

# Drug-Price Surge May Erode Savings From Medicare Card

By BARBARA MARTINEZ

**W**ITH SENIORS THREE months away from getting Medicare drug-discount cards, the government and consumer-advocacy groups are on alert for signs that the savings are being eroded by price increases.

It might be too late.

The prices of many widely used drugs have surged since President Bush first proposed a Medicare drug-discount card in mid-2001. The average wholesale price of cholesterol fighter Lescol, made by Novartis AG, is up by more than a third, while Bristol-Myers Squibb Co.'s Coumadin blood thinner has risen 22%.

Prices for drugs the elderly use most often climbed nearly 3½ times faster on average than overall inflation between January 2002 and January 2003, according to consumer group Families USA, which used data from a Pennsylvania program for the elderly.

Families USA, based in Washington, D.C., also warns on its Web site that the Medicare drug law that created the discount cards is vulnerable to

## Who Benefits?

Prices for many top-selling drugs have surged since the mid-2001 proposal of a Medicare discount card.

DRUG (MAKER)	USE	INCREASE IN PILL PRICE*
<b>Celebrex</b> (Pfizer)	Arthritis pain	23%
<b>Lipitor</b> (Pfizer)	Cholesterol	19
<b>Zoloft</b> (Pfizer)	Depression	19
<b>Zyprexa</b> (Eli Lilly)	Schizophrenia, bipolar	16
<b>Prevacid</b> (TAP)	Heartburn, acid reflux, ulcers	15
<b>Zocor</b> (Merck)	Cholesterol	15

\*Per-unit average wholesale prices, August 2001 to March 2004  
Source: Price Alert magazine

price increases by the drug industry, "like a department store marking up prices on products so that it can later offer them 'on sale' at tremendous 'savings.'"

Nearly all 40 million people in the federal Medi-

care insurance program are eligible to get the new drug-discount card in June. Some cards will carry an annual fee of as much as \$30, but the government expects users to save 10% to 25% on retail prices.

Hoping to keep drug prices in check, Sens. Olympia Snowe (R., Maine) and Ron Wyden (D., Ore.) have asked the General Accounting Office to monitor drug prices. Elderly-advocacy group AARP is running full-page newspaper ads asking drug makers to limit price increases to no greater than the inflation rate. In a letter earlier this month, AARP also asked 16 pharmaceutical companies to "use your influence to curtail greater mark-ups throughout the distribution chain to retail."

Meanwhile, Pfizer Inc. faces a shareholder resolution from the Interfaith Center on Corporate Responsibility slated for a vote at next month's annual meeting to keep future price increases in line with overall inflation. The average wholesale price of Pfizer's top seller, cholesterol drug Lipitor, is up 19% in the past 2½ years, and its popular pain reliever Celebrex rose 23%. Pfizer has urged shareholders to reject the measure, saying it has

a history of "moderate pricing."

The battle over drug price increases already is playing out in a lawsuit over a drug-discount card offered on a much smaller scale by several drug makers, including **Abbott Laboratories**, Bristol-Myers, **GlaxoSmithKline PLC**, **Novartis** and **Aventis SA**. The suit, which was filed in 2001 in U.S. District Court in Boston and recently survived a dismissal motion by the drug makers, alleges that the companies conspired with each other to raise the average wholesale prices of their medications at about the same time when their Together Rx card was launched in June 2002.

Pfizer has its own discount card and doesn't participate in Together Rx. But the company is named in the Together Rx suit because the plaintiffs claim it engaged in similar pricing activities. Pfizer says its own discount programs, which include a 30-day supply of any Pfizer-made drug for \$15, helped save the neediest patients money on 6.6 million prescriptions last year, up from 2.3 million in 2001. Pfizer declined to comment on the suit.

The cumulative "rate of increase over the past  
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## Discount Card Won't Mean Much Without Importation

Prescription Drugs Commonly Used by Seniors	U.S. Price	Discount Card (17.4% average)	Canadian Price	European Price
<b>Lipitor</b> (20 mg, 30 count) <i>cholesterol</i>	\$105.33	\$87.00	\$56.57	\$38.00
<b>Fosamax</b> (10 mg, 30 count) <i>bone loss</i>	\$77.00	\$63.60	\$50.00	\$28.67
<b>Celebrex</b> (200 mg, 30 count) <i>arthritis</i>	\$92.99	\$76.81	\$40.50	\$48.00
<b>Zocor</b> (20 mg, 30 count) <i>cholesterol</i>	\$135.99	\$112.33	\$59.40	\$57.85
<b>Synthroid</b> (50 mcg, 100 count) <i>hypothyroidism</i>	\$45.49	\$37.57	\$15.00	\$19.00
<b>TOTAL COST</b>	\$456.80	\$377.31	\$221.47	\$191.52