



EXHIBIT 4  
DATE 1-27-05  
HB 364

January 27, 2005

Representative Jim Keane, Chair  
House Business and Labor Committee

Testimony in Support of HB 364 Facilitate Purchase of Canadian Rx

Representative Jim Keane and members of the Business and Labor Committee:

My name is Claudia Clifford, advocacy consultant for AARP Montana and its 143,000 members in this state. I am here today because our recent member survey showed that 85% of our members view access to affordable prescription drugs as a high legislative priority.

In June 2004, AARP funded a survey of our state's general population in which two-thirds of Montanans reported that paying for prescription drugs was a financial problem for them. Nearly half of those Montanans who take prescription drugs on a regular basis report spending \$100 or more out-of-pocket on prescription drugs in the last 90 days and almost one-quarter spent \$250 or more.

Paying for prescription drugs and health care, coupled with high energy bills has become **a kitchen table crisis** for many Montana families. A national economist estimated that low and fixed income households in Montana spend 34% of their monthly income on health care and Rx and 32% of their monthly income on energy bills.

American incomes cannot keep pace with the rise in prescription drug costs. **In 2003, prices charged by drug manufacturers to wholesalers for widely used brand name prescription drugs increased three times the rate of inflation on average.**

The high cost of prescription drugs in the US clearly forces many Montanans to look north for a less expensive outlet for their purchases. I have two handouts illustrating the cost comparison of prescription drugs in the US and Canada. With savings up to 74%, it's no surprise that so many Montanans want to make purchases from Canada.

Weekly we get calls from members seeking safe, licensed outlets for Canadian pharmacies and mail order sites. The benefit of this bill is that it will help provide Montana consumers with a source of information for safe and reliable Canadian pharmacies.

Our support for this bill is guarded for a number of reasons:

- The Federal Drug Administration currently does not approve re-importation of pharmaceuticals. AARP is advocating passage of the "Dorgan-Snowe legislation"

before Congress to allow for legal, safe importation of lower cost prescription drugs. Although numerous states have considered or implemented strategies to import prescription drugs from Canada, we believe that passage of this federal legislation is a better way to go.

- Re-importation is only a strategy to deal with the burden of high cost medicine, it is not the solution to affordable prescription drugs and curbing the rapidly escalating prices. Ultimately, we all would like to be able to go to our local pharmacy to pay a reasonable price for prescription products.
- Before you this session is another bill, LC 1172, that addresses the high cost of prescription drugs in a more comprehensive way. This bill, at the request of the governor and sponsored by Senator Tester and Representative Roberts, will address the need for cost containment through multi-state purchasing arrangements, preferred drug lists using evidence based research on the efficacy of prescription drugs, and education of consumers and medical providers on cost effective medicines through a website information as well as other resources. In addition, this bill will provide assistance to many Montanans so eligible low-income people can take advantage of the new Medicare Part D benefit and uninsured people can get significant discounts on their prescriptions.

Recent news reports have covered deliberations by the Canadian Health Minister to require Canadian physicians to examine US patients before they sign "second" scripts for them. Should the Canadian Health Minister go forward with this regulation, this bill would become irrelevant.

We do appreciate the effort in this bill to provide reliable information to consumers on Canadian sources for prescription drugs. This bill helps to put pressure on the US pharmaceutical industry to sell their products at more competitive prices. We appreciate the opportunity to testify on this very complex issue. Affordable prescription drugs are a top priority for AARP, so we will continue to work with you on strategies to lower the cost of medicine.

*AARP is a nonpartisan, non-profit membership organization with 143,000 members in Montana and 35 million members nationwide.*