

US drug executives testify before Congress on opioid crisis

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On Tuesday, the executives of five drug distributors testified before a House Energy and Commerce Committee oversight panel. The committee opened its investigation one year ago after newspaper articles reported on drug distributors shipping large quantities of opioid painkillers to West Virginia, fueling the ongoing drug overdose crisis in that state and across the country.

These drug distributors—who flooded communities with opioids while ignoring suspicious orders—along with opioid manufacturers such as Purdue Pharma and Insys Therapeutics—who downplayed the addictive nature of opioids and promoted their expanded use—bear substantial responsibility for the opioid epidemic in the United States where an average of 115 people die every day from opioid overdoses. West Virginia, the subject of the committee investigation, has the highest opioid overdose rate in the country, according to the Centers for Disease Control and Prevention.

The committee received testimony from John Hammergren, President and CEO of McKesson Corporation; George Barrett, Executive Chairman of the Board of Cardinal Health Inc.; Steven Collis, Chairman, President and CEO of AmerisourceBergen Corporation; Joseph Mastrandrea, Chairman of the Board of Miami-Luken, Inc.; and J. Christopher Smith, former president and CEO of H.D. Smith Wholesale Drug Company.

At the hearing, company executives dodged responsibility while shedding crocodile tears over the opioid epidemic that they helped create, including by shipping large numbers of opioids to pill mills in West Virginia.

“With the benefit of hindsight, I wish we had moved faster and asked a different set of questions [to the pharmacies],” Cardinal Health Executive Chairman George Barrett told the committee.

“I am deeply sorry we did not. Today, I am confident we would reach different conclusions about those two

pharmacies,” Barrett said, referring to two pharmacies in West Virginia that were shipped millions of pills by the company.

John Hammergren, President and CEO of McKesson Corporation, was asked about his company shipping 5.6 million pills to a Sav-Rite between 2007 and 2008, the equivalent of shipping 9,650 pills a day. The company’s monitoring system, however, is supposed to flag orders greater than 8,000 pills a month.

He blamed the company’s failure to detect the fraudulent orders on human error, while claiming the company had difficulty understanding the requirements of the law: “In the past we’ve had challenges understanding the regulations the regulator was asking us to follow,” he said.

Hammergren also tried to downplay the 151 million doses of oxycodone and hydrocodone McKesson shipped to West Virginia between 2007 and 2012 by arguing that they were only a fraction of the 2 billion doses of all prescription drugs the company distributed to the state.

“West Virginia pharmacies overall were, and continue to be, very high volume customers for prescription drugs generally,” he said.

With the sole exception of Joseph Mastrandrea, Chairman of the Board of Miami-Luken, none of the executives admitted to any responsibility for their company’s role in the opioid epidemic.

According to a December 2016 investigation by the *Charleston Gazette-Mail*, between 2007 and 2012 drug distributors shipped over 780 million doses of oxycodone and hydrocodone to West Virginia, a state with a population of only 1.8 million people.

The House committee’s investigation has focused on the large shipments of prescription painkillers to a number of pharmacies located in small, rural towns in West Virginia: Tug Valley Pharmacy and Hurley Drug Company in Williamson; Westside Pharmacy in Oceana;

Colony Drug in Beckley; the Family Discount Pharmacy in Mount Gay-Shamrock; and two Sav-Rite Pharmacies in Kermit.

According to data provided by the Drug Enforcement Agency (DEA) to the House committee, between 2006 and 2016, drug distributors shipped nearly 21 million prescription painkillers to two pharmacies, Tug Valley Pharmacy and Hurley Drug Company, located in Williamson, a town with just over 3,000 residents. Miami Luken shipped more than half of the 10 million pills sent to the Tug Valley Pharmacy.

Cardinal Health sent Hurley Drug Company nearly half-a-million doses of hydrocodone in 2011 alone, or about 41,000 doses per month. According to DEA data cited by the committee, the average rural pharmacy in 2011 was sent only 18,000 doses of hydrocodone per month.

The Westside Pharmacy located in Oceana, which has a population of about 1,400, sold nearly 600 times the number of oxycodone pills as another nearby pharmacy. Miami Luken shipped 4.4 million opioid doses to the pharmacy between 2008 and 2015, according to company data. H.D. Smith shipped 369,000 pills to the pharmacy in 2009 and over 625,000 in 2010.

In Beckley, a town of around 17,000 people, Miami-Luken shipped over 7 million hydrocodone and oxycodone pills to the Colony Drug pharmacy over a period of 11 years. Over just one three-month period (December 2013 through February 2014), the company supplied the pharmacy with 168,400 doses of oxycodone.

According to letters sent by the committee, the H.D. Smith Wholesale Drug Company sent over 1.1 million hydrocodone pills to the Family Discount Pharmacy located in Mount Gay-Shamrock in 2008, an increase of 1,880 percent over the previous year. This was enough pills to supply all of the 1,800 residents of the community 635 doses of hydrocodone. Between 2006 and 2014, McKesson and Cardinal Health together shipped 12.3 million doses of opioids to this pharmacy. By 2016, the total sold by all drug distributors to the Family Discount Pharmacy was around 16.6 million doses.

The Sav-Rite pharmacy located in the small town of Kermit, population 406, was the top purchaser of hydrocodone in the state and ranked number 22 in the country in terms of overall number of pills it received. Between 2005 and 2011, Miami-Luken shipped 6.3 million hydrocodone and oxycodone pills to Kermit. Between 2007 and 2008, McKesson shipped 5.6 million pills to the town. And, despite the start of a well-publicized federal investigation in 2008, McKesson

resumed selling opioids to the pharmacy in 2011.

By law, these companies must report to the DEA all suspicious orders. However, through lobbying and political pressure, the companies have succeeded in not only largely skirting the law, but also in getting Congress to pass legislation making it more difficult for the DEA to crack down on negligent drug distributors.

The three primary drug distributors—McKesson Corporation, Cardinal Health, and AmerisourceBergen—are among the largest US corporations. In 2016, these three companies, which account for about 90 percent of all drug distribution revenues, had a combined \$406.5 billion in US drug distribution and related revenues, according to the Drug Channels Institute. McKesson, with over \$192 billion in revenue, is the fifth largest corporation in the country, while Cardinal, with \$121 billion in revenue, stands at number 15. The three companies ship nearly 85 percent of all prescription drugs in the US.

So far, these companies have only received a slap on the wrist for actions that have caused untold suffering in communities not only in West Virginia, but across the country. For example, in settlements reached with the state of West Virginia, Cardinal Health paid \$20 million, AmerisourceBergen paid \$16 million and Miami-Luken paid \$2.5 million.

In 2008, McKesson agreed to pay a \$13.5 million civil penalty for failing to report suspicious orders and in 2017 paid a record \$150 million civil penalty for similar actions. Cardinal Health agreed to a \$44 million settlement in 2016.

While drug distributors have paid a total of \$400 million in fines over the past 10 years, their combined revenue during this same period was over \$5 trillion.



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