



Alarm Sounded on Fake, Tainted Drugs Some Wholesalers Are a Weak Link in a Dangerous Chain

Brian Vastag

IT IS ONE HORROR STORY OF MANY: A father injects his son with human growth hormone, then discovers after the child complains of burning that the vials contain inexpensive insulin. Investigators traced the vials, which the father had purchased at a pharmacy in Orlando, Fla, to a large wholesaler. That wholesaler had acquired the ostensible growth hormone only after the shipment had been handled by three smaller distributors.

The originating company in this dangerous chain held no valid license, but because it had claimed to be an authorized distributor—that is, one that receives batches of pharmaceuticals directly from the manufacturer—it was under no obligation to identify the source of the drug. According to a Florida grand jury, investigators uncovered all this in “a matter of minutes.”

The young boy whose experience triggered the investigation recovered, but the dangerous and growing problem of shady secondary drug wholesalers remains. Although the 7000 secondary distributors in the United States traffic only a tiny percentage of all US pharmaceuticals, drug regulators and industry experts are nearly unanimous in declaring them the weakest link in a potentially deadly chain.

CRIMINAL ELEMENTS

Warns the Florida grand jury, which studied the problem for a year: “The [secondary] wholesale pharmaceutical industry . . . has been corrupted by infiltration of criminal elements,”

people who pocket millions by distributing mislabeled, tainted, and outright fake drugs to oblivious hospitals, pharmacies, and physicians.

“The industry has to step forward and clean things up,” said Ronald Streck, JD, president and chief executive officer of the Healthcare Distribution Management Association, a lobbying group comprising 89 drug wholesalers that account for 97% of the pharmaceutical trade in the United States.

Because small secondary wholesalers live off slim margins and tend to take what they can get, some practice “willful blindness,” said William Hubbard, associate commissioner for policy and planning at the US Food and Drug Administration (FDA). “They don’t ask the questions that maybe should be asked. They take the product and pass it on at a profit. The really big wholesaler might not take that kind of [questionable] call.”

Streck said that secondary wholesalers fill a vital niche that smoothes out the vagaries of the market. Whereas pri-

mary distributors tend to buy directly from drug makers, secondary wholesalers can acquire surplus lots from large distributors or buy in bulk from other secondary wholesalers. In fact, drugs can pinball between wholesalers for months before landing on the pharmacy shelf.

Congress knew this in 1988 when it passed the Prescription Drug Marketing Act. One provision required wholesalers to keep “pedigree papers,” documentation of each product’s transaction history. Such pedigrees could dramatically lower the risk of tainted drugs entering the wholesale marketplace, according to the Florida grand jury, which eventually handed down indictments against a number of that state’s 1400 licensed wholesalers.

But when the FDA drafted pedigree regulations to comply with the law, wholesalers “kicked and screamed,” said Hubbard. “It was an anticompetitive thing—they thought [the regulations] would wipe them out.”



A US Customs Canine Enforcement Team working at an airport inspects international mail for illegal and possibly bogus medications purchased over the Internet.



Packaging for a counterfeit version of human growth hormone closely resembles the genuine product, though subtle differences are discernible.

Streck explained: Because pedigrees would list every transaction, large distributors would know where and how secondary wholesalers had acquired their products. “If I know where every secondary transaction occurs, I’ll just go to the source. And [because] the secondary market is based on low price, manufacturers don’t want to advertise that,” he said.

So for 15 years, the Healthcare Distribution Management Association and other lobbying groups successfully fended off the pedigree rules.

“We don’t want to do something that would drive them out of business,” said Hubbard. “It’s . . . the FDA being buffeted by winds of trade.”

Added to this dearth of federal oversight, insignificant criminal penalties, overburdened state inspectors, and sky-high drug prices create a profit motive that rivals that of the international narcotics trade—minus much of the risk. Trafficking a few kilograms of cocaine can land a dealer in the federal penitentiary for a decade; selling an equal amount of counterfeit prescription pharmaceuticals is treated as a misdemeanor in some states. The FDA recognizes the problem and said in a statement that it will work with Congress to stiffen penalties for counterfeiting.

A GLOBAL PROBLEM

The World Health Organization (WHO) estimates that 5% to 7% of all drugs sold in the United States have been tampered with, mislabeled, or are otherwise fraudulent. Overseas, the problem can be much larger; according to the European Federation of Pharmaceutical Industries and Associations, up to half of all drugs sold in Pakistan, Nigeria, and China may be counterfeit.

Human and economic tolls are difficult to calculate. According to the FDA, “no fatalities have been causally linked to specific counterfeit drugs in the last decade,” but concerns about the potential for harm have been growing as the number of cases of drug counterfeiting rises. The FDA has seen a four-fold increase in counterfeit drug investigations in recent years, from about 5 per year through the late 1990s to 20 or more cases per year in 2001 and 2002.

The problem is much more severe outside the United States, especially in developing countries. In one particularly bad year—1995—2500 people died in Nigeria after receiving fake meningitis medication. That same year, 89 people died in Haiti after drinking cough syrup laced with diethylene

glycol, known to auto mechanics and car buffs as antifreeze.

Before 1999, counterfeit pharmaceuticals drew little international attention. That year, the WHO began imploring national governments to adopt guidelines that advocated stronger drug industry regulation and the introduction of severe penalties for counterfeiting.

FDA ACTION

Four years later, the FDA has begun acting. Spurred by a series of high-profile cases—including tap water being passed off as Procrit (epoetin alfa), the seizure of 200 000 bottles of bogus Lipitor (atorvastatin calcium), and the arrest in July of 19 suspected counterfeiters in Florida—the agency has formed a task force of in-house and industry experts.

“We’ve seen some increases in counterfeiting cases,” said Hubbard. “Plus we’re seeing more counterfeiting in finished drugs”—patient-ready vials and bottles, as opposed to barrels of raw powder, the primary way to fake drugs in the past.

When the task force reports to FDA Commissioner Mark McClellan, MD, PhD, in September, it is widely expected to advocate some type of tracking technology.

Streck said that manufacturers and wholesalers are in favor of bottle-by-bottle tracking, as opposed to pedigree papers. He envisions drug makers numbering every bottle or vial at the factory, instead of simply stamping a lot number and expiration date on an entire batch. Wholesalers could then scan their inventory and verify that each bottle displays a valid serial number. Another solution would embed small digital chips in the label of each container, a technology used with other products.

While hailing tracking technology as safety insurance for the future, Streck acknowledges that no system will work unless distributors, manufacturers, and the FDA buy into it. Until then, “caveat emptor” still reigns. □