

DRUG PRICE COMPETITION IN THE
WHOLESALE MARKETPLACE

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mrs. EMERSON. Mr. Speaker, today I am introducing legislation that will preserve drug price competition in the wholesale marketplace, prevent the destruction of thousands of small businesses across America and avoid a possible disruption in the national distribution of prescription drugs to nursing homes, doctors offices, rural clinics, veterinary practices and other pharmaceutical end users. As befitting such legislation, I am pleased to note that this bill has cosponsors from both political parties, a number of different committees and many different areas of the country.

Our objective is to prevent and correct the unintended consequences to prescription drug wholesalers of a Final Rule on the Prescription Drug Marketing Act (PDMA) issued by the Food and Drug Administration in December, 1999. This regulation will require all wholesalers who do not purchase drugs directly from a manufacturer to provide their customers with a complete and very detailed history of all prior sales of the products all the way back to the original manufacturer. Absent such sales history, it will be illegal for wholesalers to resell such drugs. But in a true "Catch 22" fashion, the regulation does not require either the manufacturer or the wholesaler who buys directly from the manufacturer to provide this sales history to the subsequent wholesaler. In addition, the wholesaler who does not purchase directly from a manufacturer has no practical way of obtaining all the FDA required information needed to legally resell RX drugs. The result of this rule will be that most small wholesalers will be driven out of business. The FDA has estimated that there are about 4,000 such secondary wholesalers who are small businesses.

The FDA's Final Rule will also upset the competitive balance between drug manufacturers on the one hand and wholesalers and retailers on the other by granting the manufacturers the right to designate which resellers are "authorized" and which are not, quite apart from whether the reseller buys directly from the manufacturer or not. The original intent of the PDMA was that wholesalers who purchase directly from manufacturers be authorized distributors, exempt from the requirement to provide the sales history information to their customers. However, the FDA's regulation has separated the designation of an authorized distributor from actual sales of product, and will allow manufacturers to charge higher prices to wholesalers in exchange for designating them as authorized distributors. Drug price competition will also be significantly reduced if thousands of secondary wholesalers are driven out of business. The result of the FDA's regulation will be that consumers and taxpayers will pay even higher prices for prescription drugs.

Seems to me that the FDA is protecting the drug companies at the expense of the American public at a time when these companies must be encouraged to lower their outrageous prices so that our seniors and others in need can afford to pay for their medicine.

Thus, while the Congress wrestles with difficult questions regarding drug pricing for sen-

iors, expanded insurance coverage for prescription drugs and the like, the PDMA Rules is a drug pricing issue that is relatively uncomplicated, easy to solve and not expensive.

The bill would make minor changes in existing language to correct the two problems described above. First, the bill would define an authorized distributor as a wholesaler who purchases directly from a manufacturer, making the definition self-implementing and removing the unfair advantage given to the manufacturer by the regulation. Secondly, the bill will add language to the statute which will greatly simplify the detailed sales history requirement for most wholesalers. If prescription drugs are first sold to or through an authorized distributor, subsequent unauthorized resellers will have to provide written certifications of this fact to their customers, but will not have to provide the very detailed and unobtainable sales history. For any product not first sold to or through an authorized distributor, a reseller would have to provide the detailed and complete sales history required by the FDA Rule. This would protect consumers against foreign counterfeits or any drugs which did not enter the national distribution system directly from the manufacturer, while eliminating a burdensome and expensive paperwork requirement on thousands of small businesses which has no real health or safety benefit in today's system of drug distribution.

My cosponsors and I invite and encourage Members to add their names to this bill and look forward to its prompt enactment this year. Unless the FDA regulation is reopened and significantly modified by the agency, overturned in court or, as I hope, corrected by this bill, wholesalers will have to start selling off their existing inventories as early as May because the products will be unsalable when the regulation goes into effect in December 2000. This forced inventory liquidation will be accompanied by an absence of new orders by thousands of wholesalers, and the result could easily be disruptions in the supply of prescription drugs to many providers and end users. Let us then move quickly to fix this problem and save consumers, taxpayers and thousands of small business men and women across the land from higher drug prices, potential health problems due to supply interruptions and significant economic loss and unemployment.

THE ARMENIAN GENOCIDE

SPEECH OF

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 12, 2000

Ms. SANCHEZ. Mr. Speaker, I am paying tribute and joining my colleagues in commemorating the 85th anniversary of the Armenian Genocide. As many of you know, on April 24, 1915, a group of 200 Armenian religious, political, and intellectual leaders were arrested and murdered, marking the beginning of the first genocide of this century. Over the next 8 years, 1.5 million Armenians were massacred and over 500,000 survivors were exiled in an attempt to eliminate the Armenian population in the Ottoman Empire. Several were deported from areas as far north as the Black Sea and as far west as European Turkey to concentra-

tion camps. In addition to being deprived of their homeland, their freedom, and their dignity, many Armenians died of starvation, thirst, and epidemic disease in horrendous concentration camps.

Unfortunately, 85 years after the beginning of this terrible period in the history of humanity, the Turkish Government refuses to acknowledge the truth about its past. As a member of the House Armed Services Committee and the Armenian Caucus, I have supported efforts to recognize the Armenian Genocide. I feel it is imperative that we show respect and remembrance to those victims and encourage Turkey to do the same. By remembering this crime against humanity, we honor those who perished and serve notice on all governments that such crimes will not be forgotten.

TRIBUTE TO MILTON J. WALLACE,
COMMUNITY HERO

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mrs. MEEK of Florida. Mr. Speaker, I want to take this opportunity to pay tribute to one of my community's unsung heroes, Attorney Milton J. Wallace. On May 10, 2000, 12:00 noon, at the Miami Inter-Continental Hotel the Miami-Dade Affordable Housing Foundation will host its First Annual Housing Heroes Awards Luncheon to honor him for his many years of dedication and service under the aegis of the affordable housing movement.

Born to Mark and Regina Wallace in New Jersey on December 17, 1935, Milton Wallace was the only child who came to grace this loving couple. His family moved to Miami in 1949, and he subsequently attended the University of Miami, obtaining his bachelor's degree in 1956 with summa cum laude, the highest distinction awarded to any graduate. In 1959 he obtained his law degree, and was inducted as a member of the Iron Arrow—the august group of Hurricane alumni who have gone above and beyond the call of duty in upholding the honor and glory of their Alma Mater.

A Certified Public Accountant since 1957, he has also been a Member of the Florida Bar since 1959 and a Licensed General Contractor in Florida since 1969. Mr. Wallace became a City of Miami Judge from 1961 to 1963, and served as Florida's Assistant Attorney General from 1965 to 1970. He moved on to hold the position of General Counsel to the Florida Securities Commission, which soon became the Division of Securities within the office of Comptroller of the State of Florida.

Happily married to his wife Patricia since 1963, he is blessed with two sons, Mark who is 32 and Hardy, age 22. While his affiliations with many corporations and civic organizations are many, Milton Wallace takes ample pride in representing the noblest of our community. As a Director and founding member of the Miami-Dade Affordable Housing foundation, Inc., he has resiliently dedicated a major portion of his life to making the justice system work on behalf of the less fortunate.

He wisely chose the challenge of ensuring home ownership as an affordable and accessible right for countless ordinary citizens who have done and are doing their fair share in