

July 2006



Paying the Price

**The High Cost of
Prescription Drugs for
Uninsured Californians**

CALPIRG
Education Fund

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Written by Paul Brown, Consumer Advocate with CALPIRG Education Fund.

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For a copy of this report, visit our website or send a check for \$20 made payable to CALPIRG Education Fund at the following address:

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EXECUTIVE SUMMARY

Millions of uninsured and underinsured Americans struggle to afford the medicines they need, even forgoing medically necessary drugs when prices are out of reach. When discussing the high cost of prescription drugs, politicians often focus on the financial burden carried by senior citizens. Unfortunately, as this report shows, high prescription drug prices are a problem for Americans of all ages, particularly for the uninsured.

Today, nearly 46 million Americans under the age of 65 lack health insurance, and millions more with insurance lack prescription drug coverage. Young adults from 19 to 34 years old are the fastest growing group of uninsured, accounting for 40 percent of the total.

At the same time, prescription drug prices are skyrocketing in the United States, rising much faster than the rate of inflation. In 2005, Americans spent \$252 billion on prescription drugs.

The federal government uses its buying power to negotiate lower prices for the drugs it purchases for its beneficiaries, such as veterans, government employees and retirees. Uninsured consumers, with no one to negotiate on their behalf, pay full price for their medications—if they are able to afford them at all.

During the spring of 2006, researchers from the state Public Interest Research Groups (PIRGs) posed as uninsured customers and surveyed by phone hundreds of pharmacies in 35 cities across the country to determine how much uninsured consumers are paying for 10 prescription drugs commonly used by adults under age 65. We then compared

these prices with the prices the pharmaceutical companies charge the federal government; with prices at a Canadian pharmacy; and with the results of a similar survey we completed in 2004. Key findings include:

LOS ANGELES FINDINGS

- Uninsured residents of Los Angeles pay 65 percent more than what the federal government pays for the same drugs, ranking the city 6th out of the 35 cities we surveyed.
- An uninsured Los Angeles resident taking Zithromax for an infection has to pay 66 percent more for his or her prescription than what the federal government pays for the same medication. This is more than any other city we surveyed.
- The uninsured in Los Angeles pay more than twice as much for their medication at local drug stores as they would pay at a Canadian pharmacy.

SACRAMENTO FINDINGS

- Uninsured residents of Sacramento pay almost 69 percent more than what the federal government pays for the same drugs, ranking the city 2nd out of the 35 cities we surveyed.
- An uninsured Sacramento resident taking Synthroid for a chronic thyroid condition pays three times what the federal government pays for the same drug. The average price of Synthroid, as well as the sleeping aid Ambien, was higher in

Sacramento than in any other city we surveyed.

- The uninsured in Sacramento pay more than twice as much for their medication at local drug stores as they would pay at a Canadian pharmacy.

SAN DIEGO FINDINGS

- Uninsured residents of San Diego pay 60 percent more than what the federal government pays for the same drugs, ranking the city 19th out of the 35 cities we surveyed.

- An uninsured San Diego resident taking Singulair for asthma or allergies pays 94 percent more for his or her medication than what the federal government pays for the same drug—almost twice the price. The average price of Singulair in San Diego was the 2nd highest among the cities we surveyed.

- The uninsured in San Diego pay almost twice as much for their medication at local drug stores as they would pay at a Canadian pharmacy.

SAN FRANCISCO FINDINGS

- Uninsured residents of San Francisco pay 68 percent more than what the federal government pays for the same drugs, ranking the city 3rd out of the 35 cities we surveyed.

- Three drugs—the anxiety drug Lexapro, the cholesterol drug Lipitor, and the blood pressure drug Norvasc—cost more in San Francisco than in almost every other city we surveyed. The uninsured in San Francisco pay the third highest prices for these drugs.

- An uninsured San Francisco resident taking Synthroid for a chronic thyroid condition has to pay 186 percent more for his or her prescription than what the federal government pays for the same medication—almost three times the price.

- The uninsured in San Francisco pay more than twice as much for their medication at local drug stores as they would pay at a Canadian pharmacy.

NATIONAL FINDINGS

- Uninsured Americans pay 60 percent more on average than what the federal government pays for the prescription drugs we surveyed.

- Regionally, uninsured consumers in the Northeast pay the highest prices for the 10 drugs we surveyed, followed by the West, South, and Midwest. Among the cities we surveyed, the uninsured in Boston, Sacramento, San Francisco, and Hartford (CT) pay the highest prices; Des Moines has the lowest prices among the cities we surveyed, but uninsured Des Moines residents still pay 46 percent more than the federal government for the same drugs.

- Uninsured Americans pay twice as much for drugs purchased at local pharmacies as they would pay if they purchased the same drugs from a Canadian pharmacy.

- Compared with our 2004 survey, the cost of the nine prescription drugs we surveyed increased by 11 percent, 81 percent faster than the general rate of inflation between 2004 and 2006.

RECOMMENDATIONS

The state PIRGs support the following common sense solutions to the problem of overpriced prescription drugs.

Increase the Availability of Generic Drugs.

Lower-cost generic drugs could save Medicare, Medicaid and consumers billions of dollars. The state PIRGs support increasing the Food and Drug Administration's budget devoted to approving generic drug applications in order to ease the substantial backlog. We also support closing loopholes that allow drug makers to hold on to their patents and slow the introduction of generic drugs to the market.

Establish Prescription Drug-Buying Pools.

The state PIRGs support creating prescription drug-buying pools at the state and multi-state level to allow individuals, businesses and the government to use their combined buying power to negotiate lower drug prices.

Limit Drug Makers' Marketing Tactics.

Drug makers' marketing tactics encourage doctors and consumers to request the newest and more expensive medication, regardless of proof about its superiority to the older, less expensive drug. The state PIRGs support limiting direct-to-consumer advertising, restricting marketing to doctors, and placing strict monetary limits or outright bans on gifts from drug makers to doctors.

End Secret Deals with Drug Makers.

The state PIRGs support efforts to increase transparency and accountability for Pharmacy Benefit Managers (PBMs), which negotiate deals with drug makers on behalf of insurers, state health programs, and large businesses. These deals are shrouded in secrecy and have led to lawsuits alleging that PBMs fail to act in their clients' best fiduciary interest.

Legalize Prescription Drug Importation.

The state PIRGs support legalizing prescription drug importation as an interim solution for the millions of uninsured consumers who cannot afford to purchase their medications in the United States.

BACKGROUND: THE HIGH COST OF PRESCRIPTION DRUGS

Millions of uninsured and underinsured Americans struggle to afford the medicines they need, even forgoing medically necessary drugs when prices are out of reach.

Today, nearly 46 million Americans under the age of 65 have no health insurance, nearly 16 percent of our population.¹ Young adults from 19 to 34 years old are the fastest growing group of uninsured,² accounting for 40 percent of the uninsured.³

Moreover, millions of other Americans are underinsured with policies that lack prescription drug coverage or require high deductibles and co-payments. Many employers are cutting back health insurance coverage and shifting costs to workers.⁴

The federal government uses its buying power to negotiate lower prices for the drugs it purchases for its beneficiaries, such as veterans, government employees and retirees. Uninsured consumers, with no one to negotiate on their behalf, pay full price for their medications—if they are able to afford them at all.

People without health insurance or prescription drug coverage often do not take recommended dosages of their medications. According to one study, nearly 60 percent of uninsured people skipped taking dosages of their medication or went without it because it cost too much.⁵

Another study showed that if health insurance companies lowered their co-payments for one type of cholesterol-

lowering medication, patients would avoid nearly 80,000 hospitalizations and more than 31,000 emergency room visits each year, which would save more than \$1 billion in health care costs.⁶ Providing prescription drug coverage for the uninsured would provide even greater savings.

PRESCRIPTION DRUG PRICES ARE RISING

In 2005, U.S. consumers spent \$251.8 billion on prescription drugs,⁷ nearly \$50 billion more than we paid in 2003⁸ even though actual sales have been flat. The average yearly growth in spending on prescription drugs is expected to be more than eight percent over the next 10 years.⁹

The primary reason for this increase in spending is skyrocketing prices. AARP found that prices charged by drug makers for brand-name pharmaceuticals jumped 3.9 percent in the first quarter of 2006, four times the general inflation rate and the largest quarterly price increase in six years.¹⁰ Similarly, a 2004 report by Families USA found that the average wholesale price of 28 of the top 30 brand-name drugs rose by two or more times the rate of inflation from January 2003 to January 2004. Twenty-one (21) of those drugs rose in price by three or more times the rate of inflation, and almost half (14) rose by more than five times the rate of inflation.¹¹

Several factors contribute to the high cost of prescription drugs, as detailed below.

MARKETING AND ADMINISTRATIVE COSTS

Drug makers often argue that prescription drugs are expensive because of the high cost of research and development (R&D) for new drugs. In fact, drug manufacturers spend twice as much on marketing and administration than they do on R&D, according to Dr. Marcia Angell in her book, *The Truth about the Drug Companies*.¹²

Many new drugs have little therapeutic advantage over ones currently on the market; rather, they are so-called “me too” drugs.¹³ Drug makers may copy another company’s successful drug in an effort to capture part of a lucrative market. Drug makers also may replace an older drug that is about to lose patent protection with a slightly modified drug that is not necessarily better but is patent-protected. For example, AstraZeneca replaced its blockbuster heartburn drug Prilosec with Nexium right before Prilosec was to go off patent protection.¹⁴

In addition, the government pays for major portions of the pharmaceutical industry’s R&D costs through research, subsidies and tax breaks. For example, the National Cancer Institute (NCI) conducted much of the research done for a new vaccine to prevent cervical cancers.¹⁵ Merck and GlaxoSmithKline based their vaccines partially on NCI’s work. Drug makers also can deduct their R&D costs from their taxes and enjoy other tax breaks. Overall, the drug industry pays about 40 percent less in taxes than the average for all other industries.¹⁶

LOOPHOLES AND BUDGET CONSTRAINTS DELAY GENERIC COMPETITION

Patents are scheduled to expire on 75 brand name drugs in the next two years; generic versions of these drugs could save

consumers and health plans more than \$26.4 billion.¹⁷

Unfortunately, drug makers are working to exploit loopholes in patent laws to delay generic drug competition. The Pharmaceutical Care Management Association recently accused the brand-name drug industry of aggressively working to prevent cheaper generic drugs from reaching the market.¹⁸

Brand name drug makers delay competition from generic manufacturers by filing lawsuits to extend their drug patents, which already last 20 years. These lawsuits add years to the brand name drug’s exclusive and lucrative hold on the market, which means consumers pay more for drugs than they otherwise would.

Brand name drug makers even have paid generic manufacturers to drop patent challenges.¹⁹ In the late 1990s, the Federal Trade Commission (FTC) intervened to stop this practice. Unfortunately, in 2005 the 11th Circuit Court of Appeals said that the FTC had overstepped its authority, and brand name manufacturers once again can pay generic companies to delay sale of cheaper generic drugs. The FTC is appealing to the Supreme Court.²⁰

In the meantime, the FTC is investigating other evidence that brand name drug makers are stifling competition. The FTC plans to issue 190 subpoenas to 80 brand name manufacturers to investigate whether “brand-name generics” have curtailed or stopped real generics from reaching the market.²¹

In addition, the Food and Drug Administration (FDA) has a backlog of 800 generic drug applications.²² The Generic Pharmaceuticals Association (GPhA) calculates that FDA’s Office of Generic Drugs is under-funded by \$15 million.²³ In

June 2006, a Senate committee proposed a \$10 million budget increase for the Office of Generic Drugs, pending congressional approval. For its part, FDA wants generic drug manufacturers to pay user-fees as a way to increase funding for agency. GPhA opposes user-fees but agrees that increased funding is needed.

Even when generic drugs get approved, some drug manufacturers keep them off the pharmacy shelves by manipulating the market. For example, Wyeth-Ayerst controls almost the entire market for Premarin, an estrogen replacement therapy drug.²⁴ Duramed developed a competing drug, Cenestrin. Duramed alleges, however, that Wyeth is negotiating exclusive contracts with large pharmacy benefit management companies, giving Wyeth a de facto monopoly. Duramed also alleges that after completing the contracts, Wyeth significantly raised the price of Premarin.²⁵

DRIVING UP DEMAND FOR MORE EXPENSIVE DRUGS

Drug manufacturers use a variety of tactics to drive up demand for new, more expensive drugs. They use direct-to-consumer advertising, commercially-sponsored research, and specialized drug sales representatives called “drug detailers” who target doctors and their staff.

Direct to consumer (DTC) advertising increases drug costs by persuading people to ask their doctors for new, more expensive prescription drugs when less expensive or generic drugs are equally effective.²⁶

As an anecdotal example, Dr. John Abramson described how this often plays out in the real world in his book, *Overdo\$ed America*. One of his patients insisted on using the DTC-advertised drug Celebrex,

which cost nearly 70 percent more than other drugs that treat the same condition.²⁷

DTC advertising is extremely effective. Drug companies spend more than \$4 billion annually advertising directly to consumers.²⁸ In 2000, for every dollar the industry spent on DTC advertising, it brought in more than \$4 in additional sales.²⁹ Celebrex’s manufacturer, Pfizer, which pulled its DTC ads because of safety concerns about the drug in December 2004, recently resumed DTC ads for the drug. With DTC ads, Celebrex’s worldwide sales were \$3.3 billion. During the DTC ad moratorium in 2005, sales fell to \$1.7 billion.³⁰

Commercially-sponsored research leads to higher prescription drug costs by encouraging doctors to prescribe new and often more expensive drugs with promises of better treatment. Drug manufacturers pay for research to demonstrate the effectiveness of their drugs, package it as “independent” research, and then publish it in a major medical journal. Not surprisingly, research funded by a manufacturer most often demonstrates that its pills are the safest and most effective.

Recently, for example, Eli Lilly and Co. ran studies comparing its anti-psychotic drug Zyprexa with Risperdal, which is manufactured by Janssen. Eli Lilly found its drug to be superior. But when Janssen ran tests, its drug did better.³¹

As another example, several medical journals have recently published articles about “aspirin resistance,” arguing that a daily aspirin will not prevent heart attacks in a significant percentage of patients. If that is true, doctors might have to test patients for aspirin resistance and prescribe more expensive aspirin substitutes. In July 2005, *Physician’s Weekly* published a study arguing that 30 percent of the 25 million

Americans who take a daily aspirin to prevent heart attacks may be “aspirin resistant” and may need other anti-clotting drugs. The article did not mention that the author of the study receives funding from Accumetrics, a firm that makes a test to measure aspirin resistance, and Schering-Plough, which sells a potential alternative to aspirin. On the other side, aspirin maker Bayer AG is compensating some doctors to debunk aspirin resistance studies.³²

When it comes to commercially-sponsored medical research, designing medical studies to ensure a desired outcome and withholding negative findings is not uncommon, according to Dr. John Abramson.³³

Drug detailers are sales representatives who meet one-on-one with doctors and their staff. By persuading doctors to fill prescriptions with expensive brand name drugs, drug detailers help to increase the average price of prescription drugs.³⁴ The drug industry spends about 30 percent of its marketing budget on drug detailing.³⁵

In 2003, drug detailers gave doctors \$16.4 billion worth of free drug samples to entice them into using their companies’ drugs.³⁶ Drug detailers also often give doctors pens, note pads, watches, and other items and offer free golf trips and dinners at expensive restaurants.³⁷

These gifts seem to be effective. Eighty-four percent of medical residents thought their colleagues were influenced by pharmaceutical company gifts, according to a 2001 study.³⁸

Drug detailers also use a controversial tool to tailor their marketing strategies—computerized databases about the drugs physicians are prescribing and their prescribing habits.³⁹ Doctors often are not aware that drug detailers have this inside

information, which detailers can use to their advantage when meeting with doctors.

PHARMACY BENEFIT MANAGERS’ CLOSED-DOOR DEALS

Pharmacy Benefit Managers (PBMs) are pharmaceutical middlemen who negotiate prices for prescription drugs between drug manufacturers and health care plan providers such as states, businesses, and HMOs. PBMs provide prescription drug coverage to more than 150 million Americans.

PBMs occupy a lucrative place in the supply chain, buying drugs in bulk and then offering them to their clients for a higher price. As a result, the three largest PBMs—Medco, Caremark and Express Scripts Inc—recorded combined profits of nearly \$2 billion in 2005.⁴⁰ Their executives are enjoying high salaries and benefits as well. In 2005, Caremark’s chief executive, Edwin M. ‘Mac’ Crawford, earned \$4.8 million in salary and exercised \$64 million in stock options.⁴¹ Express Scripts CEO George Paz earned \$1.8 million in salary in the same year; Medco’s CEO David Snow Jr. earned \$2.6 million.⁴²

State and federal enforcement authorities have accused several PBMs of exploiting their position and engaging in anti-competitive, deceptive, and even fraudulent practices.⁴³ For example, the state of Ohio sued Medco, claiming it cheated teachers by charging too much for their medications.⁴⁴ A jury agreed and said Medco should pay the teachers’ retirement system \$7.8 million for fraud and breaching its fiduciary duty. Medco is appealing the case.⁴⁵

Overall, PBMs operate with little government oversight or regulation, making it difficult to ascertain where the PBMs make their profit. The U.S. Court of Appeals recently upheld a Maine law

seeking to increase the accountability and transparency of PBMs.⁴⁶ Removing the secrecy that surrounds how PBMs conduct business should lead to lower costs for prescription drug users.

The Medicare Prescription Drug Benefit Program: Who Benefits?

In 2003, President George W. Bush signed the new Medicare prescription drug benefit into law. As of May 2006, about 38 million seniors were covered by the program, which is now estimated to cost \$788 billion over 10 years.⁴⁷

Unfortunately, the new drug program—Medicare Part D—benefits insurance companies and drug makers more than it does patients. The plan creates a system of competing plans run by private insurers who receive huge government subsidies in return.⁴⁸ Drug makers also benefit from the new law because it prohibits Medicare from negotiating lower prices, as the Department of Veterans Affairs does.

Doctors, pharmacists and seniors also have complained about the program's shortcomings. A few of the biggest problems:

- Seniors have expressed confusion over which of the private insurance plans to choose.
- The plan covers drug costs through the first \$2,250; beneficiaries then must pay for drugs until out-of-pocket expenses reach \$3,600 for the year.⁴⁹ This so-called "donut hole" will affect 6.9 million beneficiaries this year.⁵⁰
- Seniors who did not sign up by the May 15, 2006 deadline face stiff late enrollment penalties. Seniors waiting two years to enroll will pay 24 percent more for life.
- Patient-assistance programs operated by drug makers, foundations and government agencies are cutting off many sick and disabled Americans because they are now covered by the Medicare drug program, which is less comprehensive and more expensive.⁵¹

Policy-makers should reinstate the federal government's full authority to negotiate with drug makers, allowing Medicare to reap the same savings as the Department of Veterans Affairs.

THE POLITICAL CLOUT OF THE DRUG INDUSTRY

The pharmaceutical industry has spent millions in Washington, DC and state capitals to fight any proposals that would lower prescription drugs prices or slow sales, such as legalizing prescription drug importation.

The pharmaceutical and health products industry spent nearly \$184 million in 2005 on lobbying in Washington, DC and gave more than \$74 million in campaign contributions to federal candidates in the 2000, 2002, and 2004 election cycles.⁵² In 2003, the drug industry hired 824 lobbyists,⁵³ and at least seven of their lobbyists are former members of Congress.⁵⁴

Former Congressman Billy Tauzin, who co-sponsored and pushed through Congress the Medicare prescription drug bill in 2003, is now the president and CEO of the Pharmaceutical Research & Manufacturers of America (PhRMA).⁵⁵ PhRMA, with more than 100 lobbyists on staff, is the drug industry's main lobbying organization and represents more than 40 brand-name drug companies.⁵⁶ As chair of the House Energy and Commerce Committee, Tauzin was responsible for regulating the drug industry; now he is their main lobbyist.

At the state level, the drug industry also uses its wealth to try to influence state officials by spending tens of millions of dollars on lobbying, gifts and campaign donations.⁵⁷ In many states, the drug industry has defeated preferred drug list proposals and bulk purchasing legislation.⁵⁸

DRUG PRICES RISE AS INDUSTRY THRIVES

The pharmaceutical industry is one of the most profitable industries in the United States. The pharmaceutical industry's

profits are so high that the oil industry, in an attempt to deflect attention from its record profits, has taken out full-page newspaper ads showing that the drug companies' earnings for 2001-2005 were nearly three times what the oil and gas industry earned.⁵⁹

Pfizer, the largest drug firm in sales, had profits of \$8.08 billion in 2005⁶⁰ and \$4.11 billion in the first quarter of 2006.⁶¹ Merck's profits jumped 11 percent in the first quarter of 2006 despite flat sales.⁶² Overall, prescription drug sales increased by only about three percent last year.⁶³

Table 1 lists the 2006 first quarter profits for the six manufacturers of the 10 medicines we surveyed for this report.⁶⁴

Table 1. Quarterly Profits for Six Drug Manufacturers, January-March 2005 and 2006

| Company | Jan-March Profits '05 | Jan-March Profits '06 | % Increase |
|----------------|-----------------------|-----------------------|------------|
| Pfizer | \$301 million | \$4.11 billion | 1,265% |
| Sanofi-Aventis | \$1.80 billion | \$2.77 billion | 54% |
| Wyeth | \$1.08 billion | \$1.12 billion | 4% |
| Merck | \$1.37 billion | \$1.52 billion | 11% |
| Abbott Labs | \$838 million | \$865 million | 3% |
| Forest Labs | \$52.7 million | \$91.8 million | 74% |

The Big C

The "Big C" used to refer to cancer. Now it refers to the "Big Cash" that some drug makers make off of cancer patients.

The price for cancer drugs has exploded. Celgene's drug Revlimid costs \$4,600 a month; Erbitux, co-marketed by ImClone Systems and Bristol-Myers Squibb, costs \$10,000 a month; and Genentech's Avastin runs \$4,400 a month. When FDA approves a drug already on the market as treatment for cancer, its price often skyrockets. Celgene used to sell the AIDS drug thalidomide at \$6 per 50-milligram pill in 1998. As doctors started prescribing the same drug primarily for cancer, Celgene raised the price to \$63.50 per pill.⁶⁵

Increased research and development costs cannot account for the drastic rise in cancer drug prices. For example, nitrogen mustard, a chemotherapy drug, used to sell for \$77.50 for a two week supply; its wholesale price now stands at \$548.⁶⁶ This drug has been on the market for years, incurring no new research and development costs.

Most cancer drugs do not have competition, allowing drug companies to raise prices in response to increased demand from desperate patients. These skyrocketing costs are putting a burden on private insurers, employers, government agencies and sick patients, who often have to pay 10-50 percent out-of-pocket for these life-saving drugs.

Looking to avoid a public relations nightmare, many pharmaceutical and biotech companies are weighing caps and other cost-containment measures for expensive cancer treatments.

SURVEY FINDINGS

The federal government uses its buying power to negotiate lower prices for the drugs it purchases for its beneficiaries – such as veterans, government employees and retirees. Unfortunately, 46 million uninsured Americans have no one doing the same on their behalf.

During the spring of 2006, researchers from the state Public Interest Research Groups (PIRGs) posed as uninsured customers and surveyed by phone hundreds of pharmacies in 35 cities from all regions of the country. We compared the prices charged to uninsured consumers with the lower prices pharmaceutical companies charge the federal government, the Federal Supply Schedule prices (see sidebar). We then compared the prices charged to uninsured consumers with drug prices in Canada and with the results of a similar survey we conducted in 2004.

Our survey demonstrates that the uninsured in America pay high prices for prescription drugs when compared with the prices paid by the federal government and our neighbors to the north.

PRICES PAID BY THE UNINSURED IN FOUR MAJOR CALIFORNIA CITIES COMPARED WITH THE FEDERAL GOVERNMENT

Los Angeles

Uninsured residents of Los Angeles pay 65 percent more than what the federal government pays for the same drugs, ranking the city 6th out of the 35 cities we surveyed. The average cost of the 10 drugs we surveyed was \$83.78 in Los Angeles. See Table 2 comparing the prices paid by

What is the Federal Supply Schedule?

The Federal Supply Schedule (FSS) for pharmaceuticals is a price catalog available to federal agencies and institutions and several other purchasers, such as the District of Columbia, U.S. territorial governments, and many Indian tribal governments. The U.S. Department of Veterans Affairs, which administers the FSS, negotiates prices with drug manufacturers. It also is the largest purchaser from the schedule.

Under the Veterans Health Care Act, drug makers must make their brand-name drugs available through the FSS in order to receive reimbursements for drugs covered by Medicaid. The law also requires drug makers to sell drugs covered by the act to four agencies—the Department of Veterans Affairs, Department of Defense, the Public Health Service, and the Coast Guard—at no more than 76 percent of the average manufacturer's price.

Source: Government Accountability Office, *Drug Prices: Effects of Opening Federal Supply Schedule for Pharmaceuticals Are Uncertain*, GAO/HEHS-97-60, June 1997.

the uninsured in Los Angeles with the Federal Supply Schedule price.

An uninsured Los Angeles resident taking Zithromax for an infection has to pay 66 percent more for his or her prescription than what the federal government pays for the same medication, more than any other city we surveyed. The uninsured in Los Angeles also pay the second-highest price for a month's supply of the allergy drug Allegra and the third-highest price for the thyroid drug Synthroid. See the "Quick Reference Charts" starting on page 20 for detailed survey results on each drug.

Table 2. Average Prices Paid by Uninsured Consumers in Los Angeles vs. the Federal Government for 10 Common Prescription Drugs

| Drug | Federal Supply Price | Average Paid by Uninsured Nationally | % More Paid by Uninsured Nationally | Average Paid by Uninsured in Los Angeles | % More Paid by Uninsured in Los Angeles |
|----------------|----------------------|--------------------------------------|-------------------------------------|--|---|
| Allegra | \$58.57 | \$108.66 | 85.5% | \$118.20 | 101.8% |
| Ambien | \$62.40 | \$119.54 | 91.6% | \$123.14 | 97.3% |
| Lexapro | \$67.54 | \$89.55 | 32.6% | \$83.29 | 23.3% |
| Lipitor | \$62.37 | \$89.80 | 44.0% | \$89.98 | 44.3% |
| Norvasc | \$55.55 | \$77.83 | 40.1% | \$77.17 | 38.9% |
| Premarin | \$32.51 | \$46.32 | 42.5% | \$50.22 | 54.5% |
| Singulair | \$62.41 | \$114.39 | 83.3% | \$117.71 | 88.6% |
| Synthroid | \$9.45 | \$25.11 | 165.7% | \$27.21 | 187.9% |
| Zithromax | \$42.21 | \$62.12 | 47.2% | \$70.07 | 66.0% |
| Zyrtec | \$54.09 | \$79.74 | 47.4% | \$80.85 | 49.5% |
| Average | \$50.71 | \$81.31 | 60.3% | \$83.78 | 65.2% |

Sacramento

Uninsured residents of Sacramento pay almost 69 percent more than what the federal government pays for the same drugs, ranking the city 2nd out of the 35 cities we surveyed. The average price of the 10 drugs we surveyed was \$85.51 in Sacramento; the national average was \$81.31. See Table 3 comparing the prices paid by the uninsured in Sacramento with the Federal Supply Schedule price.

An uninsured Sacramento resident taking Synthroid for a chronic thyroid condition pays three times what the federal government pays for the same drug. The average price of Synthroid, as well as the sleeping aid Ambien, was higher in Sacramento than in any other city we surveyed. See the “Quick Reference Charts” starting on page 20 for detailed survey results on each drug.

Table 3. Average Prices Paid by Uninsured Consumers in Sacramento vs. the Federal Government for 10 Common Prescription Drugs

| Drug | Federal Supply Price | Average Paid by Uninsured Nationally | % More Paid by Uninsured Nationally | Average Paid by Uninsured in Sacramento | % More Paid by Uninsured in Sacramento |
|----------------|----------------------|--------------------------------------|-------------------------------------|---|--|
| Allegra | \$58.57 | \$108.66 | 85.5% | \$106.18 | 81.3% |
| Ambien | \$62.40 | \$119.54 | 91.6% | \$131.26 | 110.4% |
| Lexapro | \$67.54 | \$89.55 | 32.6% | \$92.70 | 37.3% |
| Lipitor | \$62.37 | \$89.80 | 44.0% | \$91.50 | 46.7% |
| Norvasc | \$55.55 | \$77.83 | 40.1% | \$82.48 | 48.5% |
| Premarin | \$32.51 | \$46.32 | 42.5% | \$47.25 | 45.3% |
| Singulair | \$62.41 | \$114.39 | 83.3% | \$119.97 | 92.2% |
| Synthroid | \$9.45 | \$25.11 | 165.7% | \$29.06 | 207.6% |
| Zithromax | \$42.21 | \$62.12 | 47.2% | \$67.68 | 60.3% |
| Zyrtec | \$54.09 | \$79.74 | 47.4% | \$87.00 | 60.8% |
| Average | \$50.71 | \$81.31 | 60.3% | \$85.51 | 68.6% |

San Diego

Uninsured residents of San Diego pay 60 percent more than what the federal government pays for the same drugs, ranking the city 19th out of the 35 cities we surveyed. The average price of the 10 drugs we surveyed was \$81.17 in San Diego; the national average was \$81.31. See Table 4 comparing the prices paid by the uninsured in San Diego with the Federal Supply Schedule price.

An uninsured San Diego resident taking Singulair for asthma or allergies pays 94 percent more for his or her medication than what the federal government pays for the same drug—almost twice the price. The average price of Singulair in San Diego was the 2nd highest among the cities we surveyed. See the “Quick Reference Charts” starting on page 20 for detailed survey results on each drug.

Table 4. Average Prices Paid by Uninsured Consumers in San Diego vs. the Federal Government for 10 Common Prescription Drugs

| Drug | Federal Supply Price | Average Paid by Uninsured Nationally | % More Paid by Uninsured Nationally | Average Paid by Uninsured in San Diego | % More Paid by Uninsured in San Diego |
|------------------|----------------------|--------------------------------------|-------------------------------------|--|---------------------------------------|
| Allegra | \$58.57 | \$108.66 | 85.5% | \$108.36 | 85.0% |
| Ambien | \$62.40 | \$119.54 | 91.6% | \$120.39 | 92.9% |
| Lexapro | \$67.54 | \$89.55 | 32.6% | \$91.64 | 35.7% |
| Lipitor | \$62.37 | \$89.80 | 44.0% | \$88.76 | 42.3% |
| Norvasc | \$55.55 | \$77.83 | 40.1% | \$79.99 | 44.0% |
| Premarin | \$32.51 | \$46.32 | 42.5% | \$42.24 | 29.9% |
| Singulair | \$62.41 | \$114.39 | 83.3% | \$120.75 | 93.5% |
| Synthroid | \$9.45 | \$25.11 | 165.7% | \$25.53 | 170.2% |
| Zithromax | \$42.21 | \$62.12 | 47.2% | \$53.95 | 27.8% |
| Zyrtec | \$54.09 | \$79.74 | 47.4% | \$80.08 | 48.0% |
| Average | \$50.71 | \$81.31 | 60.3% | \$81.17 | 60.1% |

San Francisco

Uninsured residents of San Francisco pay 68 percent more than what the federal government pays for the same drugs, ranking the city 3rd out of the 35 cities we surveyed. The average price of the 10 drugs we surveyed was \$85.32 in San Francisco; the national average was \$81.31. See Table 5 comparing the prices paid by the uninsured in San Francisco with the Federal Supply Schedule price.

An uninsured San Francisco resident taking Synthroid for a chronic thyroid condition has to pay 186 percent more for his or her prescription than what the federal government pays for the same medication—almost three times the price. Of the cities we surveyed, the uninsured in San Francisco also pay the third highest prices for the anxiety drug Lexapro, the cholesterol drug Lipitor, and the blood pressure drug Norvasc. See the “Quick Reference Charts” starting on page 20 for detailed survey results on each drug.

Table 5. Average Prices Paid by Uninsured Consumers in San Francisco vs. the Federal Government for 10 Common Prescription Drugs

| Drug | Federal Supply Price | Average Paid by Uninsured Nationally | % More Paid by Uninsured Nationally | Average Paid by Uninsured in San Francisco | % More Paid by Uninsured in San Francisco |
|----------------|----------------------|--------------------------------------|-------------------------------------|--|---|
| Allegra | \$58.57 | \$108.66 | 85.5% | \$111.77 | 90.8% |
| Ambien | \$62.40 | \$119.54 | 91.6% | \$126.57 | 102.8% |
| Lexapro | \$67.54 | \$89.55 | 32.6% | \$93.57 | 38.5% |
| Lipitor | \$62.37 | \$89.80 | 44.0% | \$96.05 | 54.0% |
| Norvasc | \$55.55 | \$77.83 | 40.1% | \$82.23 | 48.0% |
| Premarin | \$32.51 | \$46.32 | 42.5% | \$47.26 | 45.4% |
| Singulair | \$62.41 | \$114.39 | 83.3% | \$117.92 | 88.9% |
| Synthroid | \$9.45 | \$25.11 | 165.7% | \$27.03 | 186.1% |
| Zithromax | \$42.21 | \$62.12 | 47.2% | \$67.08 | 58.9% |
| Zyrtec | \$54.09 | \$79.74 | 47.4% | \$83.73 | 54.8% |
| Average | \$50.71 | \$81.31 | 60.3% | \$85.32 | 68.3% |

PRICES PAID BY THE UNINSURED AT PHARMACIES IN FOUR MAJOR CALIFORNIA CITIES COMPARED WITH A CANADIAN PHARMACY

For the eight drugs we surveyed that were available in Canada, the uninsured in Los Angeles, Sacramento, and San Francisco pay 109 percent more for their medication at local drug stores than they would pay at a Canadian pharmacy—more than twice the price. The uninsured in San Diego pay 98

percent more at local drug stores than they would pay at a Canadian pharmacy—almost double the price. See Tables 6-7 for a comparison of prices paid by uninsured consumers at pharmacies in four major California cities with prices at a Canadian pharmacy.

Four of the drugs cost significantly more at pharmacies in each of the four California cities we surveyed: Allegra, Premarin, Synthroid, and Zyrtec (Figure A).

Figure A. Average Prices Paid by Uninsured Consumers at California Pharmacies vs. a Canadian Pharmacy for Four Prescription Drugs

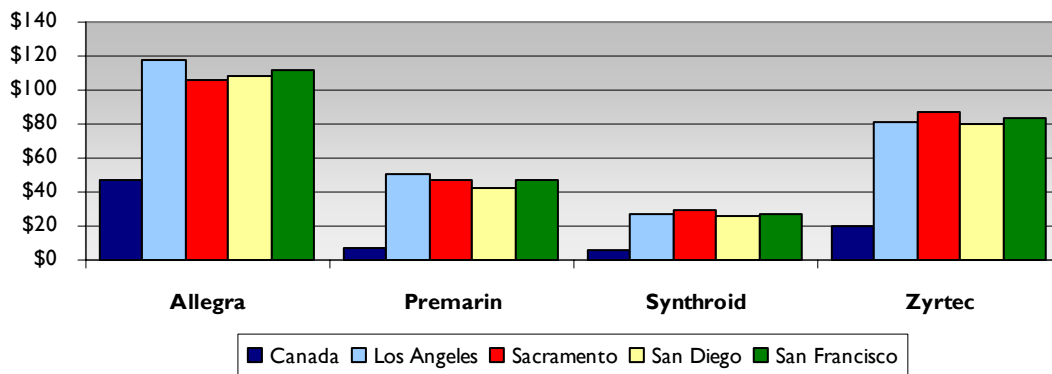


Table 6. Average Prices Paid by Uninsured Consumers at Los Angeles and Sacramento Pharmacies vs. a Canadian Pharmacy for Eight Common Prescription Drugs^a

| Drug | Price at Canadian Pharmacy | Average Paid by Uninsured Americans | % More Paid by Uninsured Americans | Average Paid by Uninsured in L.A. | % More Paid by Uninsured in L.A. | Average Paid by Uninsured in Sacramento | % More Paid by Uninsured in Sacramento |
|------------------|-----------------------------------|--|---|--|---|--|---|
| Allegra | \$46.58 | \$108.66 | 133.3% | \$118.20 | 153.8% | \$106.18 | 128.0% |
| Lipitor | \$54.14 | \$89.80 | 65.9% | \$89.98 | 66.2% | \$91.50 | 69.0% |
| Norvasc | \$56.84 | \$77.83 | 36.9% | \$77.17 | 35.8% | \$82.48 | 45.1% |
| Premarin | \$7.19 | \$46.32 | 544.2% | \$50.22 | 598.4% | \$47.25 | 557.2% |
| Singulair | \$68.67 | \$114.39 | 66.6% | \$117.71 | 71.4% | \$119.97 | 74.7% |
| Synthroid | \$6.38 | \$25.11 | 293.6% | \$27.21 | 326.5% | \$29.06 | 355.5% |
| Zithromax | \$42.33 | \$62.12 | 46.8% | \$70.07 | 65.5% | \$67.68 | 59.9% |
| Zyrtec | \$20.43 | \$79.74 | 290.3% | \$80.85 | 295.7% | \$87.00 | 325.8% |
| Average | \$37.82 | \$75.50 | 99.6% | \$78.92 | 108.7% | \$78.89 | 108.6% |

Table 7. Average Prices Paid by Uninsured Consumers at San Diego and San Francisco Pharmacies vs. a Canadian Pharmacy for Eight Common Prescription Drugs

| Drug | Price at Canadian Pharmacy | Average Paid by Uninsured Americans | % More Paid by Uninsured Americans | Average Paid by Uninsured in San Diego | % More Paid by Uninsured in San Diego | Average Paid by Uninsured in San Francisco | % More Paid by Uninsured in San Francisco |
|------------------|-----------------------------------|--|---|---|--|---|--|
| Allegra | \$46.58 | \$108.66 | 133.3% | \$108.36 | 132.6% | \$111.77 | 139.9% |
| Lipitor | \$54.14 | \$89.80 | 65.9% | \$88.76 | 63.9% | \$96.05 | 77.4% |
| Norvasc | \$56.84 | \$77.83 | 36.9% | \$79.99 | 40.7% | \$82.23 | 44.7% |
| Premarin | \$7.19 | \$46.32 | 544.2% | \$42.24 | 487.5% | \$47.26 | 557.3% |
| Singulair | \$68.67 | \$114.39 | 66.6% | \$120.75 | 75.8% | \$117.92 | 71.7% |
| Synthroid | \$6.38 | \$25.11 | 293.6% | \$25.53 | 300.2% | \$27.03 | 323.7% |
| Zithromax | \$42.33 | \$62.12 | 46.8% | \$53.95 | 27.4% | \$67.08 | 58.5% |
| Zyrtec | \$20.43 | \$79.74 | 290.3% | \$80.08 | 292.0% | \$83.73 | 309.8% |
| Average | \$37.82 | \$75.50 | 99.6% | \$74.96 | 98.2% | \$79.13 | 109.2% |

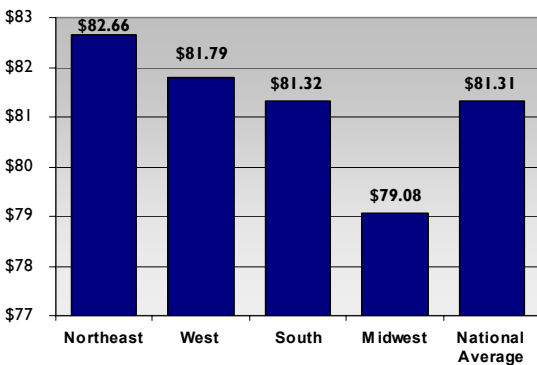
^a The online Canadian pharmacy only sold 8 of the 10 drugs included in our survey.

NATIONAL FINDINGS

Uninsured Americans pay 60 percent more on average for the drugs we surveyed than what the federal government pays for the same medications. Synthroid, which treats thyroid disorders, costs uninsured Americans 166 percent more than what the federal government pays (see Tables 2-5).

Regionally, the average prices for the 10 surveyed drugs were highest in the Northeast followed by the West, South, and Midwest (Figure B).⁶⁷

Figure B. Average Prices Paid by Uninsured Consumers for 10 Common Prescription Drugs: By Region



The five cities with the highest average price for a monthly dose of the 10 prescription drugs we surveyed were Boston at \$87.86, Sacramento at \$85.51, San Francisco at \$85.32, Hartford (CT) at \$85.03 and Wilmington (DE) at \$83.86. The five cities with the lowest prices were Green Bay at \$78.61, Columbus at \$78.39, Denver at \$77.15, Chicago at \$76.60 and Des Moines at \$74.25. But even in the cities with the lowest average prices, uninsured consumers pay about 50 percent more for the surveyed drugs than what the federal government pays (Table 8).

Table 8. Average Prices Paid by Uninsured Consumers for 10 Common Prescription Drugs: By City

| Rank | City | Average Price | % More than Federal Govt. |
|-----------------|----------------------|----------------|---------------------------|
| 1 | Boston, MA | \$87.86 | 73.2% |
| 2 | Sacramento, CA | \$85.51 | 68.6% |
| 3 | San Francisco, CA | \$85.32 | 68.3% |
| 4 | Hartford, CT | \$85.03 | 67.7% |
| 5 | Wilmington, DE | \$83.86 | 65.4% |
| 6 | Los Angeles, CA | \$83.78 | 65.2% |
| 7 | Albany, NY | \$83.62 | 64.9% |
| 8 | Washington, DC | \$83.43 | 64.5% |
| 9 | Greenfield, MA | \$82.80 | 63.3% |
| 10 | Norfolk/V. Beach, VA | \$82.54 | 62.8% |
| 11 | New York, NY | \$82.39 | 62.5% |
| 12 | Honolulu, HI | \$82.39 | 62.5% |
| 13 | Albuquerque, NM | \$81.92 | 61.5% |
| 14 | Baltimore, MD | \$81.88 | 61.5% |
| 15 | Portland, OR | \$81.60 | 60.9% |
| 16 | Madison, WI | \$81.54 | 60.8% |
| 17 | Anchorage, AK | \$81.53 | 60.8% |
| 18 | Lansing, MI | \$81.42 | 60.6% |
| 19 | San Diego, CA | \$81.17 | 60.1% |
| 20 | Buffalo, NY | \$81.02 | 59.8% |
| 21 | Milwaukee, WI | \$81.01 | 59.7% |
| 22 | Detroit, MI | \$80.81 | 59.4% |
| 23 | Seattle, WA | \$80.56 | 58.9% |
| 24 | Miami, FL | \$79.94 | 57.6% |
| 25 | Raleigh, NC | \$79.86 | 57.5% |
| 26 | Richmond, VA | \$79.56 | 56.9% |
| 27 | New Haven, CT | \$79.55 | 56.9% |
| 28 | Tallahassee, FL | \$79.47 | 56.7% |
| 29 | Providence, RI | \$79.03 | 55.9% |
| 30 | Las Vegas, NV | \$78.78 | 55.3% |
| 31 | Green Bay, WI | \$78.61 | 55.0% |
| 32 | Columbus, OH | \$78.39 | 54.6% |
| 33 | Denver, CO | \$77.15 | 52.1% |
| 34 | Chicago, IL | \$76.60 | 51.1% |
| 35 | Des Moines, IA | \$74.25 | 46.4% |
| National | | \$81.31 | 60.3% |

Canadian Drugs are Cheaper

Uninsured Americans pay twice as much for drugs purchased at local pharmacies as they would pay if they purchased the same drugs from a Canadian pharmacy (see Tables 6-7 on page 17).

Premarin costs uninsured Americans 544 percent more than what the drug sells for in Canada—more than six times the price. Wyeth, the manufacturer, is being sued for allegedly creating a monopoly on the drug in the United States and inflating its price. Similarly, Synthroid and Zyrtec cost almost four times more at U.S. pharmacies than at the Canadian pharmacy we surveyed.

Prices are Rising Faster than Inflation

Looking at the nine drugs we surveyed both in 2004 and 2006, the average price paid by uninsured Americans increased by 11 percent over the two year period, which is almost 81 percent higher than the 6.1 percent general rate of inflation for that period (Table 9).⁶⁸

Premarin's price increased the most from two years ago (18 percent). As noted above, its manufacturer, Wyeth, is being

sued for allegedly creating a de facto monopoly on the drug and then increasing its price. The price of a monthly dose of Allegra, Ambien, and Lipitor also increased by double digit rates since 2004.

Table 9. Average Price Paid by Uninsured Americans for Nine Common Prescription Drugs: 2004 vs. 2006

| Drug | Average Price: 2004 | Average Price: 2006 | % Increase |
|------------------|----------------------------|----------------------------|-------------------|
| Allegra | \$93.33 | \$108.66 | 16.4% |
| Ambien | \$103.49 | \$119.54 | 15.5% |
| Lipitor | \$81.17 | \$89.80 | 10.6% |
| Norvasc | \$72.55 | \$77.83 | 7.3% |
| Premarin | \$39.26 | \$46.32 | 18.0% |
| Singulair | \$105.88 | \$114.39 | 8.0% |
| Synthroid | \$24.44 | \$25.11 | 2.7% |
| Zithromax | \$57.65 | \$62.12 | 7.7% |
| Zyrtec | \$73.82 | \$79.74 | 8.0% |
| Average | \$72.40 | \$80.39 | 11.0% |

**QUICK REFERENCE CHARTS:
COMPARISON OF PRESCRIPTION DRUG PRICES FOR UNINSURED CONSUMERS, BY CITY**

| ALLEGRA | |
|---|-----------------|
| Manufacturer: Sanofi-Aventis | |
| 2005 Profits: \$7.4 billion | |
| Prescribed Usage: Treats allergies | |
| Side Effects: Upset stomach | |
| Factoid: Sanofi-Aventis is the 3 rd biggest pharmacy company in the world (by sales). | |
| Average National Price: \$108.66 | |
| Federal Supply Price: \$58.57 | |
| Canadian Price: \$46.58 | |
| | |
| Price By City | Allegra |
| 1-Boston (MA)- | \$121.89 |
| 2-Los Angeles (CA)- | \$118.20 |
| 3-Wilmington (DE)- | \$116.42 |
| 4-Hartford (CT)- | \$115.79 |
| 5-Honolulu (HI)- | \$113.58 |
| 6-Milwaukee (WI)- | \$112.91 |
| 7-Albany (NY)- | \$112.66 |
| 8-Washington, DC- | \$112.34 |
| 9-San Francisco (CA)- | \$111.77 |
| 10-Albuquerque (NM)- | \$111.38 |
| 11-Madison (WI)- | \$111.35 |
| 12-Greenfield (MA)- | \$111.15 |
| 13-Portland (OR)- | \$110.12 |
| 14-Norfolk/Va Beach (VA)- | \$108.80 |
| 15-Buffalo (NY)- | \$108.60 |
| 16-New York (NY)- | \$108.59 |
| 17-San Diego (CA)- | \$108.36 |
| 18-Baltimore (MD)- | \$107.93 |
| 19-Green Bay (WI)- | \$107.48 |
| 20-Miami (FL)- | \$107.25 |
| 21-Providence (RI)- | \$106.90 |
| 22-Chicago (IL)- | \$106.72 |
| 23-Sacramento (CA)- | \$106.18 |
| 24-Raleigh (NC)- | \$105.82 |
| 25-Anchorage (AK)- | \$105.70 |
| 26-Las Vegas (NV)- | \$105.66 |
| 27-Lansing (MI)- | \$105.28 |
| 28-Tallahassee (FL)- | \$104.85 |
| 29-Seattle (WA)- | \$104.66 |
| 30-Richmond (VA)- | \$104.46 |
| 31-Denver (CO)- | \$104.41 |
| 32-Detroit (MI)- | \$104.14 |
| 33-New Haven (CT)- | \$101.28 |
| 34-Columbus (OH)- | \$100.75 |
| 35-Des Moines (IA)- | \$100.27 |

| AMBIEN | |
|---|-----------------|
| Manufacturer: Sanofi-Aventis | |
| 2005 Profits: \$7.4 billion | |
| Prescribed Usage: Sleeping aid | |
| Side Effects: Reports of driving and eating while sleeping | |
| Factoid: Best-selling prescription sleeping pill in the U.S. | |
| Average National Price: \$119.54 | |
| Federal Supply Price: \$62.40 | |
| Canadian Price: Not available | |
| | |
| Price By City | Ambien |
| 1-Sacramento (CA)- | \$131.26 |
| 2-Boston (MA)- | \$129.07 |
| 3-Wilmington (DE)- | \$127.48 |
| 4-San Francisco (CA)- | \$126.57 |
| 5-Honolulu (HI)- | \$125.95 |
| 6-Hartford (CT)- | \$124.51 |
| 7-Greenfield (MA)- | \$124.02 |
| 8-Los Angeles (CA)- | \$123.14 |
| 9-Norfolk/Va Beach (VA)- | \$123.07 |
| 10-Albuquerque (NM)- | \$122.85 |
| 11-Richmond (VA)- | \$122.64 |
| 12-Albany (NY)- | \$121.80 |
| 13-Portland (OR)- | \$121.70 |
| 14-Raleigh (NC)- | \$121.12 |
| 15-Anchorage (AK)- | \$120.65 |
| 16-Detroit (MI)- | \$120.40 |
| 17-San Diego (CA)- | \$120.39 |
| 18-Baltimore (MD)- | \$119.34 |
| 19-New York (NY)- | \$119.12 |
| 20-Lansing (MI)- | \$118.96 |
| 21-Tallahassee (FL)- | \$118.91 |
| 22-Washington, DC- | \$118.50 |
| 23-Miami (FL)- | \$118.37 |
| 24-Green Bay (WI)- | \$118.03 |
| 25-Madison (WI)- | \$117.46 |
| 26-Seattle (WA)- | \$117.01 |
| 27-Milwaukee (WI)- | \$116.68 |
| 28-Buffalo (NY)- | \$115.87 |
| 29-Columbus (OH)- | \$114.02 |
| 30-Las Vegas (NV)- | \$113.91 |
| 31-New Haven (CT)- | \$112.55 |
| 32-Chicago (IL)- | \$111.50 |
| 33-Des Moines (IA)- | \$110.61 |
| 34-Providence (RI)- | \$107.53 |
| 35-Denver (CO)- | \$105.22 |

LEXAPRO

Manufacturer: Forest Laboratories
2005 Profits: \$838.8 million
Prescribed Usage: Treats depression & anxiety
Side Effects: Dizziness, insomnia.
Factoid: With 2005 sales of \$1.9 billion, Lexapro is the #2 prescribed anti-depressant in the U.S. (Pfizer's Zoloft is #1).
Average National Price: \$89.55
Federal Supply Price: \$67.54
Canadian Price: Not available

| -Price By City | Lexapro |
|------------------------------|----------------|
| 1-Albany (NY)- | \$94.95 |
| 2-Wilmington (DE)- | \$94.15 |
| 3-San Francisco (CA)- | \$93.57 |
| 4-New Haven (CT)- | \$93.32 |
| 5-Norfolk/Va Beach (VA)- | \$93.21 |
| 6-New York (NY)- | \$93.10 |
| 7-Hartford (CT)- | \$92.75 |
| 8-Sacramento (CA)- | \$92.70 |
| 9-Lansing (MI)- | \$92.17 |
| 10-San Diego (CA)- | \$91.64 |
| 11-Detroit (MI)- | \$91.62 |
| 12-Buffalo (NY)- | \$91.59 |
| 13-Boston (MA)- | \$91.12 |
| 14-Greenfield (MA)- | \$90.89 |
| 15-Madison (WI)- | \$90.59 |
| 16-Albuquerque (NM)- | \$90.54 |
| 17-Baltimore (MD)- | \$90.44 |
| 18-Providence (RI)- | \$90.06 |
| 19-Milwaukee (WI)- | \$89.16 |
| 20-Seattle (WA)- | \$88.72 |
| 21-Raleigh (NC)- | \$88.66 |
| 22-Honolulu (HI)- | \$88.62 |
| 23-Miami (FL)- | \$88.57 |
| 24-Portland (OR)- | \$88.18 |
| 25-Richmond (VA)- | \$88.02 |
| 26-Tallahassee (FL)- | \$87.97 |
| 27-Anchorage (AK)- | \$87.64 |
| 28-Green Bay (WI)- | \$87.53 |
| 29-Washington, DC- | \$86.85 |
| 30-Columbus (OH)- | \$86.78 |
| 31-Denver (CO)- | \$86.50 |
| 32-Las Vegas (NV)- | \$86.30 |
| 33-Los Angeles (CA)- | \$83.29 |
| 34-Chicago (IL)- | \$82.02 |
| 35-Des Moines (IA)- | \$80.60 |

LIPITOR

Manufacturer: Pfizer
2005 Profits: \$8.08 billion
Prescribed Usage: Reduces cholesterol
Side Effects: Headache, rashes.
Factoid: World's best-selling drug. Projected 2006 sales: \$13 billion.
Average National Price: \$89.80
Federal Supply Price: \$62.37
Canadian Price: \$54.14

| Price by City | Lipitor |
|------------------------------|----------------|
| 1-Washington, DC- | \$98.41 |
| 2-Boston (MA)- | \$98.23 |
| 3-San Francisco (CA)- | \$96.05 |
| 4-Hartford (CT)- | \$94.88 |
| 5-Albany (NY)- | \$93.32 |
| 6-Honolulu (HI)- | \$92.84 |
| 7-Lansing (MI)- | \$92.64 |
| 8-Anchorage (AK)- | \$92.48 |
| 9-Greenfield (MA)- | \$92.01 |
| 10-Baltimore (MD)- | \$91.72 |
| 11-Sacramento (CA)- | \$91.50 |
| 12-Wilmington (DE)- | \$90.84 |
| 13-Detroit (MI)- | \$90.69 |
| 14-Norfolk/Va Beach (VA)- | \$90.33 |
| 15-New York (NY)- | \$90.16 |
| 16-Los Angeles (CA)- | \$89.98 |
| 17-Buffalo (NY)- | \$89.91 |
| 18-Albuquerque (NM)- | \$89.85 |
| 19-Raleigh (NC)- | \$89.52 |
| 20-Madison (WI)- | \$89.40 |
| 21-San Diego (CA)- | \$88.76 |
| 22-Richmond (VA)- | \$88.48 |
| 23-New Haven (CT)- | \$88.33 |
| 24-Providence (RI)- | \$88.27 |
| 25-Miami (FL)- | \$87.94 |
| 26-Columbus (OH)- | \$87.27 |
| 27-Portland (OR)- | \$86.99 |
| 28-Milwaukee (WI)- | \$86.85 |
| 29-Seattle (WA)- | \$86.75 |
| 30-Denver (CO)- | \$86.37 |
| 31-Las Vegas (NV)- | \$85.84 |
| 32-Tallahassee (FL)- | \$85.06 |
| 33-Green Bay (WI)- | \$84.18 |
| 34-Chicago (IL)- | \$83.44 |
| 35-Des Moines (IA)- | \$81.38 |

NORVASC

Manufacturer: Pfizer
2005 Profits: \$8.08 billion
Prescribed Usage: Relieves high blood pressure
Side Effects: Fatigue, fainting
Factoid: Norvasc is one of Pfizer's top-sellers; 2004 sales: \$4.5 billion.
Average National Price: \$77.83
Federal Supply Price: \$55.55
Canadian Price: \$56.84

| Price By City | Norvasc |
|------------------------------|----------------|
| 1-Boston (MA)- | \$83.14 |
| 2-Sacramento (CA)- | \$82.48 |
| 3-San Francisco (CA)- | \$82.23 |
| 4-Washington, DC- | \$81.37 |
| 5-Hartford (CT)- | \$81.17 |
| 6-Greenfield (MA)- | \$80.78 |
| 7-Anchorage (AK)- | \$80.60 |
| 8-New York (NY)- | \$80.39 |
| 9-Albany (NY)- | \$80.37 |
| 10-San Diego (CA)- | \$79.99 |
| 11-Baltimore (MD)- | \$79.57 |
| 12-Honolulu (HI)- | \$78.72 |
| 13-Portland (OR)- | \$78.00 |
| 14-Lansing (MI)- | \$77.92 |
| 15-Seattle (WA)- | \$77.91 |
| 16-Norfolk/Va Beach (VA)- | \$77.89 |
| 17-Wilmington (DE)- | \$77.84 |
| 18-Buffalo (NY)- | \$77.79 |
| 19-Madison (WI)- | \$77.54 |
| 20-New Haven (CT)- | \$77.17 |
| 21-Los Angeles (CA)- | \$77.17 |
| 22-Providence (RI)- | \$77.09 |
| 23-Columbus (OH)- | \$77.05 |
| 24-Raleigh (NC)- | \$76.89 |
| 25-Albuquerque (NM)- | \$76.69 |
| 26-Denver (CO)- | \$76.58 |
| 27-Detroit (MI)- | \$76.42 |
| 28-Milwaukee (WI)- | \$76.14 |
| 29-Las Vegas (NV)- | \$75.92 |
| 30-Richmond (VA)- | \$75.77 |
| 31-Green Bay (WI)- | \$74.66 |
| 32-Miami (FL)- | \$73.59 |
| 33-Tallahassee (FL)- | \$72.78 |
| 34-Chicago (IL)- | \$71.79 |
| 35-Des Moines (IA)- | \$70.32 |

PREMARIN

Manufacturer: Wyeth
2005 Profits: \$3.65 billion
Prescribed Usage: Female hormone replacement
Side Effects: May increase risk of heart attack, stroke, breast cancer
Factoid: Allegedly, Wyeth has created a de facto monopoly for Premarin.
Average National Price: \$46.32
Federal Supply Price: \$32.51
Canadian Price: \$7.19

| Price By City | Premarin |
|------------------------------|----------------|
| 1-Los Angeles (CA)- | \$50.22 |
| 2-Boston (MA)- | \$49.95 |
| 3-New York (NY)- | \$49.89 |
| 4-Hartford (CT)- | \$48.55 |
| 5-Des Moines (IA)- | \$48.44 |
| 6-Seattle (WA)- | \$48.32 |
| 7-Albany (NY)- | \$48.22 |
| 8-Baltimore (MD)- | \$47.94 |
| 9-San Francisco (CA)- | \$47.26 |
| 10-Sacramento (CA)- | \$47.25 |
| 11-Norfolk/Va Beach (VA)- | \$47.10 |
| 12-Las Vegas (NV)- | \$46.80 |
| 13-Washington, DC- | \$46.77 |
| 14-Buffalo (NY)- | \$46.68 |
| 15-Albuquerque (NM)- | \$46.47 |
| 16-Lansing (MI)- | \$46.45 |
| 17-Denver (CO)- | \$46.18 |
| 18-Honolulu (HI)- | \$46.11 |
| 19-Detroit (MI)- | \$46.00 |
| 20-Columbus (OH)- | \$45.94 |
| 21-Wilmington (DE)- | \$45.86 |
| 22-Tallahassee (FL)- | \$45.67 |
| 23-Anchorage (AK)- | \$45.54 |
| 24-Milwaukee (WI)- | \$45.53 |
| 25-New Haven (CT)- | \$45.49 |
| 26-Madison (WI)- | \$44.65 |
| 27-Greenfield (MA)- | \$44.63 |
| 28-Portland (OR)- | \$44.62 |
| 29-Richmond (VA)- | \$44.60 |
| 30-Providence (RI)- | \$44.58 |
| 31-Chicago (IL)- | \$44.40 |
| 32-Miami (FL)- | \$43.93 |
| 33-Raleigh (NC)- | \$43.50 |
| 34-San Diego (CA)- | \$42.24 |
| 35-Green Bay (WI)- | \$42.01 |

SINGULAIR

Manufacturer: Merck
2005 Profits: \$4.63 billion
Prescribed Usage: For allergies and asthma
Side Effects: Upset stomach, dizziness
Factoid: Singulair's 2005 revenues: \$3 billion
Average National Price: \$114.39
Federal Supply Price: \$62.41
Canadian Price: \$68.67

| Price By City | Singulair |
|------------------------------|-----------------|
| 1-Boston (MA)- | \$122.57 |
| 2-San Diego (CA)- | \$120.75 |
| 3-Washington, DC- | \$119.97 |
| 4-Sacramento (CA)- | \$119.97 |
| 5-Honolulu (HI)- | \$118.68 |
| 6-San Francisco (CA)- | \$117.92 |
| 7-Los Angeles (CA)- | \$117.71 |
| 8-Hartford (CT)- | \$117.40 |
| 9-Wilmington (DE)- | \$116.91 |
| 10-Seattle (WA)- | \$116.37 |
| 11-Norfolk/Va Beach (VA)- | \$115.85 |
| 12-Portland (OR)- | \$115.47 |
| 13-New York (NY)- | \$115.47 |
| 14-Anchorage (AK)- | \$115.47 |
| 15-Greenfield (MA)- | \$115.33 |
| 16-Lansing (MI)- | \$115.12 |
| 17-Madison (WI)- | \$115.00 |
| 18-New Haven (CT)- | \$114.58 |
| 19-Detroit (MI)- | \$114.55 |
| 20-Baltimore (MD)- | \$114.14 |
| 21-Columbus (OH)- | \$114.14 |
| 22-Providence (RI)- | \$113.02 |
| 23-Albany (NY)- | \$112.86 |
| 24-Milwaukee (WI)- | \$112.81 |
| 25-Buffalo (NY)- | \$112.51 |
| 26-Albuquerque (NM)- | \$111.72 |
| 27-Raleigh (NC)- | \$111.35 |
| 28-Las Vegas (NV)- | \$111.32 |
| 29-Richmond (VA)- | \$111.24 |
| 30-Miami (FL)- | \$111.08 |
| 31-Denver (CO)- | \$111.00 |
| 32-Tallahassee (FL)- | \$110.56 |
| 33-Green Bay (WI)- | \$110.00 |
| 34-Chicago (IL)- | \$104.52 |
| 35-Des Moines (IA)- | \$103.45 |

SYNTHROID

Manufacturer: Abbott Laboratories
2005 Profits: \$3.37 billion
Prescribed Usage: Thyroid treatment
Side Effects: Headaches, insomnia
Factoid: Abbott's 1st quarter sales dropped 23% in 2006; Synthroid sales were weak.
Average National Price: \$25.11
Federal Supply Price: \$9.45
Canadian Price: \$6.38

| Price By City | Synthroid |
|------------------------------|----------------|
| 1-Sacramento (CA)- | \$29.06 |
| 2-Albuquerque (NM)- | \$27.24 |
| 3-Los Angeles (CA)- | \$27.21 |
| 4-San Francisco (CA)- | \$27.03 |
| 5-Anchorage (AK)- | \$26.50 |
| 6-Madison (WI)- | \$26.43 |
| 7-Greenfield (MA)- | \$26.41 |
| 8-Milwaukee (WI)- | \$26.38 |
| 9-Portland (OR)- | \$26.31 |
| 10-Hartford (CT)- | \$26.21 |
| 11-Boston (MA)- | \$26.19 |
| 12-Tallahassee (FL)- | \$26.05 |
| 13-San Diego (CA)- | \$25.53 |
| 14-Albany (NY)- | \$25.49 |
| 15-Las Vegas (NV)- | \$25.16 |
| 16-Seattle (WA)- | \$25.07 |
| 17-Raleigh (NC)- | \$25.02 |
| 18-Wilmington (DE)- | \$25.02 |
| 19-Denver (CO)- | \$24.95 |
| 20-Norfolk/Va Beach (VA)- | \$24.93 |
| 21-Miami (FL)- | \$24.69 |
| 22-Green Bay (WI)- | \$24.53 |
| 23-Buffalo (NY)- | \$24.50 |
| 24-Lansing (MI)- | \$24.50 |
| 25-Baltimore (MD)- | \$24.49 |
| 26-Chicago (IL)- | \$24.30 |
| 27-Honolulu (HI)- | \$24.29 |
| 28-Detroit (MI)- | \$24.27 |
| 29-Washington, DC- | \$23.83 |
| 30-Columbus (OH)- | \$23.57 |
| 31-New York (NY)- | \$23.35 |
| 32-Richmond (VA)- | \$23.28 |
| 33-Providence (RI)- | \$22.59 |
| 34-Des Moines (IA)- | \$22.53 |
| 35-New Haven (CT)- | \$22.42 |

ZITHROMAX

Manufacturer: Pfizer
2005 Profits: \$8.08 billion
Prescribed Usage: Treats bacterial infections such as pneumonia
Side Effects: Nausea, dizziness
Factoid: Zithromax is used to treat acute ear infections in children.
Average National Price: \$62.12
Federal Supply Price: \$42.21
Canadian Price: \$42.33

| Price By City | Zithromax |
|---------------------------|----------------|
| 1-Los Angeles (CA)- | \$70.07 |
| 2-Boston (MA)- | \$69.15 |
| 3-Sacramento (CA)- | \$67.68 |
| 4-San Francisco (CA)- | \$67.08 |
| 5-Milwaukee (WI)- | \$66.23 |
| 6-Tallahassee (FL)- | \$66.17 |
| 7-Miami (FL)- | \$65.88 |
| 8-Madison (WI)- | \$65.23 |
| 9-Hartford (CT)- | \$65.06 |
| 10-Baltimore (MD)- | \$64.20 |
| 11-Albany (NY)- | \$64.08 |
| 12-Portland (OR)- | \$63.76 |
| 13-Seattle (WA)- | \$63.08 |
| 14-Anchorage (AK)- | \$62.88 |
| 15-Albuquerque (NM)- | \$62.88 |
| 16-Buffalo (NY)- | \$62.86 |
| 17-Chicago (IL)- | \$62.85 |
| 18-Norfolk/Va Beach (VA)- | \$62.58 |
| 19-Wilmington (DE)- | \$62.57 |
| 20-Washington, DC- | \$62.24 |
| 21-Providence (RI)- | \$61.84 |
| 22-Green Bay (WI)- | \$61.66 |
| 23-New York (NY)- | \$61.59 |
| 24-Detroit (MI)- | \$61.00 |
| 25-New Haven (CT)- | \$60.78 |
| 26-Greenfield (MA)- | \$60.52 |
| 27-Lansing (MI)- | \$60.31 |
| 28-Las Vegas (NV)- | \$60.06 |
| 29-Raleigh (NC)- | \$58.30 |
| 30-Richmond (VA)- | \$57.82 |
| 31-Columbus (OH)- | \$57.47 |
| 32-Honolulu (HI)- | \$56.18 |
| 33-Des Moines (IA)- | \$55.07 |
| 34-San Diego (CA)- | \$53.95 |
| 35-Denver (CO)- | \$52.36 |

ZYRTEC

Manufacturer: Pfizer
2005 Profits: \$8.08 billion
Prescribed Usage: Treats allergies
Side Effects: Drowsiness, dizziness
Factoid: Zyrtec 2005 sales: \$1.05 billion
Average National Price: \$79.74
Federal Supply Price: \$54.09
Canadian Price: \$20.43

| Price By City | Zyrtec |
|--------------------------|----------------|
| 1-Boston (MA)- | \$87.24 |
| 2-Sacramento (CA)- | \$87.00 |
| 3-Washington, DC- | \$83.98 |
| 4-Hartford (CT)- | \$83.97 |
| 5-San Francisco (CA)- | \$83.73 |
| 6-Albany (NY)- | \$82.43 |
| 7-Greenfield (MA)- | \$82.30 |
| 8-New York (NY)- | \$82.27 |
| 9-Norfolk/Va Beach (VA)- | \$81.60 |
| 10-Wilmington (DE)- | \$81.46 |
| 11-Lansing (MI)- | \$80.88 |
| 12-Los Angeles (CA)- | \$80.85 |
| 13-Portland (OR)- | \$80.83 |
| 14-San Diego (CA)- | \$80.08 |
| 15-Buffalo (NY)- | \$79.91 |
| 16-New Haven (CT)- | \$79.57 |
| 17-Albuquerque (NM)- | \$79.56 |
| 18-Richmond (VA)- | \$79.32 |
| 19-Baltimore (MD)- | \$79.05 |
| 20-Detroit (MI)- | \$79.05 |
| 21-Honolulu (HI)- | \$78.93 |
| 22-Providence (RI)- | \$78.46 |
| 23-Raleigh (NC)- | \$78.40 |
| 24-Miami (FL)- | \$78.11 |
| 25-Denver (CO)- | \$77.89 |
| 26-Anchorage (AK)- | \$77.78 |
| 27-Madison (WI)- | \$77.75 |
| 28-Seattle (WA)- | \$77.69 |
| 29-Milwaukee (WI)- | \$77.38 |
| 30-Columbus (OH)- | \$76.88 |
| 31-Las Vegas (NV)- | \$76.79 |
| 32-Tallahassee (FL)- | \$76.64 |
| 33-Green Bay (WI)- | \$76.01 |
| 34-Chicago (IL)- | \$74.47 |
| 35-Des Moines (IA)- | \$69.89 |

POLICY RECOMMENDATIONS

The state PIRGs support the following state and federal strategies to address the problem of high prescription drug costs and their impact on all Americans.

INCREASE THE AVAILABILITY OF LOW COST GENERIC DRUGS

The state PIRGs support increasing the budget for the Food and Drug Administration's Office of Generic Drugs to relieve the backlog of generic drugs awaiting approval. We also support closing loopholes in patent laws that allow drug makers to hold on to their patents and slow the introduction of generic drugs to the market.

FORM PRESCRIPTION DRUG BUYING POOLS

The state PIRGs support creating prescription drug buying pools at the state level to allow individuals, businesses and the government to use their combined buying power to negotiate lower drug prices, similar to what the federal government and big health insurance providers do. The states of California, Maine, and Oregon have already established drug-buying pools, and other states such as Colorado, Massachusetts, and New Jersey are considering them.

The state PIRGs also support state efforts to use state drug purchases to leverage discounts for uninsured consumers. Maine is currently running a successful state-run discount pool, and California is considering legislation that would create a state-run pool there.

We also support interstate bulk buying pools, which allow states to aggregate their purchasing power and negotiate lower prescription drug prices. As of 2006, four multi-state bulk-buying pools had formed.⁶⁹ The RX Issuing States (RXIS) project covers public employees in five states: Delaware, Missouri, New Mexico, Ohio, and West Virginia. The National Medicaid Pooling Initiative includes nine states: Alaska, Hawaii, Michigan, Minnesota, Montana, Nevada, New Hampshire, Tennessee and Vermont, and Kentucky plans to join. Top Dollar Program (TOP\$) is a Medicaid purchasing pool that includes Delaware, Louisiana, Maryland, West Virginia, and Wisconsin. The Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) combines agencies and clinics in 42 states. For interstate pools to be truly effective, however, they must allow uninsured individuals to participate in them.

EXPAND USE OF PREFERRED DRUG LISTS

The state PIRGs support expanding the use of "preferred drug lists" (PDLs). Experts develop PDLs by evaluating the effectiveness and price of similar medications and then placing the equally effective yet lower-cost medication on the preferred lists. Experts use "evidence-based review programs" to make well-informed decisions about which drugs to include on PDLs. Oregon has an evidence-based review program at www.OregonRx.org; *Consumer Reports* maintains a consumer-friendly site at www.crbestbuydrugs.org to provide patients with information to help them compare prices of medications they need.

LIMIT DRUG MAKERS' MARKETING TACTICS

Doctors and consumers are inundated with commercial information about brand-name prescription drugs. The marketer's goal is to increase sales, even if it means overstating the effectiveness of a drug and understating the drug's side effects.⁷⁰

The state PIRGs support:

- Limiting direct-to-consumer (DTC) advertising. DTC advertising encourages consumers to request the newest and often most expensive medication regardless of proof about the drug's superiority. We do not support banning all DTC ads because some "symptom ads" are useful to consumers.
- Tightening regulation of DTC advertising. Currently, a drug maker does not have to include information about the side effects of a drug in an advertisement, if the ad does not explicitly say what the drug is used to treat. We support restricting these so-called "reminder ads" since they serve only to remind consumers of the name of the drug and do not give consumers any worthwhile information.
- Restricting marketing to doctors. State and federal governments should establish firm caps on the amount of money drug manufacturers can spend per doctor per year on direct promotion. States that are leading the way in restricting marketing to doctors include California, Minnesota, Maine and Vermont.⁷¹ The voluntary guidelines developed by the American

Medical Association and PhRMA are too vague and lack an enforcement mechanism.

- Placing strict monetary limits or outright bans on gifts from drug makers to doctors and improving disclosure requirements for drug companies and doctors. Drug makers would have to report the value, nature and purpose of any gift or incentive given to a health care provider that is over a certain dollar amount.

END PBM SECRECY

The state PIRGs support efforts to increase transparency and accountability for Pharmacy Benefit Managers (PBMs). PBMs negotiate deals with drug makers on behalf of insurers, state health programs, and large businesses. These deals are shrouded in secrecy and are the basis for allegations and lawsuits that PBMs fail to act in their clients' best fiduciary interest.

LEGALIZE PRESCRIPTION DRUG IMPORTATION

The state PIRGs support legalizing prescription drug importation as an interim solution for the millions of consumers who cannot afford to purchase their medications in the United States.

Since the federal government has failed to act, numerous states and cities have implemented programs to help employees and consumers import prescription medications. The FDA, however, continues to block states' efforts to help their residents import prescription drugs.

CONSUMER TIPS

SHOP AROUND

Use the phone to shop for lower drug prices. If you are uninsured, let the pharmacist know that. In conducting our surveys, several pharmacists offered us discounts once they found out we lacked insurance coverage or offered to match their competitors' lower prices.

Use the Internet to find out how much your medication should cost. Check out websites such as www.drugstore.com, which lists prescription drugs and how much you will save off the average retail price. Be careful when purchasing medications on the Internet. Some websites appear legitimate but actually sell counterfeit and unsafe products. The National Association of Boards of Pharmacy developed the Verified Internet Pharmacy Practice Sites program to certify pharmacies that meet licensing requirements (www.nabp.net). Always look for the online pharmacy's address; if the website does not disclose any address or phone number, it is probably not a legitimate business.

Another excellent tool is Consumers Union's Best Buy Drugs website at www.crbestbuydrugs.org, which lists alternative, less expensive medications consumers may be able to take, once they discuss it with their doctors.

BUY GENERIC DRUGS WHEN POSSIBLE

Ask your doctor or pharmacists for a generic version of your medication. Generic drugs are much cheaper than their

brand name counterparts. Be aware of "brand name" generics, which are generic equivalents of popular brand name drugs made by companies that advertise to distinguish their products and pass the expense on to consumers.

Make sure you shop around for the best generic price, as some drug stores add high markups to their generic drugs.⁷²

BE UPFRONT WITH YOUR DOCTOR

If you cannot afford the medication prescribed, let your doctor know that. Your doctor might be able to give you free samples or prescribe a different medication that is less expensive.

If you are prescribed a new, expensive drug, ask: Is this drug more effective than an older, cheaper drug only because it is prescribed at a higher dosage? Would the older, cheaper drug be as effective, if it were given at an equivalent dose?

CONSIDER IMPORTATION

Only import medications from pharmacies certified by the country in which they are based. Several states have set up websites to help their residents import drugs from certified Canadian pharmacies. Minnesota, for example, maintains a website, www.MinnesotaRxConnect.com; the state's Department of Health has visited and approved each of the pharmacies included on its website. These websites are generally open to out-of-state consumers.

METHODOLOGY

HOW WE SELECTED THE DRUGS TO SURVEY

The report surveyed 10 drugs commonly used by Americans under 65. Using data from NDC Health, we developed a list of brand name prescription drugs most frequently dispensed to anyone in 2005. We included only brand name drugs; we did not include generic versions of drugs manufactured and sold by multiple companies.

To focus our study on prescription drugs used by people under 65, we chose not to survey commonly prescribed medications most often used by the elderly, based on an analysis by Families USA. We did not include the cholesterol-lowering drug Lipitor and the hypertension drug Norvasc on the list, as they are frequently prescribed to people under 65.

We conducted phone surveys of pharmacies for the following drugs at the noted quantity and dosage.

Allegra, 60 mg/60 tablets. Allegra is an antihistamine used to relieve symptoms of seasonal allergies.

Ambien, 10 mg/30 tablets. Ambien is a sleep aid. It is a sedative-hypnotic used for short-term treatment of insomnia.

Lexapro, 10 mg/30 tablets. Lexapro is used to treat depression and generalized anxiety disorder.

Lipitor, 10 mg/30 tablets. Lipitor lowers cholesterol and triglyceride levels in the blood. It reduces the risk of hardened arteries, heart attacks, strokes and peripheral vascular disease.

Norvasc, 10 mg/30 tablets. Norvasc relieves high blood pressure (hypertension) and can relieve and control chest pain.

Premarin, 0.3 mg/30 tablets. Premarin is a female hormone usually given to women who no longer produce the proper amount. It also can help prevent the weakening of bones (osteoporosis).

Singulair, 10 mg/30 tablets. Singulair is used to prevent and treat asthma. It may also be used for seasonal allergies.

Synthroid, 112 mcg/30 tablets. Synthroid is a thyroid hormone used to treat hypothyroidism.

Zithromax, 250 mg/6 capsules. Zithromax treats various bacterial infections, such as pneumonia.

Zyrtec, 10 mg/30 tablets. Zyrtec treats both seasonal and chronic allergies.

HOW WE CONDUCTED THE SURVEY

We surveyed a total of 669 retail drug stores in 35 cities in 22 states and Washington, DC in March and April of 2006. We surveyed retail pharmacies, chain stores, grocery store pharmacies, and mass merchant pharmacies. We did not survey online retailers. Although Internet pharmacy sales are growing, the vast majority of Americans purchase their medications from retail pharmacies.

We selected the pharmacies at random from an Internet directory website.⁷³ Surveyors posed as uninsured, non-senior citizen consumers shopping for the best prices for their prescriptions. Our surveyors found most pharmacists to be quite helpful, often suggesting how the “uninsured” surveyor

could save money on his or her prescriptions. If available, they often recommended cheaper generic drugs.

In New York, we downloaded prices from the Attorney General’s Prescription Drug Price website (<http://www.nyagr.org/>) from randomly selected retail drug stores. If drugs on our survey were not listed on the website, we then called retail drug stores to obtain the prices.

Number of Drug Stores Surveyed by City

| | | | | | |
|-------------|----|----|-----------------|----|------------|
| Albany | NY | 19 | Madison | WI | 13 |
| Albuquerque | NM | 18 | Miami | FL | 17 |
| Anchorage | AK | 19 | Milwaukee | WI | 15 |
| Baltimore | MD | 20 | New Haven | CT | 16 |
| Boston | MA | 20 | New York | NY | 21 |
| Buffalo | NY | 20 | Norfolk/V.Beach | VA | 20 |
| Chicago | IL | 19 | Portland | OR | 20 |
| Columbus | OH | 20 | Providence | RI | 20 |
| Denver | CO | 20 | Raleigh | NC | 20 |
| Des Moines | IA | 20 | Richmond | VA | 19 |
| Detroit | MI | 20 | Sacramento | CA | 21 |
| Green Bay | WI | 16 | San Diego | CA | 20 |
| Greenfield | MA | 16 | San Francisco | CA | 20 |
| Hartford | CT | 20 | Seattle | WA | 20 |
| Honolulu | HI | 20 | Tallahassee | FL | 20 |
| Lansing | MI | 20 | Washington | DC | 20 |
| Las Vegas | NV | 20 | Wilmington | DE | 20 |
| Los Angeles | CA | 20 | Total | | 669 |

HOW WE COMPARED RESULTS TO THE FEDERAL SUPPLY PRICE

The pharmaceutical industry, HMOs, and large insurers do not make public the drug prices paid by most favored private sector customers. The Government Accountability Office considers the Federal Supply Schedule to be the best publicly available information on prices that the drug makers charge one of their most favored customers, the federal government. We obtained the Federal Supply Schedule prices from the Pharmacy Benefits Management Strategic Healthcare Group of the Department of

Veterans Affairs, which oversees the Federal Supply Schedule prices.⁷⁴

Because the Federal Supply Schedule prices do not include pharmacy-dispensing fees, we added \$6.75 to each price to reflect a generous dispensing fee. If the Federal Supply Schedule listed more than one price for the same drug (dosage and quantity), we used the highest price, which makes for a conservative comparison to retail prices paid by the uninsured.

HOW WE COMPARED RESULTS TO PRICES FROM A CANADIAN PHARMACY

We used a website run by the state of Minnesota, www.MinnesotaRxConnect.com, to obtain comparative drug prices in Canada. The Canadian pharmacies featured on the site are licensed by a Canadian province and governed by the laws and regulations of Canada.

Minnesota officials visited the pharmacies listed on the site and reviewed their facilities. They also reviewed the protocols used for filling prescriptions and the Canadian regulations governing the pharmacies, which are similar to Minnesota’s regulations.

HOW WE COMPARED OUR 2004 AND 2006 SURVEY RESULTS

Nine of the ten drugs we surveyed for this report also appeared in our 2004 survey:⁷⁵ Allegra, Ambien, Lipitor, Norvasc, Premarin, Singulair, Synthroid, Zithromax, and Zyrtec. When referring to our 2004 findings, we only looked at the nine drugs that overlapped with the drugs surveyed this year in order to ensure an “apples to apples” comparison. Similarly, in comparing the national average price for each drug, we included data from only the cities that appeared in both the 2004 and 2006 surveys.

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