

would influence the decisions of healthcare providers submitting the Medicare and Medicaid claims. Indeed, Bristol did not falsify published prices in connection with other drugs, where sales and market penetration strategies did not include the arranging of such financial "kickbacks" to the healthcare provider.

In the case of the drugs for which Bristol sought to arrange a financial kickback at the expense of the government programs, the manipulated discrepancies between your company's falsely inflated AWP's and DP's versus their true costs are staggering. For example, in the 2000 edition of the Red Book, Bristol reported an AWP of \$1296.64 for one 20mg/ml, 50ml vial of Vepesid (Etoposide) for injection [NDC #00015-3062-20], while Bristol was actually offering to sell the exact same drug to Innovatix members (a

In addition to Bristol's unconscionable price manipulation of Vepesid, I am also concerned about Bristol's newer drug Etopophos. As the following excerpts from Bristol's own documents reveal, Bristol's earlier participation in the false price manipulation scheme with respect to Etoposide (Vepesid) interfered with physicians medical decisions to use Etopophos:

"The Etopophos product profile is significantly superior to that of etoposide injection . . ."

"Currently, physician practices can take advantage of the growing disparity between Vepesid's [name brand for Etoposide] list price (and, subsequently, the Average Wholesale Price [AWPI] and the actual acquisition cost when obtaining reimbursement for etoposide purchases. If the acquisition price of Etopophos is close to the list price, the physician's financial incentive for selecting the brand is largely diminished".

Bristol thus acknowledges that financial inducements influence the professional judgment of physicians and other healthcare providers. Bristol's strategy of increasing the sales of its drugs by enriching, with taxpayer dollars, the physicians and others who administer drugs is reprehensible and a blatant abuse of the privileges that Bristol enjoys as a major pharmaceutical manufacturer in the United States.

Physicians should be free to choose drugs based on what is medically best for their patient. Inflated price reports should not be used to financially induce physicians to administer Bristol's drugs. Bristol's conduct, in conjunction with other drug companies, has cost the taxpayers billions of dollars and serves as a corruptive influence on the exercise of independent medical judgment.

Bristol employed a number of other financial inducements to stimulate the sales of its drugs at the expense of the Medicare and Medicaid Programs that were concealed from the Government. Such inducements included volume discounts, rebates, off invoice pricing and free goods designed to lower the net cost to the purchaser while concealing the actual cost of the drug from reimbursement officials. Bristol provided free Etopophos to Drs. Lessner and Troner in exchange for the Miami oncologist's agreement to purchase other Bristol cancer drugs. This arrangement had the effect of lowering the net cost of the cancer drugs to the oncologist and creating an even greater spread than would already result from the invoiced prices. The value of the free goods is often significant: Similarly, other exhibits show that Bristol provided free Cytogards in order to create a lower than invoice cost to physicians that purchased other cancer drugs through the Oncology Therapeutic Network.

It is important to note that the above free good examples created financial incentives to the physicians that were over and above the spread created by the difference between

Bristol's reported prices and regular prices provided to the market.

Bristol's price manipulation scheme was directed at both the Medicare and Medicaid Programs. Bristol commonly reported prices directly to Medicare carriers as well as State Medicaid Programs. Exhibit 8, attached hereto, contains examples of Bristol's price reports that were routinely directed to State Medicaid Programs and Medicare carriers through Western Union Mailgrams.

This scheme is further illustrated by Bristol's fraudulent price representations about its drug Blenoxane. Bristol's AWP fraud with respect to Blenoxane is clearly demonstrated in Composite Exhibit 9, attached hereto, which consists of invoices relating to sales of the drug by Oncology Therapeutic Network to Jeffery N. Paonessa, MD, an oncologist practicing in St. Petersburg, Florida. In 1995, Bristol caused an AWP to be published of \$276.29 when it sold Blenoxane to Dr. Paonessa for \$224.22. In 1996, Bristol increased its reports of AWP to \$291.49, while continuing to sell the drug to Dr. Paonessa for \$224.27. In 1997, Bristol falsely reported that it had increased its AWP to \$304.60 when, in reality, it lowered the price to oncologists as reflected by its price to Dr. Paonessa of \$155.00. In 1998, Bristol again reported a false AWP of \$304.60 while reducing its price to oncologists as reflected by the \$140.00 price to Dr. Paonessa. The following chart summarizes this information:

Blenoxane 15—NDC#00015-3010-20

Year	Red Book AWP	Price to Florida oncologist	Spread
1995	\$276.29	\$224.22	\$52.07
1996	291.49	224.22	67.27
1997	304.60	155.00	149.60
1998	304.60	140.00	164.60

It is essential that the Health Care Financing Administration ("HCFA") and other government reimbursement authorities receive truthful and accurate information from Bristol regarding drugs for which the government reimburses. The evidence uncovered by the Congressional investigations to date seems to reveal a conscious, concerted and successful effort by Bristol to actively mislead HCFA and others about the price of their drugs. I have forwarded this matter to the Department of Justice and request that Bristol's conduct be investigated under the Anti-Kickback and Prescription Drug Marketing Statutes.

Bristol's price manipulation has already caused the Medicare and Medicaid Programs unconscionable damage. The inflation index for prescription drugs continues to rise at a rate of more than twice that of the consumer price index. The American taxpayer, Congress and the press are being told that these increases are justified by the cost of developing new pharmaceutical products. Bristol and several other manufacturers are clearly exploiting the upward spiral in drug prices by falsely reporting that prices for some drugs are rising when they are in truth and in fact falling. This fraudulent price manipulation cannot be permitted to continue. I urge Bristol to immediately examine its corporate conscience, correct its behavior and make amends for the injuries it has caused government programs to date. It is time to earn your claims for social responsibility.

Please share this letter with your Board of Directors and in particular with the Board's Corporate Integrity Committee.

Sincerely,

PETE STARK,  
Ranking Member.

BLACK HISTORY MONTH

HON. ALLEN BOYD

OF FLORIDA  
IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 28, 2001

Mr. BOYD. Mr. Speaker, the month of February is known as "Black History Month." It celebrates, not only the black race, but also the spirit and contributions of African-American culture.

The beauty and strength of America is rooted in her people. Each ethnicity contributes to the diverse patchwork that is our nation. I find it particularly important that we recognize the history of black Americans during the month of February. From the egregious stories of abduction that brought so many ancestors to this nation, to Jackie Robinson tearing down the barriers of color in Major League Baseball, the story of black America, with its' highs and lows, is one that should be revived and remembered.

As Black History Month in the year 2001 comes to a close, I embrace the future with a stronger knowledge of the past and look forward to the day Dr. Martin Luther King dreamed of "when all of God's children, black men and white men, Jews and Gentiles, Protestants and Catholics, will be able to Join hands and sing in the words of the old Negro spiritual, "Free at last! Free at last! Thank God almighty, we are free at last!"

CENTRAL NEW JERSEY RECOGNIZES DEFOREST B. SOARIES, JR. FOR HIS SERVICE TO OUR COMMUNITY

HON. RUSH D. HOLT

OF NEW JERSEY  
IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 28, 2001

Mr. HOLT. Mr. Speaker, today I recognize Rev. Dr. DeForest B. Soaries, Jr., and his ongoing dedication to serving the needs of families throughout New Jersey. I join with the Metropolitan Trenton African American Chamber of Commerce in recognizing the many contributions he has made working to address the growing needs of our diverse community.

On January 12, 1999, Governor Christine Todd Whitman presented Rev. Soaries as New Jersey's Secretary of State. Secretary Soaries has since brought new energy to the Department of State and its mission to preserve and promote the story of New Jersey and its citizenry. With his broad experience and extensive abilities, Secretary Soaries oversees one of the leading departments of state government.

In his official capacity, Secretary Soaries oversees the Department of State's operating agencies consisting of the New Jersey State Museum; New Jersey Martin Luther King, Jr., Commission; and the Governor's Office of Volunteerism to name a few. Additionally, Secretary Soaries was charged with advancing a number of Governor Whitman's quality of life programs.

Secretary Soaries is an ordained minister and presently serves as the senior pastor of the very active First Baptist Church of Lincoln Gardens. Since joining the leadership of First Baptist, Secretary Soaries has worked to increase the congregation's membership. Secretary Soaries has aided in the development