The Daily Dish

Floridian Drug Reimportation — The Wrong Prescription

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Eakinomics: Floridian Drug Reimportation — The Wrong Prescription

Today the Florida Senate votes on a bill to allow drugs to be reimported to Florida from Canada, which has attracted the support of Republican Governor Ron DeSantis. For years politicians and activist groups have advocated for purchasing drugs in lower-cost foreign jurisdictions to be distributed to U.S. patients, despite lingering uncertainty over safety, administrative feasibility, and economic viability. The fuzzy thinking transcends the ideological spectrum so that even some conservatives and Republican-controlled state legislatures are supportive.

Drug reimportation has long been the fool's gold of health policy, and the Florida bill is no different. It flunks a basic policy analysis. But most amazing, it is drafted to raise hope, but not actually help Floridians.

What's wrong with Florida reimporting drugs? Start with safety. An informed voice is former Food and Drug Administration Commissioner Scott Gottlieb, who recently tweeted: "The drug importation scheme contemplated by Florida is especially ill advised when considered against that state's long history…of being home to importation 'front groups' supplying drugs of troubling origin, quality, and legitimacy."

Florida is also large enough (27 million people) that it runs right into the fundamental inconsistency in the reimportation argument. Why would Canada, after negotiating lower-cost prescription drugs for its 31 million citizens, give them up for Floridians to have them? It will not subject its citizens to higher prices or rationing. Expect passage of reimportation legislation to spur an instant legislative response in Ottawa.

At the same time, it makes no sense for U.S. drug manufacturers to enter into contracts

with Canada that contain enough surplus supply to permit shipments back into Florida (or any other state). They will simply not aid and abet undercutting their basic business model.

Reimportation does not make good policy sense from either a safety or economic perspective, but the Florida law is more baffling yet. First, it is hard to imagine large numbers lining up to participate. Canadian suppliers would have to comply with all Canadian and U.S. laws, as would U.S. importers. As a nod to safety and supply chain concerns, their actions would be coordinated by a vendor that would be liable for illegal activity by participants and the safety of the drugs.

The regulatory compliance burden will be quite onerous and costly, not just for the program participants but for the state as well. Each supplier and importer will be required to obtain a permit from the state, and the legislative text detailing the application and permitting process is 25 pages. Documentation must be provided for every single batch of drugs imported. Sampling of every batch of drugs will be required to ensure its safety and effectiveness and that the quality of the drug has not degraded from the time it was manufactured. Inspections of participating facilities will be required.

Second, the restrictions on the types of drugs essentially rule out success. The law states that “Importing the drug is expected to generate cost savings” but also that “The drug is not: 1. A controlled substance as defined in 21 U.S.C. s. 802; 2. A biological product as defined in 42 U.S.C. s. 262; 3. An infused drug; 4. An intravenously injected drug; 5. A drug that is inhaled during surgery.” In other words, the law allows importation of few of the drugs that have generated controversy over high drug prices.

Reimportation is a perennial in political campaigns but has never become the law of the land because it will not work. In fact, the Secretary of Health and Human Services already has the authority to permit reimportation if it is safe, yet no secretary ever has. The Florida proposal inherits the fundamental flaws of the idea and makes them worse. I blame the heat.