

Statement of

# **The Honorable Russ Feingold**

United States Senator  
Wisconsin  
July 14, 2004

Mr. Chairman, thank you for holding this hearing on a topic that is very important to the people of Wisconsin. Each year, I travel to all 72 counties in Wisconsin and hold a listening session in each one. And for the past twelve years, the high cost of health care, and specifically the skyrocketing prices of prescription drugs, has been one of the top issues raised at these meetings by my constituents all across Wisconsin.

I am a strong supporter of the bipartisan bill introduced by Senators Dorgan and Snowe that will help Americans purchase prescription drugs at reduced prices. Without it, Americans are at the mercy of the pharmaceutical companies, which are raising the prices of the most commonly prescribed brand name drugs at twice the rate of inflation. It is our duty in the Senate to provide some relief. People in the United States pay substantially more for prescription drugs than people in any other industrialized country.

I have long supported efforts to create a competitive marketplace for prescription drugs. Drug manufacturers are free to move their factories to countries that have cheaper labor or greater tax incentives and to buy supplies from countries with the lowest costs, but Americans cannot purchase the drugs they need that are offered at lower prices in other countries. That doesn't make sense.

A growing number of American seniors, including a growing number of Wisconsinites, are obtaining their prescription drugs from Canada, whether they cross the border in person, order their prescriptions online, or go to one of the Canadian-company storefronts that have opened in this country.

I have heard from senior groups in Wisconsin that are concerned about the announcements by certain pharmaceutical companies that they will discriminate against Canadian pharmacies that provide Americans the same discount that they provide to Canadians.

To address this issue, I have introduced S. 477, the Preserving Prescription Drug Discounts Act, along with Senators Leahy and Dayton, which would deny tax breaks to drug companies that limit supplies of prescription drugs to Canadian pharmacies that provide Americans with prescription drugs. If these drug companies actively discriminate against American seniors, we should no longer provide them with tax breaks.

At least six major pharmaceutical companies have announced that they are going to take steps to curb the reimportation of prescription drugs from Canada into the U.S. by limiting supplies provided to Canadian pharmacies. I am concerned that the drug companies are only starting with

Canada, and will extend these discriminatory practices to other countries that Americans now, or in the future will, turn to for cheaper prescription drugs.

Seniors are forced to go to Canada because the price of prescription drugs in this country is out of control. The Congressional Budget Office estimates that brand-name drugs cost, on average, 35 to 55 percent less in other industrialized countries than they do in this country.

Drug companies say that they need to charge high prices to recover the enormous research costs involved in bringing new medicines to market. Yet that argument overlooks the fact that Americans already fund much of the research and development of prescription drugs through taxpayer-funded research conducted at the National Institutes of Health and through tax breaks to the drug industry.

It is simply unfair that some Americans cannot afford the prescription drugs that their tax dollars help develop, and when they try to go to obtain these drugs from Canada they are discriminated against by the drug companies. It is far past time for Congress to allow Americans access to safe prescription drugs at the prices that the rest of the industrialized world enjoys.