

Health Gouging

Albany County is being screwed by pharmaceutical companies, County Comptroller says

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Albany County Comptroller Mike Conners has instituted an audit of prescription drug costs to the county for patients on Medicaid, and if early results are any indication, Albany County is being gouged by pharmaceutical companies.

Conners began his investigation due to a very noticeable 25 percent increase in the county's Medicaid prescription drug costs from 2002 to 2003. For the first 200 drugs audited, Conners has found over charges of about \$2.2 million.

So far, the audit has looked into purchases from 2002, but Conners predicts that, because of the 25 percent increase in costs from 2002 to 2003, it is likely the overcharges in 2003 will dwarf those of 2002.

Before Conners began his audit, he invited 44 drug companies to take part in a forum on the potential cost discrepancies. Of the 44, invited companies, none attended the meeting.

"I was contacted by their law firms," said Conners. "They all said the day was inconvenient or had some [other] excuse." Conners was later told by two Drug Company lobbyists that the companies feared Conners was looking for publicity for his Congressional run. Conners points to the fact that he invited the companies to take part in a meeting before he began the audit and the fact that he did not bring the matter up during his campaign as proof that his intentions were pure.

But now that the audit has begun, Conners has dispensed with pleasantries and said, "We're going to have to sue the bastards!" Conners' frustration and adamance stems not only from the overcharges the audit has revealed-only two of the first 28 drugs looked at so far have not been overcharged for-but from the difficulty he encounters in trying to find out what companies should be charging in the first place.

After several unsuccessful attempts to obtain accurate data on what the county had actually purchased and what it had been charged, Conners finally received a disk from the Department of Health with figures showing what was purchased, what was charged and what should have been charged. "We should be charged 80 percent of the lowest wholesale price. Instead, the companies institute a policy that creates artificial whole sale prices, which amounts to a mechanism to enrich reimbursement for drug that assists the poor," Conners states.

Albany County's audit was inspired by a lawsuit the City of New York filed against the same 44 drug companies for over charging its Medicaid program. Conners made it clear that the law firm in charge of New York City's lawsuit is very willing to take on more litigants. Conners has officially recommended that Albany County join the NYC lawsuit. "It's up to the legislature now. I want to see them sue the bastards!" Conners repeats.

According to County Legislator Shawn Morse (District 18), if Conners' audit pans out, the legislature will take action. "I can assure you that with all the financial problems Albany County faces, if Albany has the chance to go after people who are robbing our tax payers, we will."

According to Conners, while the gouging by pharmaceutical companies is a huge problem, it is “only another proof that Medicaid is irrevocably broken. We’re giving the poor low-quality care and the county is paying for it at a Rolls Royce price.” Again, Morse agrees, adding, “We need to create solutions. We can’t just complain. I am familiar with Mike’s proposal and I suppose him wholeheartedly.”

Conners’ proposals include passing legislation that will allow the county to buy drugs at a group, wholesale rate and then pass on the savings to the county’s taxpayers. He also proposes “hiring the young and senior poor for community outreach to help care for the elderly in their homes. Keeping the elderly from being shoved into a nursing home for even a year can save \$7,800.”

John McDonald, mayor of the city of Cohoes, who is also a pharmacist, says that Conners’ efforts are admirable, but he insists there is a larger issue at play here and that issue is the power of pharmaceutical companies. “Getting drugs from Canada isn’t the answer,” said McDonald. “The drug companies can control their shipments and pricing in Canada as well as the can here. McDonald also sees the need for a limit on advertising; he points to the pharmaceutical industry’s ability to convince consumers through adverting that a new more expensive drug is more effective than the cheap, older one that they are also manufacturing.

As it stands now, Albany County’s audit has focused on 200 out of the 6,000 drugs purchased by Medicaid in 2002. Conners expects that as the audit progresses and more years of expenditures are covered, things will look much worse. And he points to the techniques pharmaceutical companies use to keep their patents, techniques such as a slightly tweaking a drug before the patent runs out to make it new, preventing it from coming up for grabs by genetic drug manufactures who can sell it at a lower price.

Conners states it is estimated that “By 2013 our nation’s prescription drug bill will jump from \$250 billion to \$520 billion. This increase is not sustainable. Something must be done.”