1 billion would have saved if people in the US could have purchased the eight drugs for the average acquisition costs in the other countries.

Interpretation: All countries studied except the US have national health insurance that may allow them to negotiate lower prices with pharmaceutical companies. Even with negotiated prices, the companies make a reasonable profit, e.g. 20% for all drugs in the UK. By contrast, the profit margin for these same eight drugs in US is estimated to be 42%. Annual 1996 net profits for the six companies about which such information was available were $12.3 billion. This profit margin and the concomitant high prices for these drugs in the US may deny many individuals with severe psychiatric disorders access to the drugs in the study.

(Key words: antidepressants agents, antipsychotic agents, prices, pharmaceutical industry)

INTRODUCTION

In recent years, many new drugs have been approved for marketing to treat the symptoms of depression, bipolar disorder (manic-depression), and schizophrenia. The new antidepressants have a different side effect profile than older agents[1], and for many previously medication-resistant individuals with schizophrenia, the newer antipsychotics offer greater efficacy[2]. It is not clear what role these newer drugs will play in long-term use, compared to older antidepressants and antipsychotics, some of which have been available for decades and for which long-term studies are available.

The major limitation to the availability of the new antidepressants and antipsychotics is their cost. Many state Medicaid programs, community mental health centers (CMHCs), and managed care companies have limited the use of the newer drugs in an attempt to control costs. For example, "costs of medication in Virginia's mental health aftercare system rose for $1.5 million in 1990 to $4.5 million in 1994".[3] CMHCs have reported that "skyrocketing prices on some psychoactive drugs are putting a severe strain on community mental health centers around the country".(Moran M. Rising drug prices pose dilemma for CMHCs. Psychiatric News, January 17, 1992, page 1) The costs of the newer medications are thus a major barrier to their widespread availability.

The potential market for antidepressant and antipsychotic drugs in the US is large. In 1993 the National Advisory Mental Health Council (NAMHC) estimated that in any given year 2.8 percent of all adults and 3.2 percent of adolescents suffer from a severe psychiatric disorder, defined as "disorders with psychotic symptoms such as schizophrenia, schizo affective disorder, manic-depressive disorder, autism, as well as severe forms of major depression, panic disorder, and obsessive-compulsive disorder".[4] Based on 1997 population figures, that means that approximately 6 million severely mentally ill individuals in the US are potential users of antidepressant and antipsychotic medication. Of these, the NAMHC estimated that approximately 40 percent of them, or 2.4 million severely mentally ill individuals, do not receive treatment in any given year. This group includes most of the individuals who are severely mentally ill and homeless. One reason for this failure to treat is the high cost of medications.

In an attempt to understand the pricing structure of the newer antidepressants and antipsychotics, we undertook an international comparison of the acquisition cost paid by the pharmacist for selected medications in North American and European countries.

METHODS

In early 1997, a total of 18 countries were surveyed that included all European Community (EC) Countries, Canada, Mexico and the US. Costs were ascertained by a convenience sample of English speaking pharmacists or physicians in each of these countries willing to obtain the acquisition cost to the pharmacist for the eight study drugs from a local community pharmacy. Pharmacists and physicians were recruited from the membership list for European Society of Clinical pharmacists and the key contact list for

Health Action International. Acquisition costs were obtained for five newer antidepressants and three 3 newer antipsychotics: fluoxetine (Prozac-Lilly); fluvoxamine (Luvox-Solvay); paroxetine (Paxil-SmithKline; Beecham); sertraline (Zoloft-Pfizer); nefazodone (Serzone-Bristol-Myers Squibb); clozapine (Clozaril-Sandoz, now Novartis); olanzapine (Zyprexa-Lilly); and risperidone (Risperdal-Janssen).

Acquisition costs were obtained for an average 30-day supply of the 8 drugs as shown in Figures 1a - 1h. In Greece, the acquisition costs of the eight study drugs could not be obtained, only the cost to the patient. Thus, data from Greece were not included in the analysis. When a study drug was available only in unit-of-use packaging that did not correspond to the study definition of a 30-day supply, quantities and costs were converted to a 30-day supply. All costs were converted to US dollars using the foreign exchange rate for the date on which the drug costs were collected.

The National Prescription Audit-1996 was used to estimate US wholesale costs and number of prescriptions dispensed for the eight study drugs.[5]

Not all of the eight study drugs were available in all 17 countries. In the US, Canada, and Sweden all eight were available; in Austria, Finland, Italy, the Netherlands, Spain, and the UK seven drugs were available; in Belgium, Denmark, France, German, Ireland, Luxembourg, and Mexico six drugs were available; and in Portugal five drugs were available. In some countries, clozapine is an approved drug but is not available in community pharmacies. In France, sertraline had been approved, but the cost has not been established.

RESULTS

For each of the eight newer antidepressants and antipsychotics studied, the cost of the drug was greatest in the US compared to the other countries, often by a wide margin (Figures 1a-1h). For most of the drugs in most countries, there was a relatively narrow margin of cost variability, with the US being the exception. The most pronounced difference in cost was for clozapine, where the cost for a month's supply in Spain was $51.94 and in the US $317.03, more than a six-fold difference.

Table 1 is a comparison of the cost of each drug in the US with the average cost for all other countries. The cost in the US varies form 1.7 times to 2.9 times the average cost for all other countries. The average of the ratio of the US costs to those in the other countries was approximately two. The table also list the country with the lowest cost for each drug.

Information is available on the total number of prescriptions filled in the US for each of the eight drugs in 1996 (Table 2). Assuming that the average prescription was for a one-month's supply, if the average cost of a month's supply of each drug for all other countries is subtracted from the cost in the US and this is then multiplied by the numbers of prescriptions filled in the US, this figure represents the amount of money that could have

been saved if Americans were paying the average acquisition cost of these medications in all other countries surveyed. For fluoxetine (Prozac) and clozapine (Clozaril) alone, for example, the potential annual savings would have been $717 million and $421 million respectively. For all eight drugs the potential savings would have totaled over $2.1 billion a year.

DISCUSSION

Pharmaceutical industry profits are extraordinarily high. In the US, sales of $3.3 billion have recently been estimated for the five study antidepressants alone, and for the three antipsychotic drugs surveyed in this study the estimate was $1.1 billion.[4] Table 3 lists the total net profits for all drugs for the six manufacturers of seven of the eight drugs included in this study (data on Solvay Pharmaceuticals were not available). For 1996 (except in one case, 1995), the total net profits for these six companies was $12.3 billion. These profit levels reflect the fact that pharmaceutical companies selling in the US continue to have one of the highest profit margins of any American industry. This is undoubtedly good for the companies' stockholders, but is not good for individuals with serve psychiatric disorder who may need the newer medications but are unable to afford them.

Why are the costs of the antidepressants and antipsychotic drugs in this study so much higher in the US than in other countries? A frequently cited reason by the pharmaceutical industry is that the higher costs in the US are necessary to pay for research and development costs. At variance with this view is the fact that some of the newer drugs (e.g., risperidone, clozapine) were developed by European pharmaceutical firms and yet the cost differential between the US and other countries is as great or greater for these drugs than it is for those drugs, such as fluoxetine, that were developed in the US.

A system of national health insurance, in place in all other countries, provides the most likely explanation for the wide differences in acquisition costs between the US and other countries for the study drugs. National health insurance allows other governments to negotiate drug prices, while in the US, pharmaceutical companies decide what to charge. Unlike the US, which does not have national health insurance, all other countries studied do and can thereby succeed in lowering acquisition costs for these drugs because of their market power.

In the UK, for example, the Department of Health and pharmaceutical companies negotiate target profit rates from sales of drugs to the National Health Service of approximately 20 percent based on the return on investment in research and development and then set prices accordingly.[6] Assuming that the return on research and development for a specific drug made by one company is the same in the US as it is in the UK and using the difference between the lower UK and higher US prices, the profit margin for American companies manufacturing the seven drugs available in the US and the UK is 42.4 percent.

A major limitation of this study was obtaining acquisition costs that were representative of a national average and clearly one pharmacy in each of the 17 countries may not represent a reliable national estimate. In some countries as many as four pharmacies were contacted before a pharmacist was found who was willing to disclose the acquisition costs of the study drugs. Nevertheless, the important consideration is the magnitude of the differences in reported acquisition costs between the US and other countries.

CONCLUSION

The newly developed antidepressant and antipsychotic medications may be better than older medications for the treatment of some individuals with severe psychiatric disorders, primarily schizophrenia, bipolar disorder or severe depression. This study found that the price of eight of these newly developed drugs is highest in the US in every instance compared with 17 other European and North American countries. On the average, the American price was twice as high as the average of the other countries, but for individual comparisons with other countries, the American price was as much as six times higher. The main reason for this price differential is the failure of the American government to negotiate price structures as do countries with national health insurance. The consequences of the present situation are that many individuals with severe psychiatric disorders are, for financial reasons, not being treated with the newer drugs.

Table 1 - Summary of Cost Data From All Countries on 8 Drugs

Drug (Company/ US Brand Name)	Highest Cost/ Country*	Lowest Cost/ Country†	Average Cost Other Countries†	U.S. Cost/ Average Cost Other Countries
clozapine (Novartis/ Clozaril)	$317.03/U.S.	$51.94/ Spain	$111.20	2.9
olanzapine (Zyprexa/Lilly)	$324.08/U.S.	$76.87/ Spain	$163.10	2
risperidone (Janssen/ Risperdal)	$248.86/U.S.	$123.99/ France	$147.90	1.7
fluoxetine (Prozac/Lilly)	$72.16/U.S.	$25.93/ Spain	$34.40	2.1
fluvoxamine (Luvox/Solvay)	$131.36/U.S.	$30.28/ Spain	$56.30	2.3
paroxetine (Paxil/ SmithKline Beecham)	$63.78/U.S.	$27.59/ France	$37.00	1.7
sertraline (Zoloft/Pfizer)	$64.67/U.S.	$29.74/ Austria	$37.00	1.8

Drug (Company/ US Brand Name)	Highest Cost/ Country*	Lowest Cost/ Country†	Average Cost Other Countries†	U.S. Cost/ Average Cost Other Countries
nefazodone (Serzone/ Bristol-Myers Squibb)	$57.71/U.S.	$29.01/ Ireland	$34.00	1.7

* for 30 day supply
† all countries except the U.S.

Table 2 - Excess Costs in the US Compared to the Average Cost in Other Countries for the 8 Drugs

Drug	US Prescriptions 1996*	US Cost to Pharmacist 1996	Excess Cost in US†	Total
clozapine	2,043,000	$317.03	$205.83	$420,510,690
olanzapine	115,000	$324.08	$160.98	$18,512,700
risperidone	1,588,000	$248.86	$102.46	$162,706,480
fluoxetine	18,996,000	$72.16	$37.76	$717,288,960
fluvoxamine	863,000	$131.36	$75.06	$64,776,780
paroxetine	10,734,000	$63.78	$26.78	$287,456,520
sertraline	15,169,000	$64.67	$27.67	$419,726,230
nefazodone	1,930,000	$57.71	$23.71	$45,760,300
TOTALS	51,408,000	-	-	$2,136,738,660

* - National Prescription Audit 1996. IMS, Plymouth Landing, PA
† - difference between US cost to pharmacist and average cost in other countries

Table 3 - Drug Company Profits in 1996 Worldwide

Company (products)	1996 Net Profits (all products)
Bristol-Myers Squibb (nefazodone-Serzone)	$2.85 billion
Pfizer (sertraline-Zoloft)	$1.93 billion
Lilly (fluoxetine-Prozac, olanzapine-Zyprexa)	$1.52 billion
SmithKline Beecham (paroxetine-Paxil)	$970 million
Solvay (fluvoxamine-Luvox)	NA
Janssen/Johnson& Johnson (risperidone-Risperdal)	$2.9 billion
Sandoz now Novartis (clozapine-Clozaril)	$2.1 billion (1995)
Total Profits (for six companies)	$12.26 billion

NA - not available

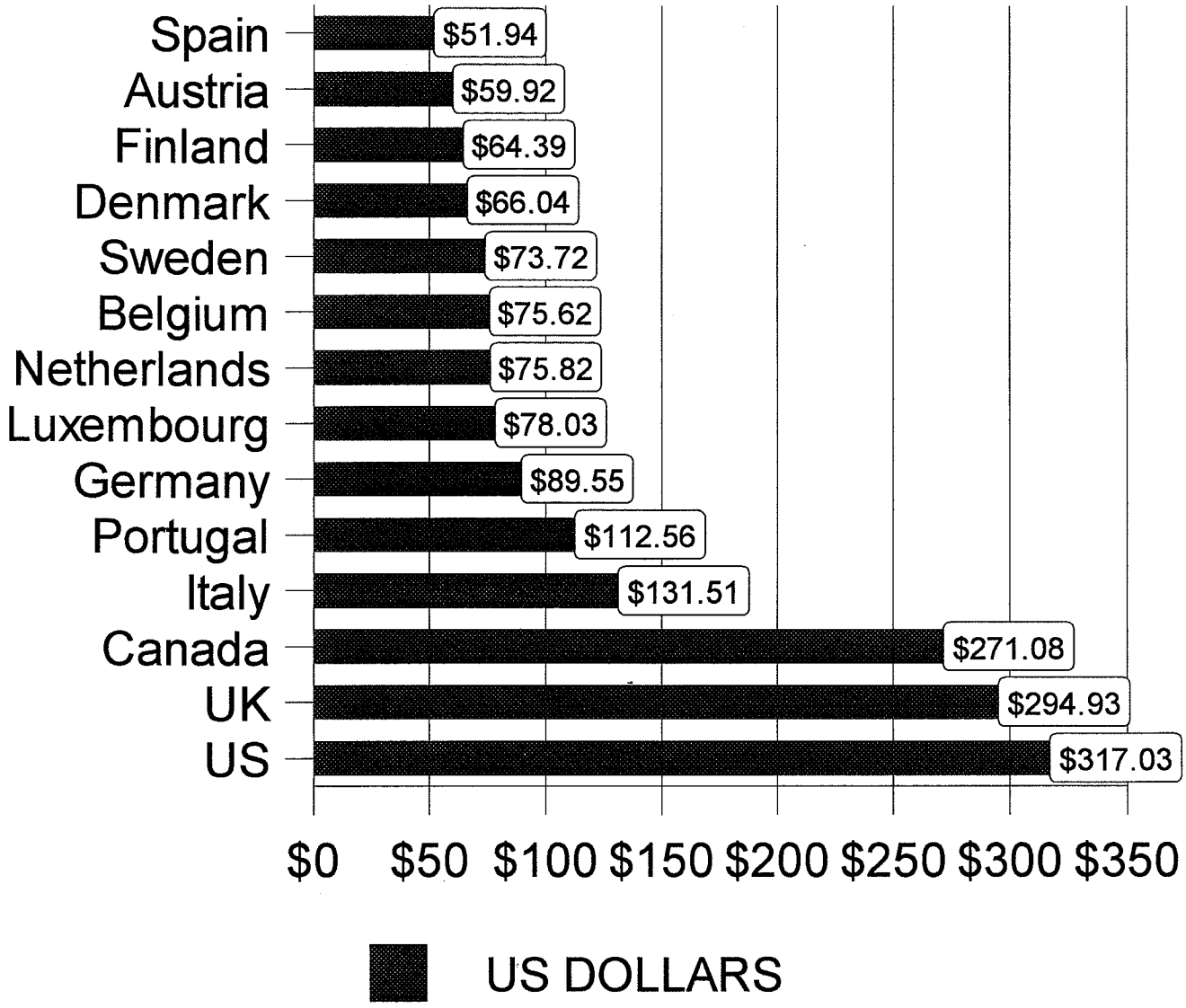


Figure 1a - CLOZAPINE 100 MG (90) TABLETS COST TO PHARMACIST

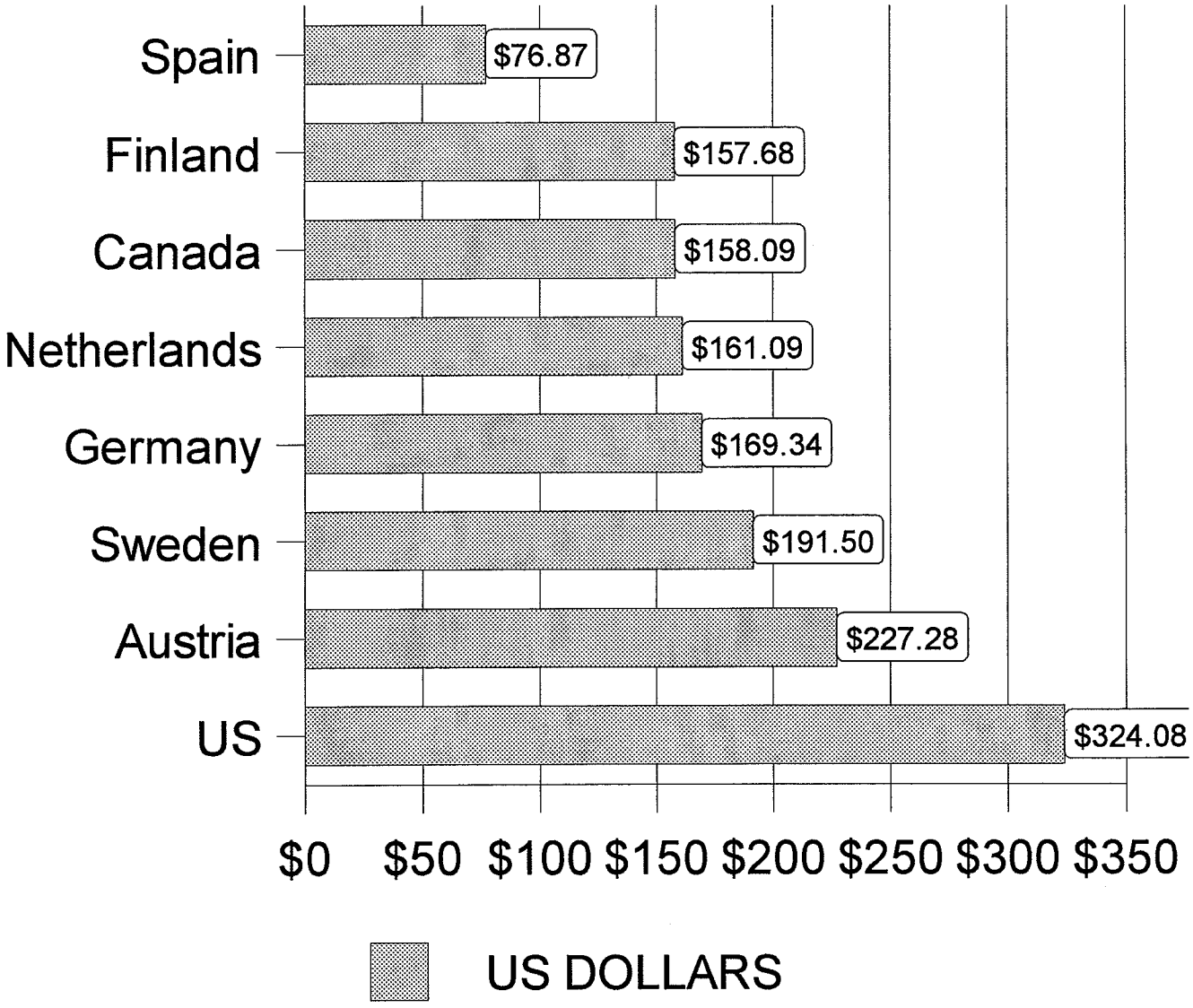


Figure 1b - OLANZAPINE 5 MG (60) TABLETS
COST TO PHARMACIST

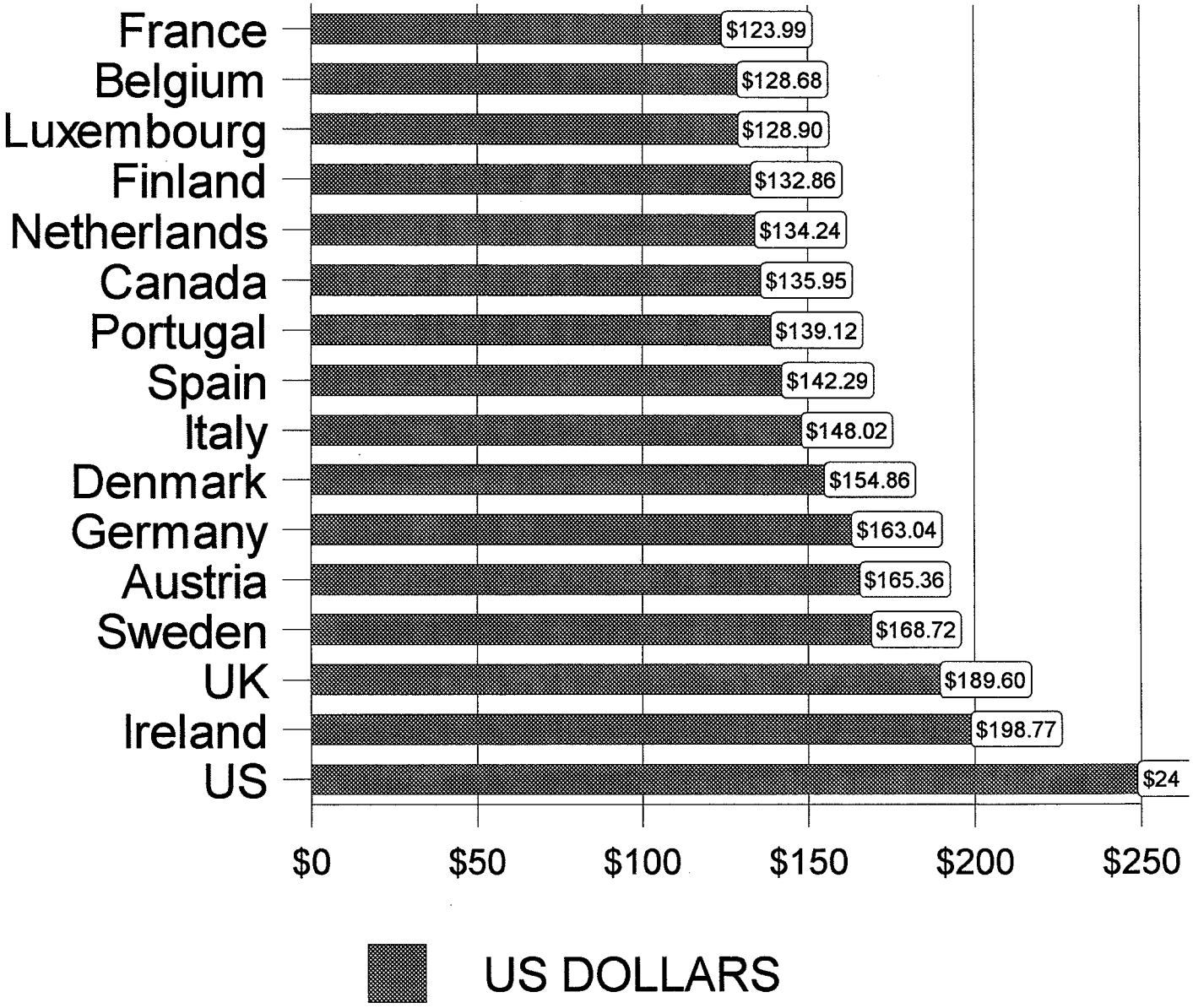


Figure 1c - RISPERIDONE 3 MG (60) TABLETS
COST TO PHARMACIST

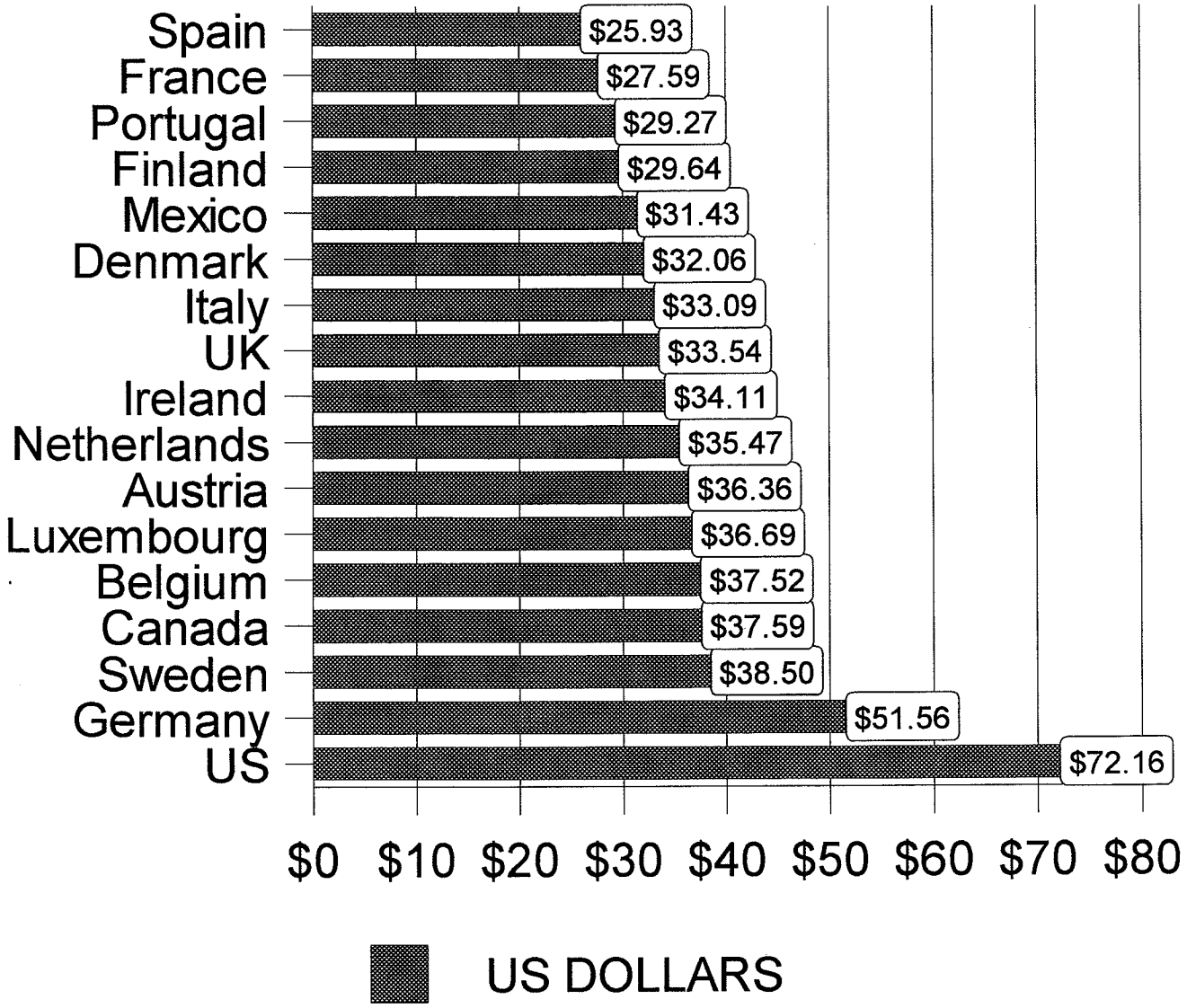


Figure 1d - FLUOXETINE 20 MG (30) CAPSULES COST TO PHARMACIST

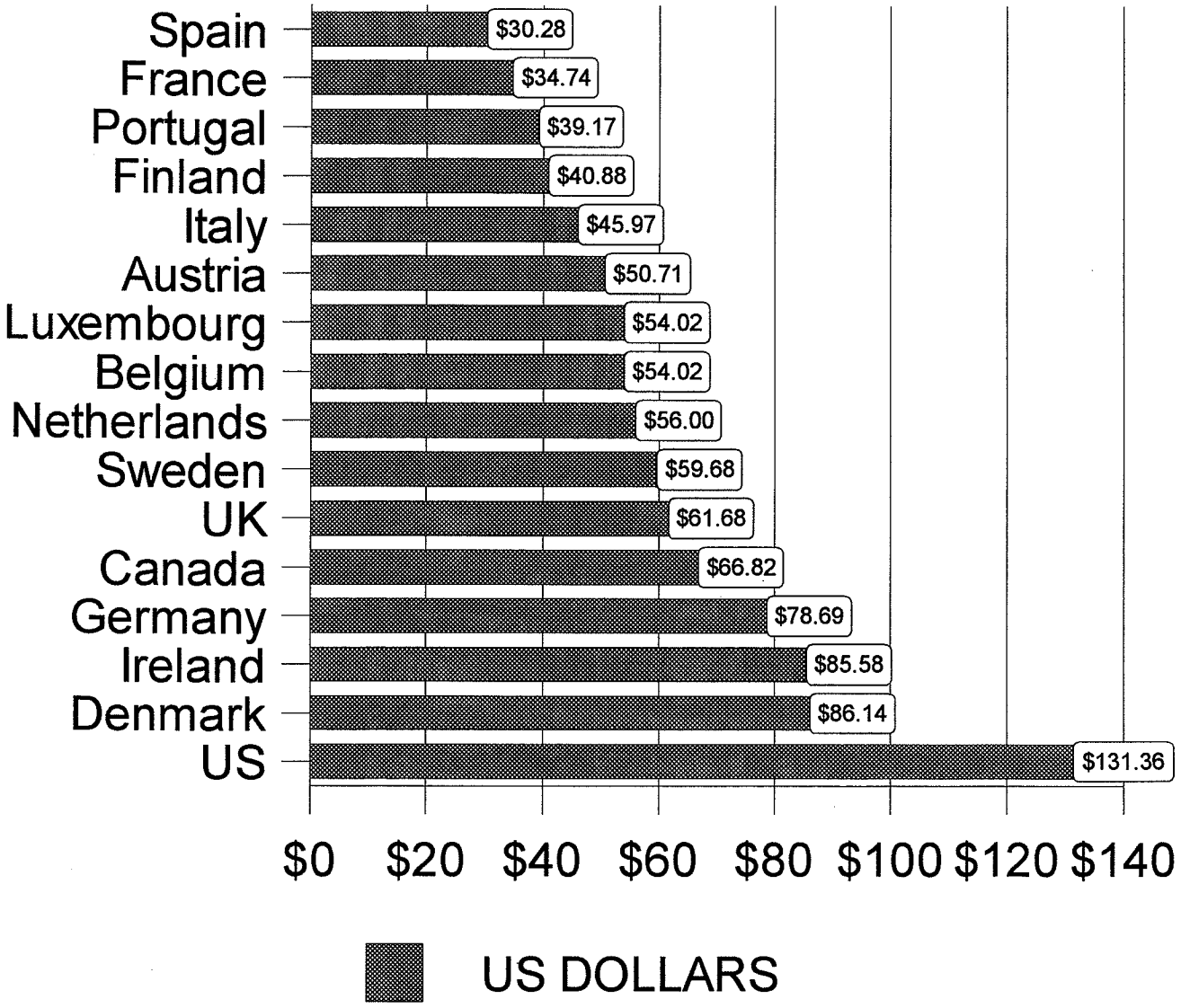


Figure 1e - FLUVOXAMINE 100 MG (60) TABLETS COST TO PHARMACIST

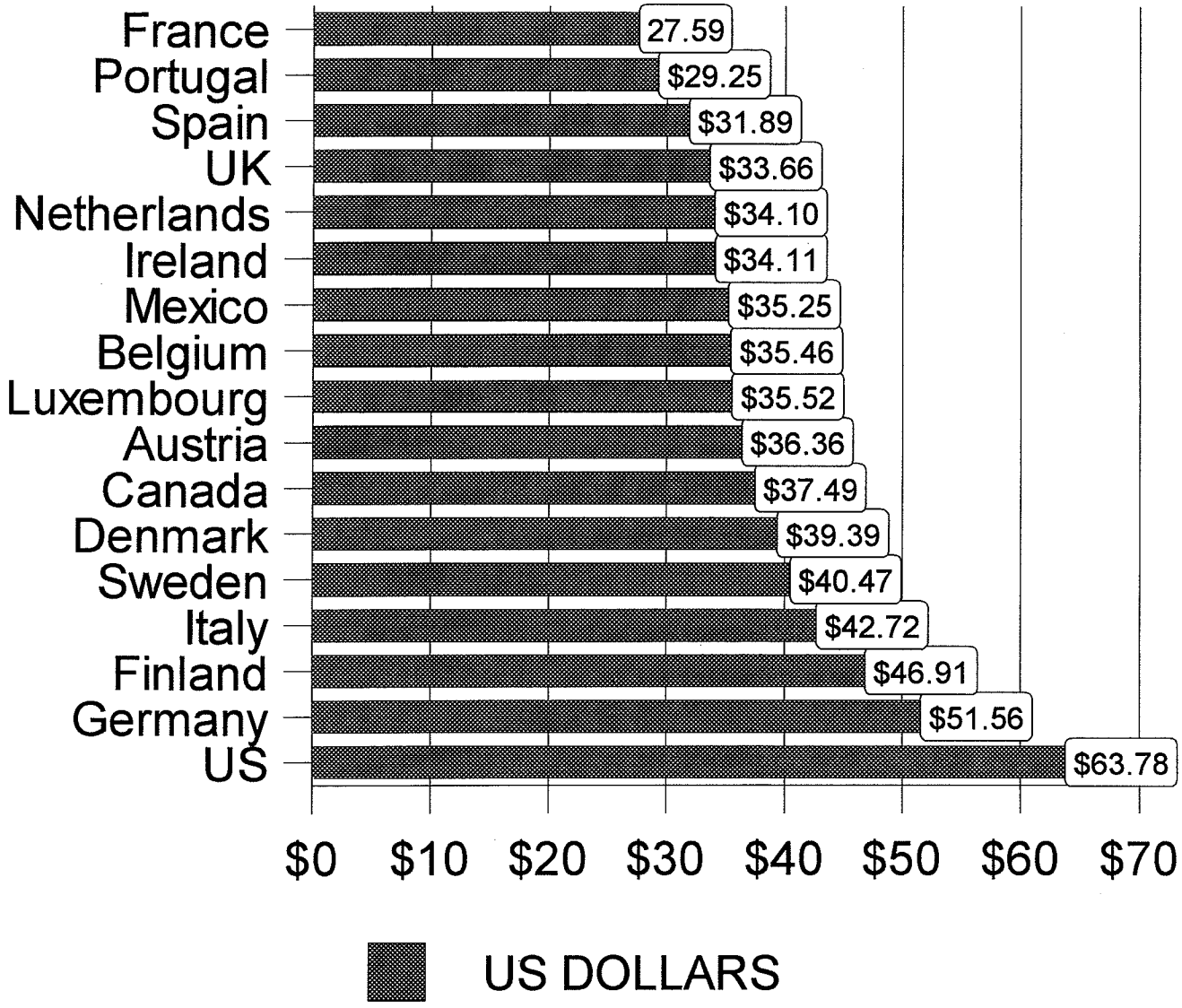
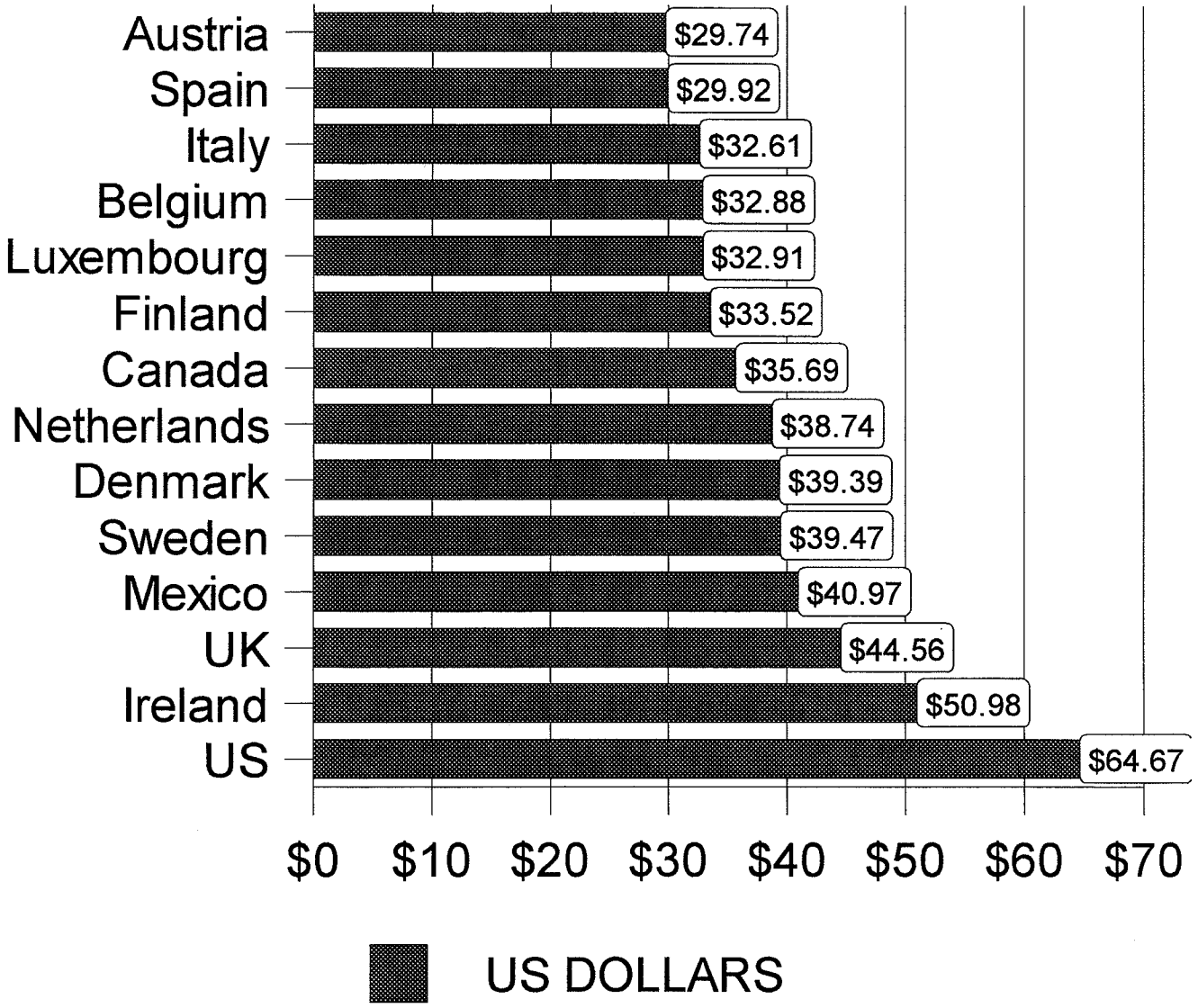


Figure 1f - PAROXETINE 20 MG (30) TABLETS
COST TO PHARMACIST


Austria
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$50.98
$64.67
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$10
$20
$30
$40
$50
$60
$70
US DOLLARS

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International Comparison of Prices for Antidepressant and Antipsychotic Drugs: Price Gouging of Psychotic and Depressed American Patients

Statement of E. Fuller Torrey, M.D.
Public Citizen Health Research Group

The price gouging described in this study is not merely of economic importance. The fact that pharmaceutical drug costs were reported to be the major contributor to the increase in the U.S. Producer Price Index (PPI) between April and May of 1998 is economically important. But that importance pales when compared to the personal implications for individuals with schizophrenia, bipolar disorder, and major depression who need these drugs but, because of their cost, cannot obtain them.

We know that there are approximately 6 million Americans with these severe psychiatric disorders and that approximately 40 percent of them, or 2.4 million individuals, are not receiving treatment at any given time. The high cost of these drugs is certainly not the only reason, but it is one reason why so many individuals are not being treated.

In some cases, the individual or his/her family cannot afford to buy the medication. In other cases, the community mental health center, hospital, or managed care company restricts access to the drugs because of their expense. The consequences of nontreatment are much more personal than the Producer Price Index:

* Nontreatment causes some cases of homelessness for severely mentally ill individuals. How many individuals with schizophrenia are homeless today because they did not have access to Eli Lilly's olanzapine (Zyprexa) because of its high cost?
* Nontreatment causes some suicides. How many individuals with severe depression have committed suicide because they did not have access to Bristol-Myers Squibb's nefazodone (Serzone) because of its high cost?
* Nontreatment causes some severely mentally ill individuals to be assaultive, lose their job, or break up their family. How many individuals with bipolar depression have been assaultive or lost their job and family because they did not have access to Pfizer's sertraline (Zoloft) because of its high cost?

We think the answer to the above is thousands. And these personal tragedies stand out in even starker contrast when juxtaposed to the corporate profits and CEO compensation of these pharmaceutical companies. Total 1996 corporate profits for the six companies for which data are

available equaled $12.3 billion. Total 1996 individual compensation for the CEOs of the three companies cited above was as follows:

* Randall Tobias, CEO of Eli Lilly: $7.4 million
* Charles Heimbold, CEO of Bristol-Myers Squibb: $4.5 million
* William Steere, CEO of Pfizer: $14.5 million

In a civilized and equitable society, corporate profits and human greed should not be allowed to cause so much human misery. Profit margins for these medications should be capped, as they are in most other countries.

Statement of Ms. Renetta Davis, mother of son diagnosed with schizophrenia

Within a few months after our son was honorably discharged, after four years in the U.S. Navy and returned home in 1991, we knew something was wrong. He exhibited paranoid behavior, began abusing alcohol, and threatened to harm my husband and I. In late 1993, as his symptoms worsened, we took him to a psychiatrist who diagnosed him with schizophrenia and recommended hospitalization. However, he had no insurance and refused hospitalization so he was sent home.

In late 1994, he was finally committed involuntarily to a psychiatric hospital and treated for three months with haloperidol. However, he had severe side effects which I can only describe as being like a zombie. Following his hospitalization, he continued to complain of haloperidol's side effects, including stiffness, headaches, trouble sleeping, and dry heaves, and eventually discontinued it. His symptoms came back in 1996 and he was hospitalized several times briefly. During one hospitalization, when he refused to take more haloperidol, he was started on Risperdal.

This medication had a drastic impact on him. The closest I can come to explaining the experience was to relate it to the patients seen in the movie with Robin Williams and Robert Deniro "The Awakening." Upon my request that he be continued on it I was told that the medication was very expensive and they did not believe he could cover the costs. When I inquired as to the price I was never able to get a concise answer, just that it was expensive.

After three or four trips back and forth to this same hospital with my son and his refusal to take the haloperidol the Risperdal was still not administered. Finally, I took it upon myself to make calls to psychiatric units at facilities outside the area in which we live. My purpose was to explain in general terms what my situation was with my son in an effort to get him admitted on an involuntary basis in hopes that he would then admit himself and get the care he so badly needed.

By the end of 1996 after several failed attempts at encouraging him to admit himself and stay in the local hospital to get regulated on his medicines I sought help from the Court system and had him involuntarily placed in a different locked facility. On December 31, 1996 I drove my son to another city where he was admitted into a private locked facility that specialized in treatment of psychiatric conditions. At this point I was able to get him seen by an evaluator and temporarily committed involuntarily because of the psychotic mental state he was in. Within a week he was transferred to a larger facility in yet another city which is where I began to get assistance with his treatment.

The attending physician at this new facility was willing to listen to my concerns. The interest was not only to find a medication that my son would agree to take but we also needed to find one that could be taken by injection so that we could monitor his intake. At this time I shared with the physician the experience he had previously with Risperdal. He shared that the medication was an excellent choice but he too voiced a concern about the expense. He also stated that Risperdal was not available for use as an injection.

At that time, with little or no knowledge as to what to do from that point on I just left it to the physician to do what he thought was best. My son was put back on haloperidol in the injection formula. He continued these injections until April of 1998. At that point in time he complained that the side effects were so disturbing that he refused to continue. He does not adhere to taking the haloperidol injections because he complains that it make him feel as though his skin is coming right off his body. He also contends that he still experiences the same side effects he complained of previously. My son has recently been prescribed to take 5 milligrams of haloperidol twice daily and continues to struggle with the side effects.

In an effort to assist my son, as well as others get beneficial medical treatment I continued to visit with anyone who will hear me out on the benefits I witnessed when he was given Risperdal. From what I saw Risperdal offers my son the ability to lead a functional life as opposed to when he is on haloperidol. However I am continually told that the cost would be too high for him to be able to afford it. I am also told that his medical benefits would probably not cover the costs. The exact costs had never been shared with me so I decided to take it upon myself to research it.

In calling the local pharmacies I have learned that without a prescription they will not share this information with me. However, I was able to contact the pharmacy he is currently getting his haloperidol prescriptions from and was given a generic example of the difference in cost. He is currently prescribed 5 milligrams of haloperidol twice a day and the cost for 60 tablets is $8.79. In comparison if he were to be prescribed 3 milligrams of Risperdal the cost of 60 tablets would be $260.89 and the costs for 4 milligrams would be $343.49 for 60 tablets. This presents a significant difference in cost.

Therefore, based on this difference in cost many patients, including my son, are forced to undergo treatment that affords them a worse experience than the illness itself.

Statement of Ms. Cathy Kominos, whose brother has been diagnosed with schizoaffective disorder

George, a criminal defense attorney, was diagnosed with schizoaffective disorder in January 1997. Delusional, paranoid, withdrawn, depressed, penniless, and without medical insurance, George returned home at the age of 35 and became dependent on my parents' very moderate retirement income for living expenses and for psychiatric and medical treatment.

By April 1997, Zyprexa and later Risperdal helped George overcome his paranoid delusions and return to a state of near "normalcy." His worries shifted from concern about O.J. Simpson being on the loose to concern about the high cost of his treatment.

George became acutely aware of the financial burden he was becoming on our elderly parents. A month's supply of medication cost our parents in excess of $150 per month, even though the government was covering the remainder of the cost. Though George made several half-hearted attempts to seek employment, he was not mentally fit to face the world. Faced with the predicament of having to interact with society to pay for medical treatment, George made the only logical decision for someone in his medical condition-to stop wasting money on useless medication that failed to make him "happy."

By September 1997, George refused to see the doctor and refused to take his medication. In his mind, he rationalized that were it not for his treatment, he would not be a financial burden on our parents.

By October 1997, George's delusions returned. Again between psychiatric visits and medication, George's illness took a large chunk out of my father's monthly retirement check. The psychiatrist, concerned that George might once again abandon treatment because of the cost, recommended that George participate as a human subject in a drug study. In return for his participation George would receive free medication. George was hesitant about participating once he noticed that the nurses and most of the patients were African-Americans, the object of George's paranoid delusions.

After two days of hospitalization, George walked away from the program because he feared that the nurses were out to poison him. Since the family had no other means to purchase medication, George reluctantly agreed to return to the program. His second stay lasted less than a week. Following a delusional outburst, George was bound and sedated. It became obvious that the surroundings were aggravating George's condition, and the psychiatrist recommended that George return home. For his participation, George received a month's supply of Seroquel.

After the October episode, George finally acknowledged that there may be something wrong with him and sought out public assistance. A month ago George began to receive Social Security disability benefits that total $500 per month. His medication regiment, 200 mg of Seroquel, costs $90 for a month's supply, which when combined with psychiatric visits virtually eats up all of his public assistance.

Public Citizen

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Joan Claybrook, President

July 15, 1998

METHODOLOGY AND MAIN RESULTS OF THE COST STUDY

STATEMENT BY LARRY D. SASICH, PHARM.D., M.P.H., FASHP
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In early 1997 we obtained the price paid by pharmacists, or acquisition costs, for a 30 day supply of five newer antidepressants and three antipsychotic medications in 18 countries. These countries included all European Union countries, Canada, Mexico, and the U.S.

We converted all costs to U.S. dollars using the foreign exchange rate for the date on which the acquisition costs for the drugs were collected. We could not obtain the pharmacist's acquisition costs for the eight drugs in Greece.

Not all of the eight drugs were available in the remaining 17 countries. All eight were available in the U.S., Canada and Sweden; seven were available in Austria, Finland, Italy, the Netherlands and Spain; six were available in Belgium, Denmark, France, Germany, Ireland, Luxembourg and Mexico; and in Portugal five of the drugs were available.

Results

When cost is used it refers to the pharmacist's acquisition costs for the drugs included in the study.

Please refer to figures A through H in your handout. As you can see for each of the eight drugs studied, the cost was greatest in the U.S. compared to the other countries, often by a wide margin.

The most pronounced difference was for the antipsychotic drug clozapine (Clozaril) sold by the company Novartis, where the cost for a month's supply in Spain was $51.94 and in the U.S. $317.03, more than a six-fold difference, or a difference of over $3,000 for a year of treatment.

Please turn to Table 1
Table 1 in your handout is a comparison of the cost of each drug in the U.S., column 2, with that of the country with the lowest cost for each drug, column 3. For example, in the first row, clozapine's cost is $317.03 in the U.S., the country with the highest cost, and the least in Spain at $51.94 for a 30-day supply.

Column 4 is the average cost for each drug in all countries surveyed outside the U.S. Here the

average cost for clozapine in the other countries is $111.20.

The number in the last column on the right, column 5, reflects how much the cost of the drugs in the U.S. differs from the average in the other countries surveyed. Still using clozapine as an example, column 2, $317.03, the cost of the drug in the U.S., is divided by column 4, $111.20, the average cost of the drug in other countries. Clozapine is 2.9 times as expensive as the average cost for the drug in the other countries.

The U.S. costs of these drugs vary from 1.7 times to 2.9 times greater than the average costs in all other countries surveyed.

Now turn to Table 2

This table reveals the excess cost of these drugs in the U.S. compared to average cost in the other countries.

Column 2 is the number of prescriptions dispensed for each drug in the U.S. in 1996. In the first row, in 1996, there were slightly more than 2 million prescriptions sold for clozapine in the U.S.

Column 3, again, is the U.S. acquisition cost for clozapine or $317.03.

Column 4 is the excess cost of each drug in the U.S. and is calculated by subtracting the U.S. acquisition cost from the average cost in the other countries. For clozapine, this is $317.03, minus the $111.20 average cost for the drug in the other countries or $205.83 for the 30-day supply.

Column 5 is the total excess cost of each drug paid in the U.S. and is calculated by multiplying column 2, the number of U.S. prescriptions, times the excess cost in the U.S., column 4.

For clozapine, this is the 2 million prescriptions sold in 1996 times the $205.83, giving a total of more than $400 million dollars. In other words, this is the excess cost of clozapine in the U.S. compared to the average of the other countries surveyed for just one year, 1996.

Just for two drugs, Prozac, sold by Eli Lilly, and clozapine, the potential annual savings would have been $717 million and $421 million respectively, or than $1.1 billion.

The total excess cost paid per year for all eight of the drugs in the U.S. is more than $2.1 billion.