

REMARKS BY DAWN POLLEY

**PRESIDENT, THE CANADIAN INTERNATIONAL PHARMACY
ASSOCIATION**

AT

CSIS CONFERENCE, MAY 23, 2007-05-09

Thank you very much and it is a real pleasure to be here today to bring some hands on perspective to this debate.

Unlike many on the program today, I can speak about the international pharmacy business from a first-hand perspective.

I have practised as a registered pharmacist for over 25 years. I have worked for a major pharmacy chain, both as a dispensing pharmacist and in senior management. I have also been involved in independent pharmacy operations where you see all sides of the business.

I own and run my own international pharmacy in Vancouver. Like the largest pharmacy chains in both Canada and the U.S. I use the internet for marketing purposes, but, like them, I do not run an internet pharmacy. My pharmacy is located in a real building on a

real street with a real door. The pharmacy is registered with the College of Pharmacy of British Columbia and is inspected both by the College and Health Canada.

And, every member of the Canadian International Pharmacy Association can make the same claims. Each has on staff registered licensed pharmacists. Each is located at a real address in a real building. Each is fully inspected by both their provincial licensing body, and the Canadian Federal Department of Health. In other words, each member has exactly the same qualifications and runs a pharmacy in the same way as every member of Mr. Kealey's organization, the Ontario Pharmacist's Association.

I know that Marc is proud of the fact that a recent study of comparative trust in professions showed that Canadian's give pharmacists a trust rating of 86%, just behind nurses at 87% and ahead of physicians at 80%.

The patients who deal with CIPA members would agree. While it is possible to order repeats of prescriptions on-line, just as you can at the major chains in Canada and the U.S., an initial order requires more consultation. In my practice, over 75% of the patients never order on-line. They use the telephone to speak to someone on our staff and if necessary, one of our pharmacists. We insist on an original prescription, preferably, directly from the prescribing physician and on an initial order, we require a medical background to check for interactions. As you can see, this is exactly the procedure that would happen at your corner pharmacy.

But, I am not here to convince anyone in this room to place an order with a CIPA Pharmacy. I don't need to. We have already gained the trust of millions of customers, mostly seniors, who use our pharmacies to obtain safe, reliable prescription medicines at an affordable price. What I am here to do is, hopefully, debunk some of the myths that are perpetuated by some pharmaceutical companies and individuals who oppose the expansion of the international pharmaceutical market.

I am sure that there are some in this room who do not understand the value that Canadians place on our Medicare system. To all of us, no matter whether on the far left or far right of the political spectrum, our Medicare system is a Canadian birthright. If that system is threatened in any way, Canadians will rise up to insist on a solution. We all know it is expensive and we all know that it could work more efficiently, but for us, it is far better than the alternative.

But that fierce protectionism of our healthcare system makes it possible to raise issues such as the one we are discussing today not by appealing to reason, but rather by appealing to nationalism and emotion.

For example, last fall after the US Customs and Border Agency decided to stop the routine seizure of pharmaceutical shipments into the United States, the pharmaceutical industry and those that support it, tried to convince Canadians that "the door to Canada's medicine cabinet has been thrown wide-open threatening the secure supply of prescription drugs for Canadians."

Of course, no such thing has happened. Nor, in reality, was it expected to. In fact, IMS data shows that the market continued to decline in 2006. While we have noticed some strengthening of our market as seniors reach the donut hole or find Medicare Part D is not the solution for them, sales continue to lag far behind 2004-2005, due to both a strengthening of the Canadian Dollar and the implementation of Medicare Part D.

With the movement of Dorgan/Snowe through your legislative process, the attacks have once again begun, not based on a law that has been passed, but based on half truths about a bill that is in the legislative process.

The pharmaceutical companies and pharmacists associations in both Canada and the U.S. will tell you that this bill jeopardizes the health of Americans since the patient is relinquishing expert consultation and pharmacist-patient interaction. In addition they claim that the Canadian pharmacist does not have access to the U.S. medical records of the patient. First, all CIPA members have a licensed pharmacist available to provide any patient counselling required. In addition, if a U.S. based pharmacy wants to have medical information about a patient, they phone the prescribing doctor. We have exactly the same access to the same information.

There is another inconsistency with regards to this argument. At least 29 American States will accept and fill a Canadian prescription. Of course, they may require the same information but from a Canadian physician. I believe, and I know that Marc would agree with me, that our Canadian pharmacists are every bit as skilled as the pharmacists in those 29 states.

Of course, the threat of counterfeit drugs is always raised. And, in today's international pharmaceutical market, this is a growing problem. It is interesting that when Dorgan/Snowe is raised, people talk about re-importation, as though the drugs are made in the USA and then shipped to Canada for "re-importation" to the US. In fact, more and more pharmaceuticals are no longer made in the USA but manufactured in other countries and then shipped to the rest of the world including the US. As we all know, even the largest retail chains in the U.S. have been hit with counterfeit products. Everyone who is legitimately in the pharmaceutical industry, from manufacturer to corner drug store, has a responsibility to ensure the chain of custody of their supply. And, that certainly includes those engaged in the International Pharmacy business.

But, does Dorgan/Snowe make the counterfeit problem worse? Of course not. In fact, by licensing all exporters, Dorgan/Snowe makes it much easier for Customs and Border Protection to stop the rogue pharmacy shipments.

We must always, however, be aware that there are various definitions of counterfeit. The FDA will tell you that any drug that does not have the FDA approval is counterfeit. Our favourite example is the famous little purple pill. Nexium is sold in the United States as a capsule. In the rest of the world, the same ingredients, made by the same company, are sold as a tablet. We have had instances where a shipment of Nexium, name brand, tablets have been seized as counterfeit because they are tablets not capsules.

Then, we come to the big threat. This one designed to play on the emotions of Americans. Terrorism.

Apparently, if Dorgan/Snowe is passed, terrorists in other countries could fill some capsules with a deadly powder and ship it to the U.S.

That scenario, which given the care taken in the pharmaceutical supply chain is unlikely today, becomes even more remote if Dorgan/Snowe is passed.

Because of the tracking provisions of Dorgan/Snowe, customs would easily know what are legitimate shipments and which ones are not. CIPA is just as committed to shutting down the rogue pharmacies as everyone else in this room. This legislation will go a long way to achieving that goal.

Finally, the big argument. Passage of Dorgan/Snowe will drain drugs from Canada and cause a shortage for Canadians.

First, you should know that CIPA has a Canada first policy. When there appeared to be a pending shortage of Tamiflu in Canada, CIPA members immediately stopped shipping the drug. This is the only instance that I know of where there was a demonstrated shortage of a drug for Canadians that was blamed on shipments to the U.S. In fact, a good portion of that shortage was caused by Canadian hoarding the drug themselves.

Nevertheless, CIPA is on the Parliamentary Record in Canada as being opposed to the bulk shipment of drugs to the U.S. That said, we are not in favour of our government taking precipitous action, before we actually know if there is a problem.

For those that have bothered to read all of Dorgan/Snowe, you will know that the drafters believe that they have dealt with any potential supply problems by using the anti-

discriminatory provisions in U.S. legislation. They believe that this gives them the suasion necessary to ensure supply in Canada. Since there is no doubt that the will exists in our Parliament, as demonstrated by Ms. Bennett in her remarks, to pass legislation should it be required, we advocate waiting to see if a problem develops.

First, the retail provisions of Dorgan/Snowe will be implemented a full year before the bulk provisions will come into force. This will provide the opportunity to see if the supply provisions envisaged by the drafters can be enforced during the year of retail sales before bulk is introduced.

Second, the bill calls for notice of each shipment, including the contents. This will provide real time data on sales volume that I am sure the Government of the United States would be pleased to share with Canadian officials so that they can monitor both supply and demand much more easily than they can today.

Ladies and Gentlemen, obviously time does not permit me to get into an in depth discussion of all these subjects today. As you have seen already, many of us have legitimate differing opinions on the impact of Dorgan/Snowe.

What is clear from the experience of our industry over the past few years is that there is no way to stop consumers from making purchases in a manner that is most convenient to them. As we have seen in Europe, it is possible to make pharmaceutical purchases safely across borders. We should be capable of the same level of sophistication here in North

America. The largest senior's organizations and coalitions in the USA have already come to that conclusion.

And, we continue to attract new customers every day. Customers who have no drug plan, don't qualify for medicaid, but can't afford what are often life sustaining drugs. They call a CIPA member and find that they can obtain the medications that they require safely, from a licensed pharmacy, at an affordable price.

When discussing ordering pharmaceuticals on-line, as other industries have found, shutting our eyes, and our minds, to the new realities of the retail market place, will not solve the perceived problems that new technologies bring. Working together to find realistic solutions will.