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The Drug Price Scandal

Drug, n . . . 1. Any substance used as a medicine, or in making medicines, for internal or external use . . . 2. Any commodity that lies on hand, or is not salable; an article of slow sale, or in no demand; as a drug on (or in) the market . . .
—*Webster's New International Dictionary*

* * *

That second definition may seem quaintly amusing to the affluent drug manufacturers of the U. S. But none of the many Americans victimized each day by their pernicious price-gouging and profiteering will find it funny.

New chapters in the sordid story are unfolding before the monopoly subcommittee of the Senate's Select Committee on Small Business. The lead-off witness was William F. Haddad, president of New York's Committee for Metropolitan Affairs and former New York Post reporter, who cited—among many other horrible examples—the price differentials between "Dexidrine" and "dextroamphetamine sulfate."

There is no chemical difference between them. "Dexidrine" is merely a fancy trade name for the drug. The city of Atlanta, Ga., buys Dexidrine and is charged $22.60 for 1,000 tablets. The price in Boston is $20.21.

But New York City buys dextroamphetamine sulfate at only 57 cents.

When confronted with such damning disclosures the drug industry invariably offers an overdose of tranquilizing statements. Even before Haddad had finished testifying, the Pharmaceutical Manufacturers Assn. was passing out a printed "reply" attacking his competence, bemoaning "ridiculous characterizations," hailing "dedicated scientists" and citing expenditures of $1,000,000 a day on research.

But any explanation of why it costs Atlanta $22.03 more than New York for the same amount of the same drug was, of course, lacking.

* *

The drugmakers' depredations are so unconscionable that both the Veterans Administration and the Dept. of Health, Education and Welfare have been urged to stop prescribing drugs by brand names. In fiscal 1966, these agencies spent $121,000,000 for drugs. Controller-General Staats, the government's chief auditor, expects drug bills to drop substantially as the agencies switch over to purchases of drugs by their generic names.

With federal executive agencies moving to curb these abuses, there is no excuse for futher delay by the legislative branch.

WHAT U.S. CITIES PAY FOR DRUGS

Standard Strengths and Quantities	New York	Atlanta	Miami	Portland, Ore.	Fr
Meprobamate (Sedative)	$9.45	$31.20	$10.70	$20.00	$
Chloramphenicol (Antibiotic)	6.73	21.00	15.75	25.50	
Phenazopyridine Hydrochloride (Analgesic)	4.80	48.00	39.73	NO PURC	
Dextroamphetamine Sulfate (Appetite suppressant)	.57	22.60	19.43	5.06	

New

May 15, 1967

Statement: Haddad, for Citizens Committee for Metropolitan Affairs
before SenateSelect Small Business Committee on Monopoly

Survey conducted in conjunction with NY City drug purchasers;
Cities around country paying drastically different prices,
with NY City generally paying lowest price
Explanation- four years previous, surveyshowed NYC paying 5X
what Federal Govt paying...front page NY Times story;
City revises purchasing policies, imitates feds and mili-
tary begins buying genetically ;NYS agrees to try same,
does not.
Consequently- in 1967 city paying possibly least all of US, short
of militrary and feds. By 1967, ¢ of total $10 M spent
on preseription drugs, lees than $1,000 for trade name
drugs also available generically.
State "arrogant refusals" except for determination and persistenc
of Arthur Leyitt.

Comparison, across NY State, of prices paid by consumers in
diffeeent localities
generic compared to trade.
trade drugs compared to itself, variation geographically;

Five year retsrospective on price trends, generic compared to trad
geserics steadily declinging;
trade name drugs remaining stationary in price.

Washington Post Dec 30, 1968

6 Prescription Drugs Barred

By Morton Mintz
Washington Post Staff Writer

In the most far-reaching action of its kind, the Food and Drug Administration has ruled that six antibiotic-containing prescription drugs are worthless in the medical conditions for which they are recommended and will take them off the market.

The action, based on a review of the combination products by an expert panel of the prestigious National Academy of Sciences-National Research Council, is certain to send shock waves through the medical profession.

One reason is that the action revives and emphasizes a long-standing complaint of medical scientists that most use of drugs that combine ingredients in fixed ratios is "irrational" and "shotgun therapy." Despite this complaint, doctors for years have prescribed more combination drugs than any other basic category.

The drugs at issue have been prescribed for millions since they were put on the market during the last decade. Each is made by a leading manufacturer. Some have been lavishly promoted.

In recent months, for example, several issues of the weekly Journal of the American Medical Association have carried full-page ads for one of the challenged combinations, the Upjohn Co.'s Panalba. Last year, this drug was among the 200 most often prescribed in the United States.

Others Condemned

The other combinations condemned as ineffective for the conditions specified in the labeling are E. R. Squibb & Sons' Mysteclin-F, Lederle Laboratories' Achromycin Nasal Suspension and three signifi- [illegible]

All were among the drugs placed on the market in the quarter-century ended in 1962, when a manufacturer had to provide substantial evidence only that a medicine was safe, not that it worked.

But all of this was changed with the 1962 Kefauver-Harris Amendments to the drug law. These required manufacturers to demonstrate that their products fulfilled the claims made for them.

17,000 Involved

To review the efficacy of a total of 2824 pre-1962 formulations that still were being sold, the FDA made a contract in 1966 with the National Academy. Counting multiple dosage forms and brand names, an estimated 17,000 separate products were involved. The FDA still is in the process of evaluating and acting upon most of the findings of the review panels.

The agency plans to halt the sale of the six antibiotic-containing combinations by refusing to certify them as safe and effective. Without certification no antibiotic can be sold. However, the FDA will accept comments on its proposal until Jan. 22.

In summary, this is what National Academy panels on anti-infective drugs said about the six combinations:

Panalba (and the similar Albamycin-T Capsules and Albamycin-T Flavored Granules for Suspension) combines forms of two antibiotics, tetracycline and novobiocin.

Essentially, the purported advantages of a combination such as Panalba are that it is effective against certain infections that resist other an[illegible] [illegible] other effective agents such as penicillin.

The panel said these claims are backed by "no properly controlled studies"—only by inadequate reports on "a few patients." Concluding that a combination such as Panalba "has no place in rational therapeutics," the panel said:

- The drug is "hazardous" to persons sensitive to one or the other of its antibiotic ingredients.
- Either ingredient yields benefits equal to those of the combination, and in any case the amount of novobiocin is therapeutically "inadequate."
- If one antibiotic suffices, it "does not seem rational to expose the patient to the potential hazards" of two.

Mysteclin-F (tetracycline and amphotericin B) has been promoted under a [illegible] by the manufacturer, [illegible], that it is desirable to provide simultaneous treatment of a broad range of infections and prevention of fungal diseases caused by what are known as monilia organisms.

A panel said it is "not aware of evidence of clinical efficacy" of Mysteclin-F in preventing the fungal disorders, and that it is "preferable" not to use antifungal drugs "routinely or prophylactically" against an uncommon" [illegible].

Achromycin Nasal Suspension (tetracycline, hydrocortisone and phenylephrine) is claimed to be useful as a nasal decongestant and in relieving symptoms of [illegible] and inflammation.