



AARP New York

Testimony

New York State Assembly Health Committee

Prescription Drug Marketing and Purchasing Reform

The Impact on Accessibility and Affordability

February 1, 2008

Assembly Hearing Room

250 Broadway, 19th Floor

New York, NY

Introduction

Good morning Assemblyman Gottfried and Assemblyman Cahill. My name is Lois Aronstein. I am state director of AARP New York, a membership organization with over 2.6 million members in New York State. With me today are both Bill Ferris, our AARP New York State Legislative Representative, and Mike Saxl, an attorney and a consultant to AARP on prescription drug issues.

Thank you for allowing AARP to speak to you today about AARP's views on the Assembly Prescription Drug Marketing and Purchasing Reform package.

First, AARP strongly supports the Assembly Rx Reform Package and would like to see it passed as soon as possible. We firmly believe that these prescription drug marketing and purchasing reforms will have a positive impact on New Yorkers' ability to access affordable prescription drugs.

The reforms, once enacted into law, will go a long way towards enabling New Yorkers to save money on their prescription drugs and see better health outcomes from their drug therapy. Furthermore, these reforms will go far to save precious taxpayer dollars.

Assembly Rx Marketing Package – a step in the right direction.

Authorizing New York State to pass laws that utilize its purchasing power to maximize rebates for existing state programs and save tax dollars is a proposal

that is long overdue. The legislation will save taxpayers money currently used to pay for existing government Rx programs and the savings could then be used to provide greater access for people who have limited or no prescription coverage. Buying in bulk is simple “must do” marketing reform that just makes sense. Why wouldn't the State of New York want to take full advantage of its massive buying power to benefit its citizens?

The issues of anti-detailing and Rx gift disclosures are also crucial to any market reform intended to help bring down the cost of prescription drugs.

When a pharmaceutical company uses prescriber data to identify its favored doctors and distribute lavish gifts to reward them for their loyalty, drug companies are clearly attempting to influence drug prescribing, rather than simply educating doctors. With this practice, drug companies are pushing newer, high-cost drugs when older, generic, less expensive drugs that are just as effective may be available.

A good deal of evidence supports the fact that the use of prescriber-identified prescription data by pharmaceutical companies results in prescribing practices that raise health care costs, promote irrational drug selection, threaten the professional integrity of the medical profession, compromise patient privacy, and increase the prevalence of harassing and invasive marketing practices.

Regarding prescription drug clinical trial legislation: AARP supports legislation requiring sponsors conducting clinical trials, where drugs are intended for consumption in New York State, to make this information more available to the public by disclosing study results on the New York State Department of Health's website. AARP strongly believes the posting should be timely and written in language that is understandable to the general public. AARP does not see a downside to bringing more transparency to clinical drug trials results.

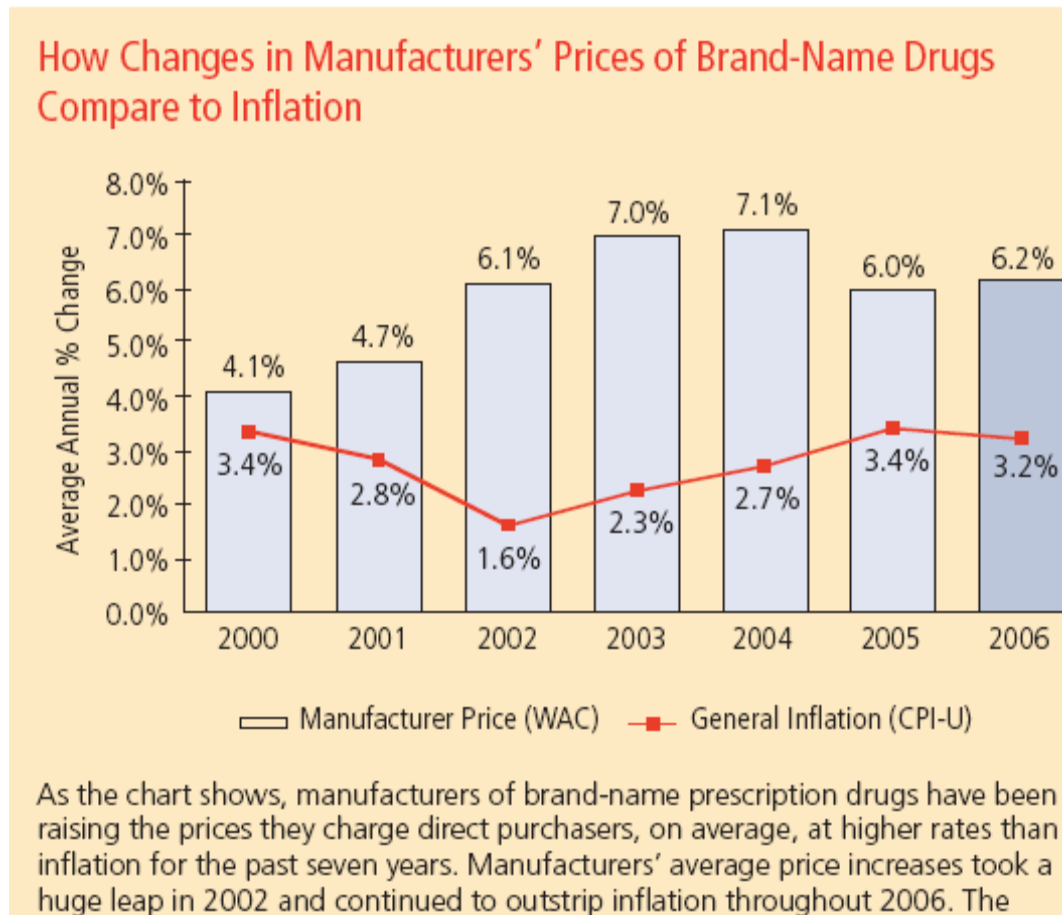
Why it is so important to pass the Assembly package - Rx prices and the impact on consumers' access and affordability

AARP is vitally concerned about the impact of rising drug prices and the measures that consumers take to combat these escalating drug prices.

AARP believes New York has a paramount interest in passing market reform legislation that addresses the undue influence pharmaceutical marketers have over prescribing decisions that affect consumers' pocket books, the quality of their healthcare, and *all* taxpayers who help fund public prescription drug programs, such as Medicaid and EPIC.

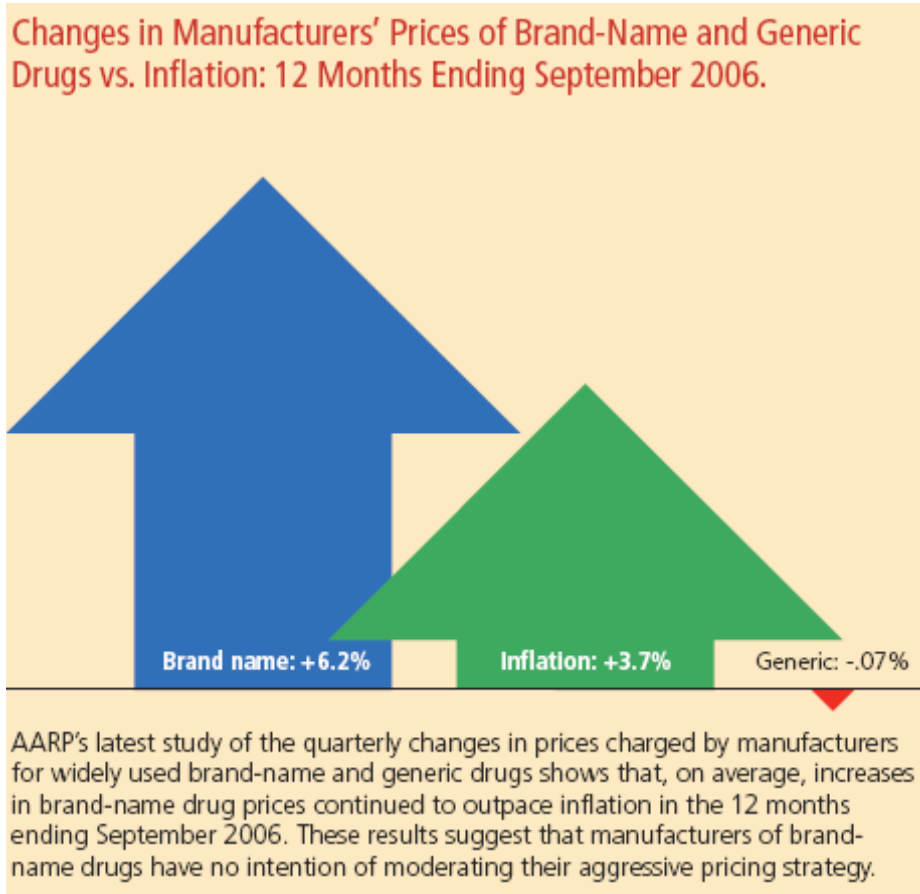
For several years, AARP has been tracking the price of prescription drugs through its national Watchdog Reports which reveal startling trends in the cost of prescription drug prices. According to our Rx Watchdog reports, for the past six

years, (see below graph) brand name prescription drug costs have been steadily rising at close to double and even triple the rate of inflation.



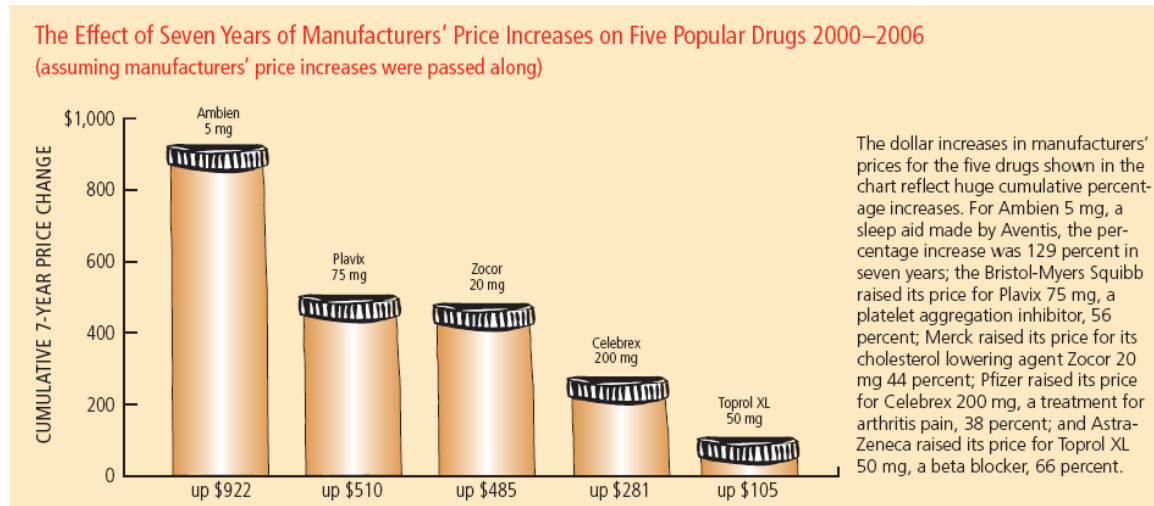
Most recently, the January /February 2007 report found that during the twelve months ending September 2006, the prices manufacturers charge wholesalers and other direct purchasers for 193 brand-name drugs widely used by older Americans increased, on average, by 6.2 percent, more than 1.5 times the inflation rate of 3.7 percent. However, during the same twelve-month period, wholesale list prices set by manufacturers for 75 generic drugs widely used by older Americans decreased, on average, by 0.7 percent. (See chart below) In

addition, the average price for a brand name drug in 2006 was \$111 and the average price for a generic was \$32.



Looking further into the prices of prescription drugs, the AARP Rx Watchdog report looked at the price increases of several commonly used drugs between 2000 and 2006 as shown in the following chart. As you can see, there is an enormous fluctuation in cumulative percentage increases. Ambien 5 mg, a sleep aid made by Aventis, increased by 129 percent in seven years; Bristol-Myers Squibb raised its price for Plavix 75 mg, a platelet aggregation inhibitor,

56 percent; Merck raised its price for its cholesterol lowering agent Zocor 20 mg 44 percent; Pfizer raised its price for Celebrex 200 mg, a treatment for arthritis pain, 38 percent; and Astra-Zeneca raised its price for Toprol XL 50 mg, a beta blocker, 66 percent.



Impact of the high cost of prescription drugs on New Yorkers.

The ever increasing cost of prescription drugs greatly impacts New Yorkers.

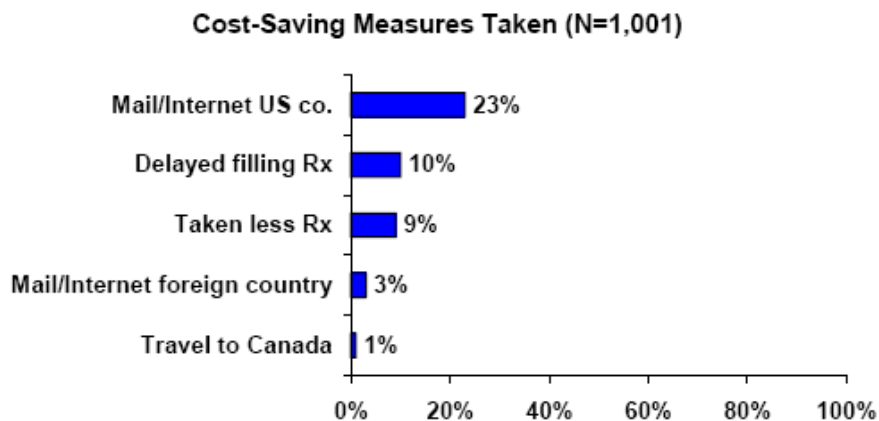
AARP surveys of our members and the general public, completed over the past three years, reveal great concern about the cost of prescription drugs and shine a spotlight on the drastic measures that New Yorkers are taking to cope with the high cost of prescription drugs, such as cutting pills or delaying filling a prescription.

In 2005, when AARP surveyed our New York State members, we found close to 65% of our members were concerned about paying for their prescription drugs.

When respondents were asked how they saved money (see graph below), 10% said they delayed taking their medication and another 10% said they take less of their prescribed drugs. For obvious health reasons, skipping doses and taking less of a prescription drug are practices that should be avoided at all costs.

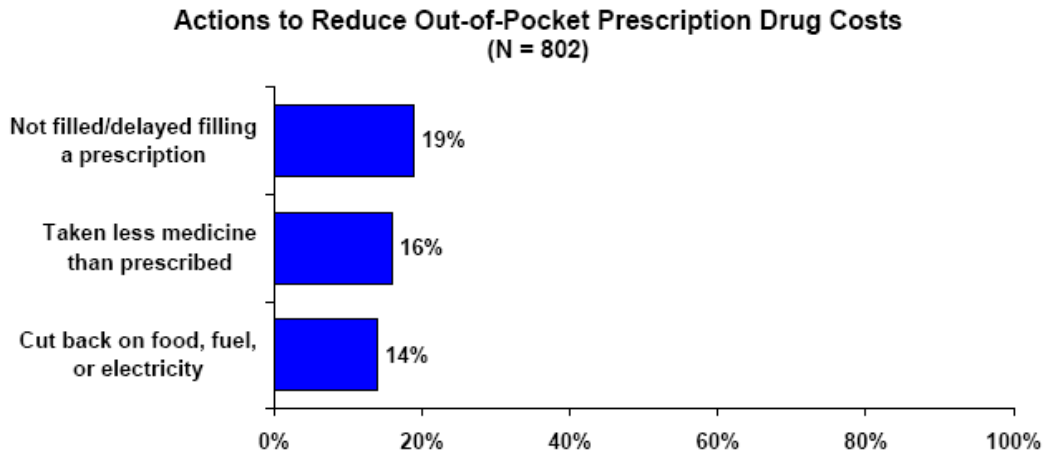
One in ten members have delayed filling a prescription in order to make it last longer, and a similar proportion have taken less medication than was prescribed.

In order to save money on their prescription drug costs, one in ten members have delayed filling a prescription and a similar proportion have taken less medicine than was prescribed. A quarter of members say they have ordered drugs through the mail or the Internet from a U.S. company (23%) or a company in another country (3%) in order to save money.



In a New York State survey of people 50-64 years old, released just this week, AARP found that 50% of this population is concerned about being able to afford their prescription drugs over the next two years. To save costs, (see graph below) close to 20% have either not filled or delayed taking a prescription, and 16% have used less of their medication for themselves or their children. These are very disturbing statistics from an age group that may not be eligible for either EPIC or Medicare Part D.

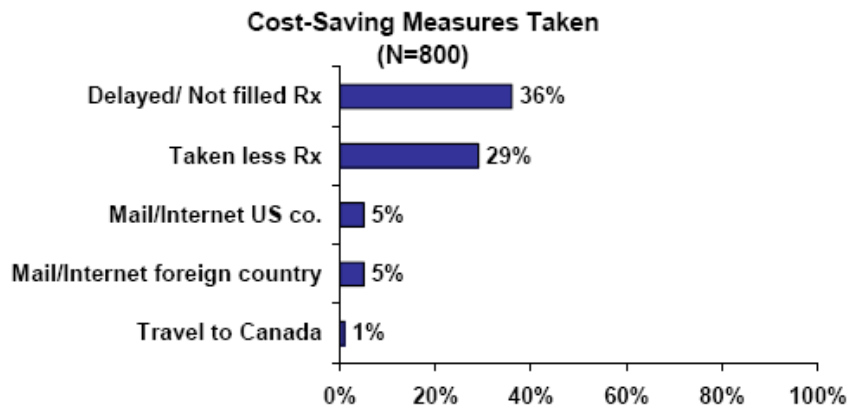
Many New York residents polled have taken serious steps to be able to afford their prescription drugs. Almost two in five have not filled or delayed filling a prescription. One in seven have cut back on necessities in order to afford their prescription drugs and one in six have taken less medicine than prescribed to make it last longer.



To understand the impact the high cost of prescription drugs has on particular ethnic groups, AARP surveyed the Hispanic population age 18+ in the five boroughs of New York City, Westchester County and on Long Island. Again, great concern was expressed regarding how people are dealing with high drug costs. 61% were concerned about the ability to afford their prescription drugs in the next two years. An astounding 36% of Hispanics surveyed delayed taking their medication and 30% took less medication than prescribed. (see graph below) Although we do not have specific numbers for the African American community in New York, national surveys conducted by AARP found that close to 30% of African Americans nationwide delayed filling a prescription and 30% took less of a prescription than prescribed.

More than one-third Hispanic New Yorkers have delayed or not filled a prescription because they could not afford it, and nearly as many have taken less medication than was prescribed to make it last longer.

Hispanic New Yorkers included in the survey were asked about the actions they have taken in order to save money on prescription costs: More than one-third say they have delayed or not filled a prescription because they could not afford it. Nearly as many have taken less medicine than was prescribed to make it last longer. Comparatively, very few Hispanic New Yorkers say they have ordered drugs through the mail or the Internet or traveled to Canada to purchase prescriptions in order to save money.



Clearly, New Yorkers are very concerned about the cost of prescription drugs and are taking drastic measures to cope with these high costs.

In addition, when asked, New Yorkers strongly support passage of legislation that would allow New York State to bulk purchase its prescription drugs and to require drug companies to report their gifts to doctors. Our AARP member survey found that close to 85% support both bulk buying and gift disclosure laws, and the Hispanic survey found close to 90% support bulk buying and 73% favor gift disclosure.

Conclusion

All the evidence presented here clearly demonstrates that prescription drug costs continue to rise and New Yorkers are taking drastic measures to deal with this disturbing trend.

Again, AARP strongly supports the Assembly Rx Reform Package as proposed and believes it will have a positive impact on New Yorkers' ability to access affordable prescription drugs.

In AARP's opinion, when a sales rep walks into a doctor's office armed with gifts, exact information on the drugs a doctor prescribes, and the potential for the doctor to make money, your constituents and our members may not always obtain the most effective and economic drug available.

I would like to close by reading an email passage from a drug company sales manager to his drug sales rep out in the field that was quoted in AARP's Amicus brief filed in United States Federal Court regarding the New Hampshire data mining court case.

"Our goal is 50 or more scripts per week for each territory.... If you are not achieving this goal, ask yourself if those doctors that you have such great relationships with are being fair to you. Hold them accountable for all of the time, samples, lunches, dinners, programs and past preceptorships that you have provided or paid for and get the business!! You can do it!"

Thank you again for your time and we would be happy to answer any questions.