February 11, 2020

Colorado Senate Health and Human Services Committee
200 E Colfax Avenue
Denver, CO 80203

Dear Senator,

As Colorado attempts to implement the wholesale drug Canadian drug importation plan it enacted last year, a bill has been introduced, SB20-119, that would expand the importation plan to drugs from other nations. The Food and Drug Administration (FDA) has not given the state the authority to import drugs from Canada so it is premature to expand the program without knowing if the current program will be successful. Your committee is scheduled to hear this bill on Thursday, February 13, 2020.

The FDA standards to import drugs are complex, will be expensive to implement, and are still under a comment period. This is one reason why the Council for Citizens Against Government Waste (CCAGW) opposed implementing the Canadian importation program last year. It remains one of the reasons why CCAGW, on behalf of its 36,457 members and supporters in the state of Colorado, opposes SB20-119 this year.

Purchasing pharmaceuticals outside of the current closed U.S. system introduces enormous risk to the drug supply chain. It would open the door to scam artists who would take advantage of such a program and sell counterfeit and dangerous drugs to unsuspecting patients. Without an enormous investment to sample the purity, chemical composition, potency of imported drugs, develop an FDA approved-labeling system, a track and trace program, and a robust public education campaign, state officials are not equipped to implement such an intricate program and keep its citizens safe.

Even if the state spends considerable funds to set up a whole-sale drug importation program, the legislation assumes Canadian officials and pharmacies, and those in other countries, would be willing to sell their price-controlled drugs to state governments in the United States, or at minimum, without a sizable mark-up.

Canadian drug distributors and stakeholders have already said no to such importation schemes. At a January 17, 2020 hearing before the Washington State Senate Committee on Health and Long Term Care, the Canadian group Best Medicines Coalition Chairman John Adams testified about a similar drug importation bill that had been introduced. He said his coalition of 28 nonprofits advocate for Canadian citizens to have timely access to medicines that are safe and effective and that his nation of 38 million does not have a large enough supply to provide pharmaceuticals to U.S. citizens, particularly since Canada is already experiencing drug shortages.
An opinion piece in the January 16, 2020 Canadian Financial Post stated that drug manufacturers “are unlikely to permit their Canadian wholesalers or distributors to undercut their prices in the U.S. by exporting drugs that they have supplied specifically for the Canadian market. Indeed, the wholesalers may be contractually prohibited from exporting any product they purchase from manufacturers” and the Canadian “federal government has already vowed to protect Canadians’ drug supplies and access to medication.”

Importing drugs from Canada and other countries that have socialized medicine is simply importing their price controls. It is well-known that price controls create market disruption and result in less innovation and shortages; it is no different for pharmaceuticals. It should be no surprise that Canada’s, as well as other countries, share of the world’s total pharmaceutical R&D is minuscule compared to the United States. As a result, the world rides on research paid for by our citizens.

Too much of our current pharmaceutical market is price-controlled, from Medicaid, to the 340B drug discount program, to the mandated 70 percent discount in the Medicare Part D coverage gap (donut hole), to the VA, and various other government-run drug benefit programs. No wonder the pharmaceutical market has been distorted.

CCAGW understands your concern about drug prices but importing price-controlled drugs is not the way to address costs. It would be better for Colorado state officials to ask their U.S. congressional delegation to create an environment that fosters competition and innovation by holding the FDA’s feet to the fire to make sure generic drug applications are approved in a timely manner; continue to modernize FDA’s regulatory requirements for research-based biopharmaceuticals to expedite their development; and to advocate for better trade deals so that our trading partners pay their fair share for our research. This would be a far more effective way to help bring down the price of prescription drugs than passing harmful and counterproductive importation bills.

On behalf of our membership, I ask that you oppose SB20-119.

Sincerely,

[Signature]