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Drug Pricing Analysis

Prescription Drug Prices for Uninsured Seniors in the U.S. Are Higher than Prices in Canada, Europe, and Japan

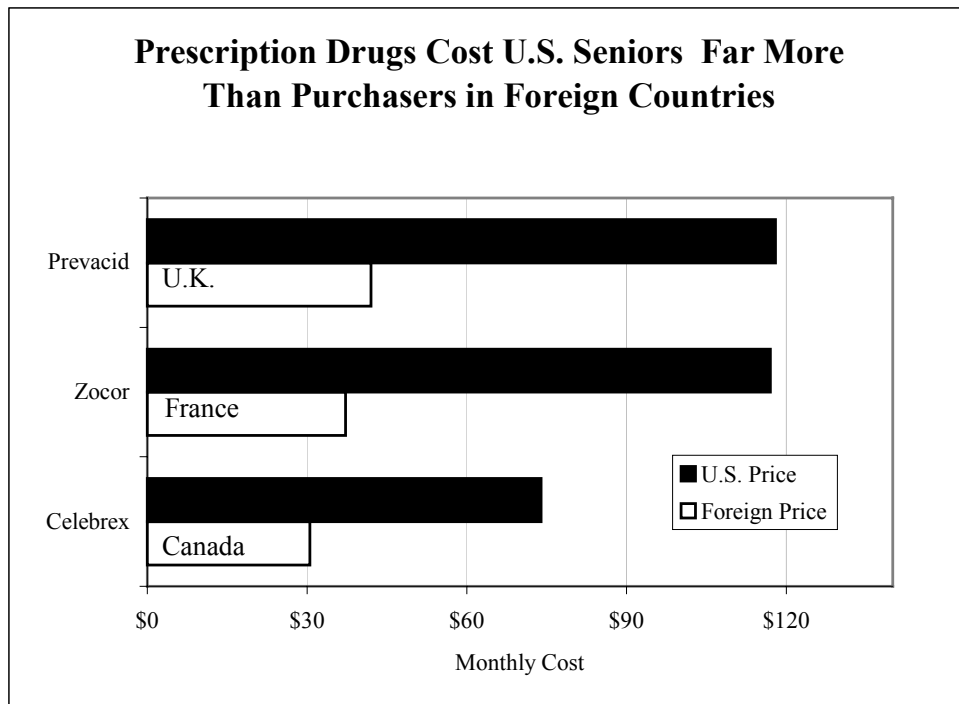
The high cost of prescription drugs poses a severe financial hardship for millions of senior citizens in the United States. Because Medicare does not cover the cost of prescription drugs, seniors must often spend thousands of dollars on prescription drugs each year, forcing many to skip the medications they need.

One of the root causes of high drug prices is price discrimination by drug manufacturers. The United States is the only developed country that does not protect its consumers from drug price discrimination. As a result, prescription drug prices for seniors without drug coverage in the United States are far higher than the prices charged in other developed nations.

This analysis by the Special Investigations Division of the minority staff of the Committee on Government Reform quantifies the extent of this price discrimination. It compares the prices paid by seniors in the United States for the five most popular brand-name prescription drugs used by seniors with the prices paid for the same drugs by purchasers in Canada, France, Germany, Italy, Japan, and the United Kingdom.¹ The five drugs are Prilosec (an ulcer and heartburn medication), Plavix (an anti-platelet medication used to reduce the risk of heart attack and stroke), Zocor (a cholesterol-reducing medication), Prevacid (an ulcer and heartburn medication), and Celebrex (an arthritis medication).²

The analysis finds:

- **Seniors in the United States pay far more for prescription drugs than purchasers in other countries.** Seniors in the United States who lack drug coverage must pay twice as much for the five most popular drugs as purchasers in many foreign countries. The prices for the five drugs for uninsured seniors in the United States are 131% higher than in the U.K., 112% higher than in Canada, and 105% higher than in France.
- **For some drugs, U.S. seniors pay well over twice the price paid by purchasers in other countries.** Zocor is a cholesterol medication manufactured by Pfizer. A monthly supply of this drug costs only \$37.20 in France, but a senior in the United States without drug coverage



must pay \$116.99, over three times as much. Similarly, a monthly supply of the ulcer medication Prevacid costs only \$42.00 in the U.K., compared to \$117.99 for uninsured U.S. seniors, almost three times as much.

- Price differentials are substantial in dollar terms.** All five of the medications analyzed in this report are used to treat chronic conditions and are taken for months or years at a time. As a result, uninsured U.S. seniors must spend hundreds of dollars more each year than foreign purchasers for each of the five drugs. An uninsured senior the United States will spend almost \$1,000 more than a purchaser in France for a one-year prescription of Zocor, over \$900 more than a purchaser in the U.K. for a one-year prescription of Prevacid; and over \$700 more than a purchaser in Canada for a one-year prescription of Prilosec.

The following table shows the prices for each of the five drugs in the United States compared to the average prices for the drug in Canada, Europe, and Japan.

Drug	Manufacturer	Quantity	Avg. Foreign Price (Monthly Supply)	U.S. Price (Monthly Supply)	Price Differential	
					Dollar	Percent
Prevacid	TAP Pharmaceuticals	30 mg, 30 tab.	\$56.69	\$117.99	\$61.30	108%
Prilosec	Astra/Zeneca	20 mg, 30 tab.	\$63.89	\$115.99	\$52.10	82%
Celebrex	Pfizer	200 mg, 30 tab	\$41.15	\$73.99	\$32.84	80%
Zocor	Pfizer	20 mg, 30 tab.	\$74.69	\$116.99	\$42.30	57%
Plavix	Bristol-MyersSquibb	75 mg, 30 tab	\$81.45	\$107.99	\$26.54	33%
Average					72%	

Endnotes

- ¹ Retail prices for prescription drugs in the U.S. were obtained from drugstore.com, a national internet pharmacy. Prices for prescription drugs in Canada, Europe, and Japan were determined via a survey of pharmacies in six countries: Canada, France, Germany, Italy, Japan, and the United Kingdom. At the request of the Special Investigations Division, pricing surveys were conducted by the Office of NAFTA and Inter-American Affairs and the Office of the Foreign Commercial Service of the U.S. Department of Commerce in May 2003. All prices were obtained in local currency and converted to U.S. dollars using commercially available exchange rates in effect at the time of the survey. Because prices at drugstore.com are generally up to 10% lower than prices at local pharmacies, the actual prices paid by U.S. seniors are likely to be even higher than those in this analysis.
- ² Pharmaceutical Assistance Contract for the Elderly, Pennsylvania Department of Aging, *Top 50 NDCs by Expenditure and Claims Volume for Period January 1– December 31, 2002* (May 2003).