

PRESS RELEASE

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Prescription Drug Costs Eating Even More Into Iowans Personal Budgets, Report Finds

Des Moines, Iowa —According to a report released by Iowa Citizen Action Network, the cost of prescription drugs has risen so sharply that the drug cost burden (the average share of income spent on prescription drugs) for Iowans increased by 55.9 percent from 1998-2002. That's a higher rate of increase than the national average, which rose by about 50 percent in the same period. The report introduces findings from a new study by the Health Reform Program (HRP) at the Boston University School of Public Health, "Poorer, Sicker States Face Much Heavier Prescription Drug Cost Burdens."

"The bottom line is people are spending more and more of their money on prescription drugs, and that doesn't have to be the case," said **Betty Ahrens**, co-executive director of Iowa Citizen Action Network (ICAN). "It's bad enough that Americans have to go to Canada to get cheaper drugs, but what does it say about our health care priorities when drug costs vary from state to state, and people in sicker and poorer states have to spend more of their income on their needed drugs?"

According to the HRP study, the drug cost burden is influenced by three factors: income, use, and drug prices. Increasing personal income would help, but is not easy to change. Cutting use is not an option, especially since high drug prices already prevent many people from taking the prescription drugs they need.

The new study concludes that the only realistic and sensible way to reduce these skyrocketing drug cost burdens is to lower drug prices. Doing so, argue the researchers, would spur a large rise in use of needed medications, because more people would be able to afford the drugs they need. And, Medicare, Medicaid and private insurance could expand coverage when prices are cut. Drug makers would then be able to recoup revenue lost to lower prices.

"Cutting drug prices is the only practical way to lower drug cost burdens and expand the use of needed medications," said **Dr. Alan Sager**, a director of the Health Reform Program.

Unfortunately, drug companies are not cutting prices. Instead, according to the ICAN report, America's top drug manufacturers have been accused of engaging in a price gouging scheme that has caused drug prices to soar. The report also found that in addition to marking-up drug prices, several of these manufacturers conspired to stave off congressional scrutiny of their pricing practices by creating a so-called "discount" drug card.

"Because I don't have prescription drug coverage, I spend an enormous amount of time and energy figuring out how and where to get my medications," said Janet Barnard, a Medicare participant living with multiple disabilities caused by a series of strokes in 1999. "I get some from the manufacturer, but that's never guaranteed. I get some through the community pharmacy

that I pay for. I sometimes go without because I can't afford a particular medication. And if this maze of decision making isn't bad enough, the prices keep going up and up but my fixed income doesn't."

The drug companies are capable of cutting their prices—and, in fact, do so for certain customers. ICAN urged Congress last year to pass a Medicare bill that would have required Medicare—not insurance companies—to be the primary negotiator with the drug companies. With the bargaining power of Medicare's 40 million beneficiaries, the program would have been able to negotiate substantial discounts. In fact, the Department of Veterans Affairs, which negotiates on behalf of far fewer people than Medicare would, currently saves the most on prescription drugs. For example, the VA gets one of the most popular drugs on the market, Protonix, for 30 percent of what it would cost with the lowest priced "discount" card.

ICAN is also advocating that the state of Iowa negotiate with pharmaceutical manufacturers on behalf of the most vulnerable Iowans. ICAN is looking to Maine, Illinois, and other states that have passed similar laws that provide state negotiated discounts to people without prescription drug coverage.

"The problem for so many people, including those with Medicare, is that drug prices are so high and keep going higher. We need to use the power of government to lower these prices and expand access. This report proves that there is a win-win solution available," said **Ahrens**. "The failures of the new Medicare law to actually lower prices demonstrate that without a strong negotiator working on behalf of patients, pharmaceutical manufactures will not actually lower their prices."

Next week, Iowa Citizen Action Network Education Foundation, the 501c(3) public education and research affiliate of Iowa Citizen Action Network, and Iowa for Health Care are sponsoring a public forum with Governor Tom Vilsack to expose the problems caused by the high cost of prescription drugs and to explore some solutions for lowering these costs. The forum will be held at Westminster Presbyterian Church in Des Moines on August 25 from 9:30 to 11:00 AM.

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* *ICAN* is Iowa's largest grass roots consumer and environmental watchdog organization, with over 14,000 individual members across the state. ICAN is also an alliance of community, religious, labor, senior, farm, environmental and civil rights organizations - a coalition that is working together to raise the living standards and improve the quality of life for all people in Iowa. www.iowacan.org