



CITIZENS FOR ECONOMIC OPPORTUNITY  
Corporate Responsibility Campaign

My name is Karen Schuessler and I am the Director of Citizens for Economic Opportunity (CEO). CEO is a coalition of community and labor groups addressing health care reform and corporate responsibility.

In an effort to reduce pharmaceutical costs, I strongly support S.B. 992 and urge more transparency to determine what Connecticut pays for pharmaceutical drugs and how pharmaceutical companies spend their dollar. Transparency is important for many reasons including the following:

1. In 2007, the United States spent \$287 billion on pharmaceuticals and drugs account for 14% of all health care costs. The pharmaceutical industry is known for its skyrocketing costs, under use of generics, and concerns over inadequate safety measures.
2. Some insurers have removed prescription drug coverage from their plans due to the high costs and as a result put a strain on state and federal payers like Medicaid and Medicare.
3. According to a study of two market research groups pharmaceutical companies have spent twice as much money on marketing than research and development. In 2004, American drug companies spent \$57.5 billion on promotional activities and \$31.5 billion was spent on research and development. Marketing activities included distributing free samples, direct-to-consumer drug advertising, meetings between company representatives and doctors to promote products, email promotions and direct mail.
4. CEO pay for pharmaceutical companies is excessive and extravagant. In 2007, the CEO of Pfizer made \$9,513,440 in total compensation and the CEO of Baxter International made \$17,580,718 in total compensation in 2007.

Establishing transparency is the right step in ensuring that pharmaceutical companies do not inflate drug prices and put profit before peoples lives. In March 2003, here in Connecticut, Attorney General Richard Blumenthal, the Department of Consumer Protection Commissioner and the Department of Social Services Deputy Commissioner sued 7 major pharmaceutical manufacturers for artificially inflating drug costs incurred by DSS and Connecticut consumers who are Medicare beneficiaries. The lawsuits accused the 7 pharmaceutical companies of inflating the average wholesale price (AWP) for their pharmaceuticals while at the same time creating a spread between the higher cost by the state and the Medicare program and the actual charges to health care providers such as physicians and pharmacists. These companies took advantage of sick citizens and inflated prices for medicine needed by patients with cancer, respiratory diseases and other serious illness. Settlements were reached with the state and resulted in greater transparency with the pharmaceutical companies.

I appreciate your efforts to reduce the costs of pharmaceutical drugs and urge your support of this bill. Reducing drug prices is the only affordable path to ensure that all Americans can obtain the medications they need. Price cuts would allow for more prescriptions to be filled and higher volumes can restore

revenue lost as prices fall. Let us continue to work to ensure that pharmaceutical companies are not in the business to make money from people's illness.

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