

Testimony Before the HHS Task Force on Drug Importation

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Executive Summary

Barr Pharmaceuticals, Inc. and members of the American generic pharmaceutical industry recognize the challenge facing American lawmakers on the federal and state level regarding the escalating cost of healthcare. Our industry has played an integral part in controlling pharmaceutical costs for the past twenty years. However, we believe, and are convinced by the data, that importation is not a responsible solution to this problem. Rather, we believe that allowing prescription drugs to flood into America outside FDA's existing regulatory structure would:

- ~~✍~~ Undermine the integrity of FDA's rigorous drug approval process and comprehensive post-approval regulation of drug manufacturing and marketing;
- ~~✍~~ Export to other countries critical policymaking decisions on the appropriate balance between innovation and pricing;
- ~~✍~~ Discourage investment by branded pharmaceutical companies in potentially life saving and life-extending therapies;
- ~~✍~~ Discourage investment by generic companies in lower-cost generic drugs that meet FDA's exacting approval requirements; and
- ~~✍~~ Threaten the loss of high-quality pharmaceutical industry jobs to foreign manufacturers.

The price of pharmaceuticals in the U.S. is strongly influenced by four key variables: (1) competitive market forces, including a conscious public policy decision not to impose price controls; (2) the cost of obtaining FDA approval and complying with post-approval FDA regulation; (3) the intellectual property rights of innovator companies; and (4) regulatory exclusivities, such as the Hatch-Waxman thirty-month stay and pediatric exclusivity.

Significantly, foreign drug manufacturers already have the same competitive access to U.S. markets as U.S. manufacturers do, subject to these constraints.

To the extent pharmaceuticals are less costly in foreign markets (and this is far from certain, as I discuss below), it is principally due to one or more of the following factors: (1) governmental price regulation; (2) the ready availability of drugs manufactured outside the U.S. by companies that are not required to comply with FDA's stringent drug approval and regulatory requirements; (3) mandatory patent licensing or less protection of the intellectual property rights of innovator companies; and/or (4) the absence of regulatory exclusivities. In short, the *prices* are different because the *laws* are different. Consequently, unless we are willing to *directly* establish domestic price controls, weaken FDA regulation, diminish the intellectual property rights of innovator companies, or eliminate exclusivities, we should not do so *indirectly* by authorizing the enhanced importation of pharmaceutical products. Allowing foreign manufacturers and distributors to access the U.S. market under a different set of rules will undermine FDA regulation, threaten the loss of jobs for U.S. pharmaceutical workers and discourage investment by branded and generic companies alike in products that would satisfy FDA's rigorous approval standards.

For these reasons, Barr Pharmaceuticals and other members of the generic drug industry believe that the solution to high prescription drug costs – on both the federal and state levels – will not be found in unregulated foreign drug imports. A more appropriate way to reduce prescription drug costs would be to: (1) promote the increased usage of FDA-approved generic medicines, when available; (2) ensure that all remaining loopholes that prevent the timely introduction of such generics are closed; and (3) establish a viable and predictable pathway for expedited FDA approval of generic biologics. The role of biologics has expanded enormously since Hatch-Waxman was adopted in 1984, and sales of biologics are rapidly approaching \$30 billion per

year. Expanding availability of FDA-approved generic drugs and FDA-approved biogenics promises billions of dollars in consumer savings without imposing price controls, sacrificing the integrity of the FDA approval process or compromising legitimate intellectual property rights.

An independent economic analysis commissioned by Barr Pharmaceuticals during the debate last year over H.R. 2427, as well as the importation provisions of S.1, demonstrates that importation runs counter to the long-term interests of American consumers. In summary, this economic analysis conclusively demonstrates that *“importation of prescription drugs will harm consumers both in the United States and other countries.”* On the basis of a sound and reasoned economic analysis of drug pricing in the United States and in countries that would be impacted by importation, it is clear that importation measures are fiscally unsound and damaging to the very consumers they are ostensibly designed to serve.

In summary, importation is a means for abandoning free market pricing and lowering the comprehensive regulatory standards that are the foundation of our world-leading healthcare system.

Introduction

Barr Pharmaceuticals, Inc. is a U.S. leading specialty pharmaceutical company. Barr’s subsidiaries market more than 100 generic and proprietary products. Barr has operations in five states, and employs more than 1200 people in the U.S. in the development, manufacturing and distribution of pharmaceuticals for the treatment of cancer, female healthcare, cardiovascular disease, depression, anxiety and infection.

For more than two decades, America's generic pharmaceutical industry has been saving consumers billions of dollars each year on pharmaceutical products. There are approximately 10,375 FDA-approved pharmaceuticals. More than 7,600 of these have FDA-approved generic counterparts. And more generic pharmaceuticals are approved every week. While generics account for more than 51% of all prescriptions dispensed in the United States, they account for less than eight cents of every dollar spent on prescription drugs. During 2003, the average price of a brand prescription filled in the United States was \$89.01. The average price of a prescription filled with a generic drug was only \$26.11. Opportunities for significant savings already exist by simply substituting a generic drug for the brand prescription. Indeed, a study by Brandeis University concluded that simply increasing the usage of generic drugs by 1% would save consumers \$1 billion a year.

However, even today, after more than 20 years, efforts by brand companies and others continue to block the increased usage of generic products. While the Medicare prescription drug bill removed many of the barriers to more timely generic drug approval, a number of initiatives at the state government level continue to be introduced each year that would block substitution of more affordable generics.

For example, brand pharmaceutical company lobbyists have been successful in 24 states in persuading legislators to amend state Medicaid laws to "carve out" or exempt expensive classes of drugs from substitution (Carve out legislation is pending in at least 20 other states). These initiatives, which are not supported by any clinical or scientific evidence, significantly impede the substitution of generic versions of expensive brand name drugs for mental health, diabetes and cancer. In some of the larger states, special interests have even been successful in preventing states from implementing such programs as preferred drug lists, that would institutionalize dramatic savings, while improving access to healthcare and prescription drugs. There are many

other anti-generic tactics, ranging from increased rebates on generic drugs to exempting generics from use in state plans for six months following the first generic introduction. We estimate that most states could easily increase generic usage in their Medicaid programs by ten percent and that, nationwide, this increase would save taxpayers \$3.5 billion per year. Clearly, before we send consumers to Canada or any other country for medicines that may not meet the same stringent FDA standards as American-made, FDA-approved generic drugs, Congress, state lawmakers and policy makers could significantly lower prescription drug costs by more aggressively promoting the choice of generic medicines.

Importation Could Cause Serious Harm to Consumers

Importation could effectively dismantle the scientifically sound FDA safety net that has protected consumers for decades. It would open American borders to an uncontrolled influx of medicines for which consumers will have no assurance of the quality, safety or clinical effectiveness of the drugs they are purchasing. It will also significantly neutralize the rights of states to regulate the dispensing and usage of prescription drug products.

The quality of America's prescription medicines is the highest in the world. Importation would significantly undermine this quality standard. The FDA goes to great lengths to ensure that drug products dispensed in the US are safe and effective, satisfy rigorous specifications for potency and purity, are manufactured in accordance with cGMP, and are labeled and marketed appropriately. There is no mechanism for assuring whether imported drugs meet basic quality standards or whether they are expired, sub-potent, improperly labeled, contaminated or counterfeit. Under importation measures previously considered, there would be no assurance of the actual origin of the drugs being imported from any country, and there is no method of determining if the medicine has been properly packaged or safely stored during transportation.

Importation places consumers in the dangerous position of “buyer beware” without any mechanism to protect their safety. For decades, the FDA drug regulatory process has protected consumers from unsafe and poor quality medicines. Products imported by individuals would be exempt from even minimal testing to assure quality and safety. And, consumers could import and use, without adequate medical supervision, drugs that are currently available in the United States only under very restrictive and special circumstances.

American consumers are already at great risk. Any individual with a computer can purchase virtually any pharmaceutical product from an online pharmacy, regardless of their medical condition or need. By self-diagnosing their symptoms, or simply providing information about their condition and identity, the consumer can receive virtually unregulated access to pharmaceutical products, including controlled substances. The online pharmacies allow individuals to bypass the entire healthcare system that is tightly regulated and has provided an important check and balance for misuse of prescription drugs.

Indeed, the need to regulate the uncontrolled access to drug products is already a crisis for consumers. Providing the psychological assurance that drugs from any country are acceptable, as would result from the approval of importation, will further exacerbate this crisis. Consumers, assuming because the federal government has found importation an acceptable alternative, will have few reservations for purchasing online drugs that may be sub-potent, improperly stored and distributed, dangerous, or simply not appropriate for their condition given their medical history, current medications, or other circumstances.

Importation will remove the FDA safety net while simultaneously implying to consumers that self-medication is acceptable. Clearly, with the need to strengthen oversight of online

dispensing, the FDA and our regulatory processes are already stretched beyond the limits of their capabilities. Importation only enhances the danger to consumers who are making a price decision, not a medical decision.

Importing Price Controls Will Throttle Innovation

Price controls are antithetical to free markets and are not appropriate for pharmaceuticals. But importation could have the effect of importing price controls from around the world in a way that would harm the development of new and more effective medicines.

Most of the cost of producing a drug is borne by the manufacturer before a single tablet is ever sold, as it costs comparatively little to manufacture and distribute the drug once all of the research, formulation, testing, and authorizations have been completed. That is, pharmaceuticals are characterized by large research and development (R&D) costs, which must be recovered in addition to marginal production costs in order for the manufacturer to be profitable. Regulators in countries with small populations seek to impose price controls to pay marginal cost and avoid covering contributions to common costs. Hence, they rely on consumers in other countries to make up the shortfall.

Absent the recovery of such costs, manufacturers have no incentive to innovate or to develop new drugs. Also, by preventing the establishment of a market price through the normal interaction of supply and demand, price controls distort market outcomes and can lead to shortages. In Europe, for example, pharmaceutical controls have made consumers less likely to receive certain cancer medicines, such that Europeans now have lower survival rates than do patients in the United States.

Allowing the importation of medicines of uncertain quality and potency from outside the United States will not resolve the more important issue of how to ensure the incentives that power the engine of innovation are properly fueled to ensure the American consumers, and the rest of the world have access to new therapies at a price they can afford.

Multiple Economic Analyses Demonstrate Flaws in “Economy” of Importation

During the 2003 debate over H.R. 2427, a number of examples purported to demonstrate that importation would help to solve America’s drug cost crisis. The pharmaceutical price examples used to support H.R. 2427 and other importation schemes exaggerate the potential cost savings to consumers from importation of foreign drugs, often by as much as 50%. For example, the posited savings fail to take into account such factors as Germany’s 16% value-added taxes and shipping charges.

In effect, these flawed comparisons represented an apples-to-oranges comparison that would result in consumers spending more for imported brand products than for the comparable generic version of the product that is required by law to meet the U.S. Food and Drug Administration’s stringent standards for quality, safety and efficacy.

In November 2003, the FDA Office of Planning drafted a White Paper titled ‘Generic Drug Prices in the U.S. Are Lower Than Drug Prices in Canada’. The White Paper reported that, “Advocates of legalizing imports of drugs from Canada and other countries have typically cited studies showing that brand-name drugs are much cheaper abroad than in the U.S. These studies ignore how competition in the U.S. market lowers generic drug prices so they are lower than drug prices abroad. In the U.S., generic drugs, which comprise roughly half of all prescriptions, are cheaper than both Canadian branded drugs and Canadian generic drugs. Low generic prices

are fully compatible with strong incentives for R&D because generics are introduced in the U.S. only after patents expire.”

As importation was debated in the Congress, Barr Pharmaceuticals commissioned a study by Michael J. Doane, Principal with Keypoint Consulting LLC. The analysis detailed in this study concluded that importation measures essentially import foreign drug price controls that are antithetical to the free-market climate within the United States. These “price controls” distort market outcomes and could lead to drug shortages; dramatically diminished investment in new drug development; and, severely or completely curtail the investment incentive for U.S. generic manufacturers to invest in the development of lower cost generic versions of some brand name products that already save consumers as much as 80% when compared to the equivalent brand product.

Importation could also have an unintended and severely negative effect on global pharmaceutical pricing. One highly probable result of importation would be the escalation of pharmaceutical prices on a global basis, as U.S.-based pharmaceutical manufacturers are faced with the need to recover new drug development costs from the world economic community, including prices within the United States.

1. *Claims of lower drug prices in other countries are exaggerated and based on studies that are seriously flawed.* H.R. 2427 stated that “allowing open pharmaceutical markets could save American consumers at least \$635 billion of their own money each year.” This claim is preposterous on its face, as it implies that consumers could save more than **three times** the entire U.S. pharmaceutical market of approximately \$220 billion per year.

While many brand name drugs are priced lower outside the United States, studies that draw comparisons between pharmaceutical prices in the United States and abroad are often flawed and exaggerate price differentials. Many consider only a handful of top-selling brand name drugs, for example, which makes them prone to certain statistical errors.¹ More significantly, many studies fail to take into account sales of generic versions of drugs, which are typically much less expensive than their branded counterparts. Two recent studies – one American and one Canadian – correct for these pitfalls, observing larger groups of drugs and explicitly recognizing generics.² Using a representative market basket of drugs purchased by U.S. consumers, the American study found that average manufacturer price levels of these drugs in Canada, Germany, Sweden and Switzerland were comparable to or higher than those here when generics are considered, especially when manufacturer rebates are taken into account.³ Similarly, the Canadian study concluded that, on average, generics are less expensive in the U.S.

¹ For example, a minority staff report issued in 1998 by the Committee on Government Reform and Oversight of the U.S. House of Representatives, entitled *Prescription Drug Pricing in the 1st Congressional District in Maine: An International Price Comparison*, examined prices for 10 on-patent branded drugs. In addition to its small and unrepresentative sample, this study ignored the prices of generic substitutes, and, like earlier studies by the General Accounting Office, failed to account fully for volume discounts in the United States and relied on unweighted average price comparisons that are extremely sensitive to the particular products included in the sample.

² See Patricia M. Danzon, “The Uses and Abuses of International Price Comparisons,” *COMPETITIVE STRATEGIES IN THE PHARMACEUTICAL INDUSTRY* (Robert B. Helms, Editor), The AEI Press, 1996; John R. Graham and Beverly A. Robson, The Fraser Institute, *Prescription Drug Prices in Canada and the United States – Part 1: A Comparative Survey*, *PUBLIC POLICY SOURCES*, No. 42 (2000), pp. 3-5. See also Patricia M. Danzon and Jeong D. Kim, “International Price Comparisons for Pharmaceuticals: Measurement and Policy Issues,” *PharmacoEconomics*, 1998.

³ Patricia M. Danzon, “The Uses and Abuses of International Price Comparisons,” *COMPETITIVE STRATEGIES IN THE PHARMACEUTICAL INDUSTRY* (Robert B. Helms, Editor), The AEI Press, 1996.

Indeed, the study noted that, “if American consumers paid Canadian prices for generic drugs, they would pay higher prices than they do now.”⁴

The price comparison chart used to support H.R. 2427 for drugs sold in the U.S. and Germany appears to suffer from all of the criticisms discussed above.⁵ Drawing conclusions from a small and unrepresentative sample of drugs is problematic, and is illustrated by our attempt to replicate and update his analysis. Retrieving price data on the ten drugs used to support H.R. 2427, using similar sources of publicly available information, resulted in price differences substantially less than those reported by the proponents of H.R. 2427. For example, based on an April 2003 survey, the proponents’ survey found that the price of branded Cipro sold in the U.S. exceeded the price of branded Cipro sold in Germany by approximately 57 percent. However, Barr’s October 2003 survey found the price differential to be one-half of that reported, or approximately 28 percent. Closer inspection of proponents’ data also revealed the apples-to-oranges nature of those price comparisons. In particular, the proponent’s price comparisons ignore both tax differentials (Germany’s value-added tax equals 16 percent) and transportation costs (for a typical treatment, the cost of shipping Cipro from Germany to the United States is approximately \$28). Taking these costs into account, a consumer in the United States would spend more for Cipro purchased in Germany and shipped to the United States than he or she would spend per treatment on Cipro purchased through a local Costco pharmacy.

⁴ John R. Graham and Beverly A. Robson, The Fraser Institute, “Prescription Drug Prices in Canada and the United States – Part 1: A Comparative Survey,” PUBLIC POLICY SOURCES, No. 42 (2000), pp. 3-5.

⁵ Congressman Gil Gutknecht, “Pharmaceutical Drug Price Comparison,” <http://www.gil.house.gov/Issues/Drugs/pdrugschart2.htm> (Oct. 9, 2003).

The omission of generic substitutes is particularly problematic. For example, generic substitutes are available in the United States for six of the ten drugs reported in the price comparison chart used to support importation under H.R. 2427. Generic versions of these drugs have prices substantially less than those of the brand drugs sold in the United States. Moreover, generic versions of three drugs contained in the charts (i.e., Prozac, Tamoxifen, and Zestril) have prices less than those of their branded counterparts sold in Germany. Thus, by ignoring the presence of generic substitutes in the United States, advocates of H.R. 2427 exaggerated the potential cost savings to consumers from importation of foreign drugs and completely ignored the tax and transportation costs of imported drugs. Robust competition from generic firms makes most of the claimed savings available to purchasers of generic drugs under current U.S. law.

2. *Lower pharmaceutical prices in Canada and other countries relative to those in the United States have to do with price controls and other country regulations.* Prices in certain European countries are limited by one or more forms of regulatory control. Since Canadian law authorizes a review board to order a price reduction whenever the price of a drug exceeds the median of the prices in six European countries plus the United States, drug prices in Canada are effectively subject to price controls as well. Thus, proposals that *directly* limit U.S. prices to no more than prices established in Canada, or that accomplish this goal *indirectly* by lifting restrictions on importing drugs from outside the United States, in effect piggy-back price controls adopted elsewhere.
3. *If price controls and importation are authorized in the U.S., prices here will likely not decline substantially.* To the extent that importation “worked” to lower prices, the introduction of new drugs would be stifled as R&D costs would be perceived to be substantially at risk. The likely outcome is that prices abroad will rise, and producers

may choose to exit or avoid certain foreign markets altogether. By various estimates, the U.S. accounts for 33 to 40 percent of global pharmaceutical revenues. If drug prices in the U.S. are pegged to those observed elsewhere, drug manufacturers will raise prices in smaller, foreign markets to prevent triggering a reduction in price in the much larger U.S. market. If manufacturers are prevented from lowering price in another country as a result of local price controls, however, they may find it profitable to exit or avoid the country entirely. Consequently, sales abroad would be lost. Each sale abroad (even if below the U.S. price) contributes revenue that exceeds marginal production costs, so lost sales elsewhere imply that a greater share of manufacturers' fixed costs must be recovered through U.S. prices. Thus, instead of reducing drug prices, the proposed regulatory controls in the U.S. may actually have the *opposite* effect of *raising* the prices paid by domestic consumers.

4. *Countries with price controls typically see fewer generic alternatives to the brand than do countries without price controls. Thus, importation will have a chilling effect on generic competition in the U.S.* Following the Hatch-Waxman Act of 1984, entry of generic drug manufacturers in the U.S. has provided consumers access to significant cost savings. Under current law, the brand manufacturer is granted patent protection to provide an opportunity to recoup research and development costs. Patents prevent competition from generics for the life of the patent, which corresponds roughly to the first 10-12 years of the product's market life-cycle. However, as a result of the 180-day exclusivity provision in the Hatch-Waxman Act, generic manufacturers have the incentive to challenge efforts by the originator that have the effect of extending the physical and/or temporal scope of their patents. Indeed, there is a strong presumption that price competition between generic substitutes of patent-expired drugs is socially beneficial. Importation will only lessen the incentive generic manufacturers have to

challenge invalid patents and bring cost savings to consumers. Evidence for this position is found in a recent study of competition in pharmaceutical markets in seven countries.⁶ That study found that, while generic competition had a significant and downward effect on price in the U.S. and other countries relatively free of price controls, countries with strict price controls saw less generic competition and experienced either no effect or an upward effect on price. In the United States, generics enter at successively lower prices, and prices continue to decline as the number of generic competitors grows. Competition through volume discounts is an important generic strategy in the U.S. but is undermined by regulation in such other countries as Germany, France, and Italy.

Biogeneric Opportunities

In addition to opposing unrestricted importation of pharmaceuticals, there is one other area that Congress could consider, today, in its efforts to lower prescription drug costs. That would be to work to establish the regulatory pathways that would enable generic versions of expensive biologic products to come to market.

In 2003, biologic-based pharmaceutical products, of which there are 168 marketed products today, including monoclonal antibodies, human insulin, interferons, human growth hormones, accounted for more than \$21 billion in sales and are growing rapidly each year. Biologics represent a very significant driver of the increasing cost of prescription medicines.

By establishing a way for lower cost generic versions of these drugs to come to market, Congress would be building on the success of the Hatch/Waxman process that established the chemical-

⁶ See Patricia M. Danzon and Li-Wei Chao, "Does Regulation Drive Out Competition in Pharmaceutical Markets?," *Journal of Law and Economics*, 2000.

based generic pharmaceutical industry, and the hundreds of billions of dollars in savings it has created over the past 20 years.

Summary

Importation schemes that dismantle America's prescription drug safety net do a disservice to consumers. They attempt to provide a simplistic solution to the complex problem of drug pricing, without adequately recognizing the consequences of placing America's highly-regulated drug manufacturing, marketing and dispensing processes into a global free-for-all.

Saving money on prescription drugs is a critical issue. But it is short-sighted to suggest that the processes that protect American's from harm need to be dismantled based on a flawed analysis of the cost of prescription medicines in other countries. It is reckless to consider dismantling the safety net, and healthcare oversight process fundamental to American wellness, in the interest of a dubious reduction in prescription drug costs. It is reckless to import price controls that will alter the incentives that drive new drug development.

The answer to prescription drug costs will not be found outside America's borders. It will be found in removing obstacles to more access to generic medicines that already have FDA scrutiny, and already save consumers more than \$10 billion each year. It will be found by helping educate consumers about the lower costs of generic drugs and the safety and efficacy they offer. The answer to high drug costs will be found in eliminating the remaining federal barriers to the timely introduction of new generic drugs and to helping states resist questionable policy decisions that carve out expensive drugs from generic substitution without any science to support such action. And an answer to expensive bio-pharmaceuticals will be found in



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establishing the regulatory pathways that will open the door to generic competition for drugs costing tens of billions of dollars each year.

We encourage this task force to recommend that importation initiatives be abandoned in favor of immediate action to increase usage of more affordable generic medicines, and to increase the timely introduction of generic competition for traditional and bio-pharmaceutical products.

Thank you.

Retail Drug Price Comparisons

Generic substitutes are available in the United States for six of the ten drugs reported in Congressman Gutknecht's price comparison chart used in support of H.R. 2427. Generic versions of these drugs have prices substantially less than those of the brand drugs sold in the United States. Moreover, generic versions of three drugs contained in the charts (i.e., Prozac, Tamoxifen, and Zestril) have prices less than those of their branded counterparts sold in Germany.

	H.R. 2427 PROPONENTS		VALIDATION AND UPDATE ²			
	Brand		Brand			Generic
	U.S.	Germany	U.S.	Germany	Germany ⁴	U.S.
Cipro (10 tabs – 250 mg)	\$55.05	\$35.12	\$45.96	\$35.77	\$41.49	n.a.
Pravachol (50 tabs – 20 mg)	\$149.95	\$62.96	\$131.99	\$87.10	\$101.04	n.a.
Zocor (30 tabs – 10 mg)	\$89.95	\$41.20	\$70.67	\$41.97	\$48.69	n.a.
Zoloft (50 tabs – 50 mg)	\$132.95	\$82.52	\$118.97	\$84.05	\$97.50	n.a.
Coumadin (100 tabs – 5 mg)	\$89.95	\$21.00	\$74.29	\$20.81	\$24.14	\$27.09
Glucophage (30 tabs – 850 mg)	\$29.95	\$5.00	\$38.77	\$5.05	\$5.86	\$10.39
Prozac (20 tabs – 20 mg) ³	\$49.95	\$36.46	\$65.13	\$37.14	\$43.08	\$4.73
Synthroid (50 tabs – 50 mg)	\$21.95	\$4.00	\$14.86	\$4.08	\$4.73	\$10.66
Tamoxifen (60 tabs – 20 mg)	\$360.00	\$60.00	\$235.04	\$92.63	\$107.45	\$47.27
Zestril (100 tabs – 2.5 mg)	\$59.95	\$25.04	\$66.67	\$25.50	\$29.58	\$17.17

¹ Congressman Gil Gutknecht, "Pharmaceutical Drug Price Comparison," <http://www.gil.house.gov/Issues/Drugs/pdrugschart2.htm> (Oct. 9, 2003).

² German prices are per telephone conversations with pharmacy staff at the Metropolitan Pharmacy in the Munich Airport (Oct. 9-10, 2003). Prices exclude 16 percent value-added tax and transportation costs. German currency was converted to U.S. dollars at an exchange rate of 1 EUR = 1.1815 USD. U.S. prices are for prescriptions purchased from the Costco Online pharmacy (Oct. 10, 2003).

³ There does not appear to be a 24 mg dosage for Prozac, as identified on Congressman Gutknecht's chart. The FDA's Orange Book identifies only 10 mg, 20 mg, 40 mg, and 90 mg capsules for fluoxetine HCl. Figures in the table above are for the 20 mg dosage.

⁴ Adds Germany's value-added tax which equals 16 percent.

TABLE TWO
GENERIC RETAIL PRICE COMPARISONS

Generic drugs sold in the United States can have prices lower than those for brand name drugs sold in Germany.

	Generic Price	
	Germany	U.S.
Cipro (10 tabs – 250 mg)	\$15.67	n.a.
Pravachol (50 tabs – 20 mg)	n.a.	n.a.
Zocor (30 tabs – 10 mg)	\$13.44	n.a.
Zoloft (50 tabs – 50 mg)	n.a.	n.a.
Coumadin (100 tabs – 5 mg)	n.a.	\$27.09
Glucophage (30 tabs – 850 mg)	\$4.66	\$10.39
Prozac (20 tabs – 20 mg)	\$10.66	\$4.73
Synthroid (50 tabs – 50 mg)	n.a.	\$10.66
Tamoxifen (60 tabs – 20 mg)	\$61.75	\$47.27
Zestril (100 tabs – 2.5 mg)	\$20.80	\$17.17
Source: German prices are per telephone conversations with pharmacy staff at the Metropolitan Pharmacy in the Munich Airport (Oct. 9-10, 2003). Prices exclude 16 percent value-added tax and transportation costs. German currency was converted to U.S. dollars at an exchange rate of 1 EUR = 1.1815 USD. U.S. prices are for prescriptions purchased from the Costco Online pharmacy (Oct. 10, 2003).		