Privateers Profit on Flu Vaccine Shortage

by Linda Everett

A ruthless "deregulated free market" in energy-price spikes and repeated resale of oil is ripping through the nation's economy, causing totally preventable deaths among indigent Americans and outrageous energy prices throughout the nation. Consider what would happen if that obscene profiteering were to control the supply of critical life-saving medicine in the United States. Surely, the government would step in.

Not so. This public health catastrophe is occurring right now because of the private market's total control of distribution of influenza vaccine—just as the flu is hitting 26 states—and government leaders, other than a few in Congress who are demanding an investigation, have not intervened. What has now moved those few, is their responsibility to act for the public welfare of the nation, demanding immediate regulation of the vaccine production and distribution process. Influenza and pneumonia annually take as many as 40,000 lives and cause 110,000 hospitalizations a year. That more may die due to profiteering, is unconscionable.

Since early October—the optimal time to vaccinate high-risk populations against influenza—hospitals, clinics, and physician offices have been alarmed about the lateness and shortage of the vaccine for both their medical staff and chronically ill, elderly patients, who are considered by the Centers for Disease Control and Prevention (CDC) to be high risks for contracting influenza and pneumonia. In *EIR*'s issue of Dec. 8, 2000, we documented a production shortage, for 2000, of more than 30 million flu vaccine doses—relative only to those citizens considered to be first-priority recipients.

As infectious disease experts told *EIR* earlier, "If we can't handle a simple vaccination campaign during a typical flu season, what will happen to the country when we face pandemic influenza?"

Twenty-seven members of Congress have called on the General Accounting Office (GAO) to investigate the causes for the non-receipt of vaccine by states which ordered it from the pharmaceutical companies, for those states' public health departments. These states were forced to cancel their flu clinics, after the flu had broken out.

In the Fall, the CDC had announced that the main problem was the lower-than-anticipated production yield for this flu season's influenza A vaccine component (the H3N2 virus), and that one of the three main vaccine manufacturers had dropped out of the market altogether (Monarch Pharmaceuticals). In addition, Wyeth-Ayerst Laboratories, the major vaccine manufacturer in the United States, was fined $30 million by the U.S. Food and Drug Administration (FDA) for repeatedly violating Federal drug quality rules since 1995 at two of its manufacturing plants. Wyeth-Ayerst was forced to temporarily close one of its flu vaccine manufacturing plants. The third U.S. vaccine manufacturer is Aventis Pasteur.

After scores of horror stories from hospitals and physician offices (summarized in the Jan. 1-8, 2001 *American Medical News*), the 27 Congressmen called on the GAO to investigate the "possible profiteering by vaccine companies in light of the vaccine shortage." Their letter asks why some states, like California, which ordered flu vaccine as early as February 2000 and paid $17.99 per vial of vaccine, had to wait months just to receive only one-third of its shipment, while Maine, which ordered its vaccine four months later at $39 a vial, received its entire shipment within two months. Both states ordered their supply from the same vaccine manufacturer, General Injectables & Vaccines (a division of Medeva). "Any price manipulation," the Representatives wrote, "that may put profit ahead of the health and well-being of the American people is simply wrong."

Yet, exactly that is occurring. Hospitals were also forced to refuse vaccine sold by privateers at five times its usual cost. Hospitals typically pay $20 to $30 for a vial of flu vaccine which contains ten doses. But some distributors are demanding hospitals pay as much as $150 for a vial of vaccine of uncertain efficacy.

According to the *New York Times,* the Office of Criminal Investigation at the FDA has also opened an investigation into a booming "gray market," where the vaccine is obtained under illegal circumstances and sold at exorbitant prices to any willing buyer. Wholesalers are buying scarce vaccine and selling to the highest bidder. Small distributors or wholesalers obtain the vaccine at deep discounts by claiming they are ordering the drugs for hospitals and nursing homes. The distributors then sell the vaccine at as much as five times the usual price.

Another scheme involves distributors who divert the vaccine to the gray market, selling batches of it to other distributors, who, in turn, resell it to still others. With each resale, the price climbs. This practice violates Federal law that restricts the resale of prescription drugs, but the bigger, life-threatening danger is that during the repeated resale, there is no oversight of the proper refrigeration required to keep the vaccine effective. In fact, there may well be counterfeit vaccine changing hands. No one knows. Government investigators do know that drugs that flow through this gray market, could be valued at $1 billion, or 1% of last year's total prescription sales.

This year's "stock-market" approach to whether our most vulnerable populations, and the nation as a whole, receive life-saving vaccine, should act as a wake-up call to the country's leaders. They must move to regulate this industry now, before catastrophe strikes—as it most certainly shall, when we are hit, as is predicted by infectious disease researchers, with global pandemic influenza. The nation has had its warning.