

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

December 6, 2012

To: Distribution List of
State Pharmacy Oversight Agencies

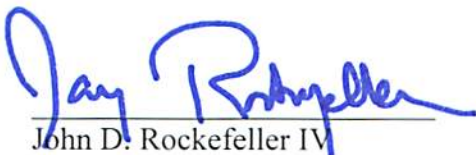
Dear Sir or Madam:

As states and State Boards of Pharmacy confront increasing challenges in regulating the production and distribution of drugs in the states, we wanted to share with you the results of a recent joint investigation our Committees conducted with Congressman Elijah Cummings, the Ranking Member of the U.S. House Committee on Oversight and Government Reform. Our findings are summarized in the enclosed report, "Shining Light on the Gray Market: An Examination of Why Hospitals are Forced to Pay Exorbitant Prices for Prescription Drugs Facing Critical Shortage." Our report details the results of a year-long investigation of a group of companies that buy and sell prescription drugs that hospitals and other health care providers urgently need to treat their sick patients.

We found that these companies, operating outside of authorized distribution networks, take advantage of drug shortages to charge exorbitant prices. In a disturbing number of instances, the companies used fake pharmacies or took advantage of legitimate pharmacies in order to obtain access to shortage drugs needed by hospitals that had exhausted their manufacturer allocated supply. These "gray market" companies' questionable business practices put patients at risk and cost the United States health care system hundreds of millions of dollars each year. The report describes the role "gray market" companies' play in exacerbating drug shortages, and identifies significant risks in the U.S. pharmaceutical distribution chain that make it difficult for health care providers to obtain safe and affordable drugs for their patients.

We applaud the work that the State Boards of Pharmacy do to protect our nation's prescription drug distribution systems. We are also grateful that State Boards of Pharmacy from a number of states were willing to share their expertise in pharmacy licensure laws and on drug distribution throughout the investigation. We look forward to working with you to end these abuses in the distribution of critical short-supply drugs and to address other consumer protection issues. If you have any questions about this report, the hearing or investigation, please contact Jeffrey Zubricki at (202) 224-1300 or Bryan Boroughs at (202) 228-6797.

Sincerely,



John D. Rockefeller IV
Chairman
Senate Committee on Commerce,
Science, and Transportation



Tom Harkin
Chairman
Senate Committee on Health, Education,
Labor and Pensions