



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

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Office of Legislative Oversight
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West Tower Center Tower
Room 3028
New York, New York 10047

PERSONAL

April 18, 1977

Mr. Don Hewitt
Sixty Minutes
524 West 57 Street
New York, NY 10019

Dear Don:

For over twenty years the prescription drug industry has successfully kept from the public the fact that there is no medical difference between drugs prescribed generically and drugs prescribed using their trade name. The result has been a multi-billion (sic) windfall profit for the drug industry. Their success is due to their cozy relationship with politicians and doctors.

This is not a new story. What is new is that we are about to unwind it here in New York and, if a camera comes in, it will be able to see the hidden forces at work. And that is new, too.

Key to the solution is a list of safe and effective drugs which everyone claims does not exist. It does. It is contained within two small cardboard boxes, sitting atop a file cabinet within the Food and Drug Administration. Inside are five-by-seven handwritten cards. Whenever there is a check alongside a drug and a company, it is deemed safe and

effective as produced by that company. That little red check is the final step of one of the most sophisticated technological processes anywhere in the world. Keeping that list from public view is worth billions to the drug companies. The men who compile and keep that list want it out.

One of the keepers is a laconic Jewish New Englander who wears a Carter-type sweater with a hole in the elbow. His boss is a cantankerous doctor who quit as head of the new drug division of the FDA because he couldn't go along with Nixon. Under Congressional mandate, they have tested every drug now in use in America for both safety and effectiveness. When the military gets a low bid on a drug, they come to the cardboard box to look up the drug, and, if the company has a red-check by its name, that means the drug is okay for generals, privates, presidents and congressmen. If this list were in the public domain, it would undercut the arguments of the drug companies.

The FDA has done just about everything possible to stop these men. Their office is a hole in the wall, their staff has been cut to twenty-nine people, their xerox machine has been removed. But they are bureaucrats who know how to make the system work. One phone call to their technological center in St. Louis turns loose a massive investigative capacity.

I don't fully understand the reasoning preventing the list from being made public, but the two men have agreed to help me put the list together, from their sources, and they, in turn, will certify it for me. It is a massive job; we have

pharmacists, unionists, college kids and others at work. When it is done, it will be institutionalized as the State Formulary...that is if the lobbyists, who are quietly and effectively at work, don't block our work.

We are planning a drug hearing on the question "Are Generics Safe" for April 28, at which we will have the keepers of the list, plus others, tell how they have successfully used generics for years. As you may know, there is a several tier pricing system; municipalities get one price, hospitals another, government another, and, now the poor, due to medical restrictions, get a low price. The only one out in the cold is the working poor and middle-income consumer, who could buy generically if he understood how the system worked.

We are also attacking on several other fronts. We have an experiment going under which the local pharmacist can use the state contract prices for his medical drugs; the drug companies are up in arms over this experiment (a unique legislative-executive pre-legislative joint effort). We are also going to computerize all the prices people pay for drugs and make a computer list of drugs by generic use (those who use generics successfully).

There are a hundred little stories here; so many, in fact, that you don't know where to start or stop. The drug companies got laws passed in every state to keep the pharmacist from advertising and from substituting the lower priced generic for a trade name; they spend \$5,000 a year per physician to brainwash doctors about trade name drugs; Bill

Lilly has a campaign going which the FDA says is designed to frighten people away from using generics...but the major drug companies use the smaller generic houses to produce for them. The American Medical Association once supported generic prescribing while banning drug ads from their journal; they changed both of these policies simultaneously and the drug ads were soon financing most of the AMA activities.

Senator Kefauver started the fight; Kennedy and Nelson kept it alive. I've been at it for a number of years and did succeed in finding the documents (as a Tribune reporter) which led to a \$200,000,000 (sic) fine against the drug company for rigging prices and serving as a cartel. On this drug, tetracycline, I have heard the head of a medical association in Colombia tell me that he could not prescribe tetracycline because of price and, as a result, children died. The president of Colombia, who said he would rather lose his office than the fight against the drug companies, told me how he arranged to have McKesson-Robbins produce generics in his country and what happened then. Tommy the Cork, who was both the counsel to the PMA and a State Department representative on the issue, let it be known that Colombia would lose its foreign aid if they continued to produce generically.

In New York, we are on the verge of doing something. The opposition is out in force, very clever, very sophisticated, very powerful, very political. At this precise moment, they have stymied the legislation, the hearings and the program. But we are moving it off dead center. I can't see (but know)

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the "enemy" but they are there using the tools of the trade. I think you cameras can find them at work.

My office is rather unusual. It has the derivative power of all the committees. The secret is the subpoena. We are into natural gas, coffee, Arab boycott, banks, commercial bribery, AT & T, organized crime, etc. We do it with mirrors and volunteers. Everytime they cut my budget, I get another bored Wall Street lawyer to work for me for free. When the office was first announced, and I had a head-on with Rockefeller's lawyers over access to the records of his administration (I wanted to review every administrative and legislative tax change over the last twenty years), the Republicans formed a secret committee to monitor my activities (discovered by an Albany reporter): four months later, the Democrats established a counsel to monitor my operations. It is that kind of office. Our goals are institutional and legislative changes, generally along a populist line.

On this issue, I think we are on the verge of doing something. If we can show that generics are safe and then institutionalize the formula into state law and practice, we will have cut the legs from under the drug companies.

There are two fights here. The up front one we are waging with hearings. And the hidden world of the lobbyists working with susceptible legislators to cripple the public efforts.

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Sorry this is so long. Let me know what you think
Thanks for listening.

Sincerely,

Bill

William F. Haddad

P.S. Enclosing an article to indicate how long this has
been going on.