February 4, 2020

Republican Members
New Mexico State Senate
Santa Fe, New Mexico  87501

Dear Senator,

On February 3, 2020, the Senate Finance Committee reported out SB 1, the Wholesale Prescription Drug Importation Act, with a Do Pass recommendation. The bill would authorize the New Mexico Department of Health to create a wholesale drug importation program for Canadian price-controlled drugs with the intent to save New Mexico and its citizens money. On behalf of the 13,097 members and supporters of the Council for Citizens Against Government Waste (CCAGW), I ask that you oppose SB 1, which would allow the importation of drugs from Canada and eventually other countries.

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 all imported drugs, develop a Food and Drug Administration (FDA) approved-labeling system, a track and trace program, and a robust public education campaign, state officials are not equipped to implement such a complex program and keep its citizens safe.

Even if the state spends considerable funds to set up a wholesale drug importation program, the legislation assumes Canadian officials and pharmacies would even sell their drugs to state governments in the United States. 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 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 New Mexico 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 this legislation.

Sincerely,

Thomas Schatz