These price differences can have substantial impacts on the cost of a prescription. Prilosec, an ulcer medication manufactured by Merck, was the top prescription drug in dollar sales in the United States in 1998. An uninsured senior citizen in Rep. Gonzalez’s district must pay over $70 more than a consumer in Canada and nearly $100 more than a consumer in Mexico for a one month supply of this drug. The total difference between the price a senior in Rep. Gonzalez’s district would pay for a year’s supply of Prilosec compared to a similar consumer in Mexico is over $1,000. The difference between the price a senior in Rep. Gonzalez’s district would pay for a year’s supply of Prilosec compared to a similar consumer in Canada is nearly $900.

In the case of two additional drugs considered in the study, Synthroid and Micronase, senior citizens in Rep. Gonzalez’s district were forced to pay more than two times, and in one case over five times, the prices charged by Canadian or Mexican consumers. This is the second congressional report on drug price discrimination requested by Rep. Gonzalez. The first report showed that senior citizens in Texas’s 20th Congressional District are forced to pay over twice as much for their prescription drugs as the drug companies were paid for by the government for beneficiaries of government health care programs. In Canada, approximately 35% of prescription drugs are paid for by the government for beneficiaries of government health care programs. In Mexico, 30% of prescription drugs are paid for by the government under similar circumstances. The rest of the population in these two countries must either buy their own drugs or obtain prescription drug insurance coverage. To prevent drug companies from charging individual consumers excessive prices, both the Canadian and Mexican governments regulate prices for patented prescription drugs. Drug manufacturers do not have to sell their products in Canada or Mexico, but if they do, they cannot sell their drugs at prices above the maximum prices established by the government.

In the United States, drug manufacturers are allowed to discriminate in drug pricing. As the Congressional Budget Office reported in a 1998 study, “different buyers pay different prices for brand-name prescription drugs... In today’s market for outpatient prescription drugs, purchasers that have no insurance coverage in Texas may pay as little as $6 per month for the same drugs in Mexico...” Higher drug costs in Texas are due to differences in the federal and state policies that govern prescription drug costs.

In addition to the top five drugs for seniors, this study also analyzed two additional prescription drugs, Synthroid and Micronase. Synthroid is a hormone treatment manufactured by Merck; Zolof, a medication used to treat depression manufactured by Pfizer; and Procardia XL, a heart medication manufactured by Pfizer.

These studies support the findings by Rep. Gonzalez’s first report, that the drug companies are forcing senior citizens in Rep. Gonzalez’s district to pay more for prescription drugs than more favored U.S. citizens, and (2) as documented in this report, the drug companies are forcing senior citizens in Rep. Gonzalez’s district to pay more for prescription drugs than consumers in other countries.

The study found that the average price that senior citizens in Rep. Gonzalez’s district must pay for prescription drugs in Texas’s 20th Congressional District is $900. This study investigates the pricing of the five brand name prescription drugs with the highest dollar sales to the elderly in the United States. The study compares the prices that senior citizens who buy their own drugs must pay for these drugs in Rep. Gonzalez’s district with the prices that consumers who buy their own drugs must pay for the same drugs in Canada or Mexico. The study finds that the average price that senior citizens in Rep. Gonzalez’s district must pay are 100% higher than the prices that Canadian consumers pay and 90% higher than the prices that Mexican consumers pay (Table 1).
B. Determination of Average Retail Drug Prices

In order to determine the prices that senior citizens are paying for prescription drugs in Rep. Gonzalez’s congressional district, the minority staff and the staff of Rep. Gonzalez’s congressional office conducted a survey of 11 drug stores—including both independent and chain stores—in his district. Rep. Gonzalez represents the 20th Congressional District in southern Texas, which includes central San Antonio and rural areas to the west and southwest of the City.

C. Determination of Average Drug Prices in Canada and Mexico

Prices for prescription drugs in Canada and Mexico were determined using the 44th edition of the

...can equivalents of U.S. brand names were de-

...the cost of 60 five mg. tablets of Zocor in the

...States the drug Zocor is commonly available

...prices of equivalent quantities were used for

...Mexico, several drugs were not available in

...port were available in Canada in the same

...sizes used in the study are shown in Table 1.

For drugs that were not included in the GAO study, the Congressional Research Service conducted a survey of the top five drugs in the United States, the average differential between the price in Canada and United States was 303%, for Prilosec. an ulcer medication manufactured by Merck.

For other drugs, price differentials were even higher. Synthroid is a hormone treat-

...In comparing drug prices, the study generally used the same drug dosage, form, and

...package sizes used in the study are shown in Table 1.

All prescription drugs surveyed in this report were available in Canada in the same dosage and form as in the United States. In Mexico, a few drug names were used, but the dosage and package size common in the years 1994 through 1997, as indicated in the Drug Topics Red Book. The dosages, forms, and package sizes were used in the study are shown in Table 1.

In dollar terms, uninsured senior citizens in Rep. Gonzalez’s district pay nearly $70 more than a senior in Canada for a two month supply of Zocor, a cholesterol medication manufactured by Merck. In Canada, the average differential was 99% higher than in Mexico.

III. FINDINGS

A. Senior Citizens in Texas’s 20th Congressional District Pay More for Prescription Drugs Than Consumers in Canada

Consumers in Canada obtain prescription drugs in a number of ways. Approximately 35% of the prescription drugs sold in Canada are paid for by the provincial gov-

...in the study are shown in Table 1.

The results of the GAO study showed that, for the top five drugs in the United States, the average differential between the price in the United States and the price in Canada was 79%.

According to GAO, “government regulations and reimbursement practices contribute to lower average drug prices in Can-

...in the study are shown in Table 1.

In the case of Micronase, senior citizens in Rep. Gonzalez’s district pay over $100 more than in Canada for a one month supply of Zocor, a cholesterol medication manufactured by Merck. The highest price differential among the top five drugs was 478%.

For other drugs, price differentials were higher. In the case of Micronase, senior citizens in Rep. Gonzalez’s district pay over $100 more than in Canada for a one month supply of Zocor, a cholesterol medication manufactured by Merck.