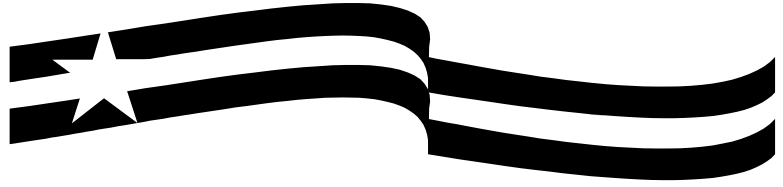


# WISCONSIN CITIZEN ACTION



Wisconsin's Largest Public Interest Organization ♦ 76,000 Members Strong  
1202 Williamson St., Suite B; Madison, WI 53703 ♦ 608-256-1250 ♦ (fax) 608-256-1177

## PRESS RELEASE

**For IMMEDIATE Release**  
**August 11, 2004**

**CONTACT: Darcy Haber (608) 256-1250 x16**  
**Cell (608) 235-7471**

## Prescription Drug Costs Eating Even More Into Wisconsin's Personal Budgets, Report Finds

According to a report released by Wisconsin Citizen Action, the cost of prescription drugs has risen so sharply that the drug cost burden (the average share of income spent on prescription drugs) for Wisconsinites increased by 58.9 percent from 1998-2002. That's a higher rate of increase than the national average, which rose by about 50 percent in the same period. The report introduces findings from a new study by the Health Reform Program (HRP) at the Boston University School of Public Health, "Poorer, Sicker States Face Much Heavier Prescription Drug Cost Burdens."

"The bottom line is people are spending more and more of their money on prescription drugs, and that doesn't have to be the case," said Health Care Campaign Director Darcy Haber. "It's bad enough that Americans have to go to Canada to get cheaper drugs, but what does it say about our health care priorities when drug costs vary from state to state, and people in sicker and poorer states have to spend more of their income on their needed drugs?"

According to the HRP study, the drug cost burden is influenced by three factors: income, use and drug prices. Increasing personal income would help, but is not easy to change. Cutting use is not an option, especially since high drug prices already prevent many people from taking the prescription drugs they need.

The new study concludes that the only realistic and sensible way to reduce these skyrocketing drug cost burdens is to lower drug prices. Doing so, argue the researchers, would spur a large rise in use of needed medications, because more people would be able to afford the drugs they need. And, Medicare, Medicaid and private insurance could expand coverage when prices are cut. Drug makers would then be able to recoup revenue lost to lower prices.

“Cutting drug prices is the only practical way to lower drug cost burdens and expand the use of needed medications,” said Dr. Alan Sager, a director of the Health Reform Program.

Unfortunately, drug companies are not cutting prices. Instead, according to the Wisconsin Citizen Action report, America’s top drug manufacturers have been accused of engaging in a price-gouging scheme that has caused drug prices to soar. The report also found that in addition to marking-up drug prices, several of these manufacturers conspired to stave off congressional scrutiny of their pricing practices by creating a so-called “discount” drug card.

“My husband and I take around 20 medications each month, and the prices have gone up since they put out those discount cards. When I tried to get a discount card, they were going to cancel my Medicare supplement,” said Gloria Monigal, a Green Bay Senior. “While we are paying more money than ever, the drug companies are making money hand over fist.”

The drug companies are capable of cutting their prices—and, in fact, do so for certain customers. Wisconsin Citizen Action urged Congress last year to pass a Medicare bill that would have required Medicare—not insurance companies—to be the primary negotiator with the drug companies. With the bargaining power of Medicare’s 40 million beneficiaries, the program would have been able to negotiate substantial discounts. In fact, the Department of Veterans Affairs, which negotiates on behalf of far fewer people than Medicare would, currently saves the most on prescription drugs. For example, the VA gets one of the most popular drugs on the market, Protonix, for 30 percent of what it would cost with the lowest priced “discount” card.

“It is time to repeal and replace the current Medicare law, which threatens the benefits seniors and people with disabilities already have,” said Haber. “We need a real prescription drug benefit that covers all drugs, for all seniors and people with disabilities, and allows Medicare to negotiate for the lowest prices.”

###

*Wisconsin Citizen Action is the state’s premier public interest organization, dedicated to social, economic and environmental justice for all. Citizen Action unites the political clout of its 74,000 individual members and 207 affiliate organizations to: win improvements that matter in our daily lives, give people a sense of their own power to shape the future, and alter the relations of power to favor people over wealthy special interests.*