



## **Much Ado About Cross-Border Prescription Purchasing**

2% of Americans purchase their prescription drugs from Canada or Mexico, reveals Ipsos-Insight

**February 19, 2004, New York, NY**— Cross-border prescription drug purchasing and re-importation are at the center of national debate, the subject of several new state and federal bills, a hot-button topic in the media, and a point of serious contention with pharmaceutical manufacturers. However, recent survey results from Ipsos-Insight, the global survey-based research firm, show that the incidence of individuals purchasing their prescription medications from Canada is lower than the hype implies.

The new survey of 1,000 representative American adults reveals that 75% purchased at least one prescription drug to treat an ailment in the past six months. Among those buyers, 98% purchased their prescription drug in the United States. Less than 1% of respondents purchased their drugs from Canada; and less than 1% purchased their prescription from Mexico.

“Given the level of media attention and awareness driven to the topic of re-importation of prescription drugs from Canada and Mexico, it’s grounding to see that the actual proportion of Americans engaging in this activity is so small in the grand scheme of things,” said Fariba Zamaniyan, pharmaceutical industry expert and Vice President with the Ipsos Health Practice. “Although it is possible to purchase prescription drugs via home delivery services or in person from Canada, it is still more convenient for most Americans to fill their prescriptions via traditional channels in the U.S. This convenience, along with concerns about safety, outweighs the cost savings.”

Purchasing prescription drugs from Canada may incur out-of-pocket expenses that are nearly half the amount traditionally spent in the U.S. because Canadian agencies purchase drugs in bulk and negotiate large discounts with drug manufacturers. Agencies such as the FDA have engaged in aggressive campaigns to inform Americans of the quality, efficacy, and safety risks associated with re-importation. This effort is meant to deter cross border activities particularly since not all drugs available in Canada are FDA-approved.

The segment of the population most affected by the rising cost for prescription drugs in the U.S. is consumers at or below federal poverty levels. This group is mainly comprised of seniors, many of whom may have significant health care needs. According to PharmTrends®, Ipsos’ syndicated consumer-tracking service, seniors with annual incomes of less than \$15,000 purchase 30% more prescriptions than the average consumer, thus their concern and interest in seeking savings.

PharmTrends® shows the majority of prescriptions continue to be purchased in the U.S. through traditional brick and mortar outlets. Responding to the rising costs of prescription drug in the U.S., Pharmacy Benefit Managers (PBMs) have encouraged consumers/patients to use mail order or home delivery services, and sometimes required it as the means for prescription drug receipt for patients treating both episodic and chronic ailments. Consumers save an average of fifteen cents per prescription pill purchased via home delivery versus conventional chain drug store outlets (twenty-one cents per pill versus thirty-six cents respectively).

Under pressure to keep costs down, savvy governors and other political leaders are lobbying Capitol Hill to permit prescription drug fulfillment from Canada for state and local government employees. Major corporations and health insurance companies are sure to follow. Bulk purchasing by these groups could force pharmaceutical manufacturers to offer deeper discounts and lower their costs and overhead, including money spent on research and development.

“Our recent findings indicate the number of Americans turning elsewhere to get their prescription drugs is not as large as one may expect given the level of attention this topic has received. However, safety cannot be assured and therefore, this issue should not be taken lightly. Further, the threat to pharmaceutical manufacturer profitability in the U.S. is not



significant today; a relatively low number of individuals fill their prescriptions across borders,” added Ms. Zamaniyan. “Yet the outcome of pending legislation could signal a paradigm shift across the pharmaceutical industry.”

**For more information, please contact:**

Fariba Zamaniyan  
fariba.zamaniyan@ipsos-na.com  
Vice President  
Ipsos-Insight  
516.507.3047

**Methodology**

*Data were gathered using the Ipsos U.S. Express from January 16 to 18, 2004. Interviews were conducted via telephone among a nationally representative U.S. sample of 1,000 adults age 18 and older. Of the 1,000 adults interviewed, 750 reported at least one prescription drug purchase in the past six months.*

**About Ipsos**

The Ipsos Group is the third largest-survey based marketing research company in the world. Ipsos offers a full suite of research services, guided by industry experts and bolstered by advanced analytics and methodologies in advertising, marketing, public opinion, customer loyalty research, as well as forecasting and modeling. Member companies offer a full line of custom, syndicated, omnibus, panel, and online research products and services. Ipsos Health provides custom and syndicated research to prescription and non-prescription drug manufacturers as well as biotech and healthcare providers. Visit [www.ipsos-insight.com/health](http://www.ipsos-insight.com/health) to learn more about Ipsos Health.