

Congress of the United States

Washington, DC 20515

If your seniors rely on Canada or Mexico for discount drugs, you should vote against the Thomas TPA bill

November 13, 2001

Dear Colleague:

Many American seniors travel to Canada or Mexico in order to buy less expensive prescription drugs. You should be aware that the **Thomas Trade Promotion bill (H.R. 3005)** could deny them this source of cheaper drugs by employing trade policy to force trading partners to raise prices on prescription drugs.

On July 11 of this year, the House approved the Gutknecht amendment to permit Americans to import prescription drugs from G-8 countries for personal use. Last year, the House passed the Crowley amendment to authorize re-importation of prescription drugs. Both of these measures, which passed by strong bipartisan majorities (324-101 and 363-12, respectively), would give Americans access to lower prices for medicines. And both could be rendered meaningless by section 2(b)(7)(D) of the Thomas bill.

Prescription drugs are on average 37 percent less expensive in Canada and 102 percent less expensive in Mexico (for drugs commonly used by seniors), because their governments use effective cost-containment tools to prevent runaway drug price inflation. Like most other developed countries, Canada uses a "reference pricing" system. For "breakthrough" drugs, launch prices cannot exceed the median of the prices of the drugs in other industrialized countries. For marginally different ("me-too") drugs, the price cannot exceed the maximum of other drugs to treat the same diseases. Prices are allowed to rise, but indexed to inflation (by contrast, inflation on top pharmaceuticals in the U.S. is double or triple the overall Consumer Price Index). Mexico employs tools like price controls to prevent price gouging by manufacturers.

The Thomas bill seeks to terminate price discount systems like Canada's and Mexico's. Section 2(b)(7)(D) of H.R. 3005 sets as a principal negotiating objective: *"to achieve the elimination of government measures such as price controls and reference pricing which deny full market access for United States products."* This provision has nothing to do with access; as long as a country doesn't discriminate based on national origin, U.S. companies are free to market their drugs in that country. This isn't a trade objective, it's a greed objective for the U.S. pharmaceutical industry.

Simply put, the Thomas bill would make drug importation meaningless by eliminating a solution that many Members have promised their seniors as an answer to high domestic drug prices. If successful, section 2(b)(7)(D) would allow U.S. manufacturers to charge in Canada or elsewhere what they charge to uninsured seniors here. It wouldn't make drugs more affordable in the U.S., it would make them more expensive over the border. Re-importation would become non-existent for those American seniors who depend on it, or hope to use it, to afford their medicines.

Congress endorsed free trade in prescription drugs by voting for re-importation. If you voted for the Gutknecht or Crowley amendments, we hope you'll agree that this license for price gouging has no place in a fast-track TPA bill that purports to promote free trade.

Sincerely,



Tom Allen
Member of Congress, Maine



Lloyd Doggett
Member of Congress, Texas