



November 20, 2009

The Honorable Christopher J. Dodd  
United States Senate  
448 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Dodd:

On November 18, 2009, you issued a press release requesting that the Secretary of Health and Human Services and the U.S. Attorney General investigate perceived price gouging by some pharmacies that provide compounded Tamiflu suspension for children. On behalf of the membership of the International Academy of Compounding Pharmacists (IACP), the national organization representing providers of personalized medication solutions, I can assure you that we do not condone the alleged activity you suggest is occurring. While IACP does not engage in the marketplace or pricing methodologies, perhaps we can provide some insight that will help you and your staff better understand this unique and important component of pharmacy practice.

First, it is necessary to set the baseline. If the commercial product were available, the average wholesale price would be \$48.82 for a 25ml vial. The dosage and volume are determined by weight of the patient and whether this is a maintenance treatment or acute treatment. If the patient requires an increased dose due to weight considerations, there may be a need for the patient to receive two vials of medication. So for the commercially available product that is mass produced, the average wholesale cost could be \$48.82 to \$97.64 before the dispensing fee is added.

When compounding the suspension, the pharmacist must use the FDA-approved capsules. Those come in 30mg, 45mg and 75mg strengths, but the cost from the manufacturer is the same regardless of the strength—\$9.76 each. Thus, if a pharmacist is using 75mg capsules to compound a 15mg/ml, 25ml vial, the ingredient cost would be ~ \$40.00 (four capsules), but if a pharmacist was using 30mg capsules, the cost would be ~ \$98.00 (ten capsules). If the patient weighs more than 23Kg, a pharmacist needs 40mls of medication, increasing the base ingredient costs to ~\$80.00. That does not include cost of syrup, suspending agents, vials, labels, gloves, masks or labor. At \$90.00 per hour for a pharmacist and the half hour that is required to prepare the medication, labor costs are \$45.00.

It is important to point out that the above scenario does not include any profit consideration, but instead outlines only minimal costs. As Chair of the U.S. Senate Committee on Banking, Housing, and Urban Affairs with the responsibility of keeping our economy on sound footing, you are acutely aware of the need for businesses to be profitable.

There have been misleading comments from the Centers for Medicare & Medicaid Services and other groups that the compounding of Tamiflu is a simple process of opening a couple of capsules and mixing them into cherry syrup. However, that is not the case. This is a suspension, which in addition to the flavoring agent, requires the use of suspending agents to assure consistent dosing. In addition, anti-viral medications are listed by NIOSH as hazardous substances and therefore require additional safety measures when handling, such as powder containment units or, at a minimum, gloves, masks and isolated preparation space.

IACP suggests that if cost and access are your primary concerns, you may wish to consider that our neighbors in Canada can purchase this product for ~ \$3.00 versus ~ \$10.00 here in the U.S. Or consider that the cost for a 30mg capsule is exactly the same as a 75mg capsule. Or consider that a number of PBMs and insurance carriers are unwilling to cover the cost of the compounded product, forcing the patient to pay out of pocket for the medication.

IACP shares your concerns regarding cost and access to Tamiflu. If you believe that price gouging is occurring, then that should be investigated. However, there are a plethora of issues that affect cost, and I seriously doubt that price gouging by pharmacies is one of those.

IACP stands ready to assist you and your staff in any way on this issue and appreciates having the opportunity to provide additional insight.

Sincerely,

A handwritten signature in black ink that reads "Rod Shafer". The signature is written in a cursive, flowing style.

Rod Shafer, R.Ph.  
CEO, IACP