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Subseries:

OA/ID Number: 1529

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[National Family Planning & Reproductive Health Association]

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FEBRUARY 22-25, 1995
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THE NEW YORK TIMES NATIONAL THURSDAY, NOVEMBER 11, 1993

Contraceptive Maker to Cut Price for Clinics

By PHILIP J. HILTS
Special to The New York Times

WASHINGTON, Nov. 10 — Under pressure from family planning groups who say that the high price of Norplant, the contraceptive implant, has prevented hundreds of thousands of women from obtaining it, the manufacturer announced today that it would sharply cut the price it charges public clinics.

In a hearing today before the House Small Business subcommittee on Regulation, a spokesman for Wyeth-Ayerst Laboratories said that a primary reason the price of the new contraceptive implant had been kept high was to prevent the drug from becoming known as a poor woman's drug, and thus perhaps be shunned by middle-class women.

Dr. Marc W. Deitch, medical director and vice president for medical affairs at Wyeth-Ayerst, said the price of the drug is \$365 in the United States, not including the doctor's charge to put the contraceptive in place under the skin of a woman's arm. He said the company would lower the price to public clinics by a substantial amount in December 1995, but he was not specific.

He acknowledged that Wyeth-Ayerst's partner company, Leiras of Finland, sells the drug in Sweden and in some developing countries for as little as \$23. The top price outside the United States is \$120. Leiras sells Norplant to the world market, while Wyeth sells it in the United States.

Actual Cost Just \$16

The cost to make and market the device is estimated to be \$16 per device, each of which lasts five years after being implanted, said Representative Ron Wyden, an Oregon Democrat and chairman of the subcommittee.

He told Dr. Deitch he thought the price to Americans was "completely outrageous." He said that the \$17 million in taxpayers' dollars spent to help develop the device, along with another

\$25 million from foundations, should have earned a lower price for at least public clinics. He said the company had a moral obligation to lower its price sooner than two years from now.

Under questioning by Mr. Wyden, Dr. Deitch said that Norplant had been far more successful than predicted by company analysts and that 875,000 American women had had the device implanted in the past two years.

The price was set not by the cost of developing the drug, Dr. Deitch said, but by the cost of its competition: standard birth control pills. The price to the average woman for pills is about

A company defends its large profit margin on Norplant.

\$1,400 over five years, including doctor visits, he said. The price of Norplant, including about \$350 for doctor visits, is about \$700 over its five-year life.

Dr. Deitch said that if Wyeth was criticized for its pricing, it and other companies might be disinclined to develop innovative products. "I can assure you that if a revolutionary contraceptive product, facing uncertain prospects at its launch, is considered overpriced when it costs less than existing inferior competitive options, other companies will not join us," he said.

Avoiding Déclassé Image

It is also important to the company to have a price that protects the product's image, he said. "If the product came to be seen simply as a product for public sector clients and lower-income users, we knew it would not be well

accepted anywhere," he said. "We knew we had to achieve a pricing system for Norplant that did not disrupt the doctor-patient relationship and which fostered and maintained private sector interest in the product."

He said the company was aware that such prices would prevent many women from getting the device. To compensate, he said, the company has given the device free to 13,000 poor women.

Judith DeSarno, President of the National Family Planning and Reproductive Health Association, whose members represent more than 90 percent of the public family planning clinics in the country, said that in public clinics there were lists of up to 300 women waiting to get Norplant. She estimated that more than 100,000 women, and perhaps as many as 400,000 women, had been prevented from getting the device because of its high cost.

She said that with a reasonable price tag, of \$60 per device, public family-planning clinics alone would buy and implant 60,000 devices immediately.

The device was approved by the Food and Drug Administration for marketing in December 1990. At the time it was the only major new product in contraception since the birth control pill was introduced 30 years earlier.

Norplant consists of several soft, match-sized rubber tubes filled with a small amount of levonorgestrel, the same hormone substitute used in standard birth control pills. Its dose leaks out slowly, delivering a far smaller dose than standard birth control pills, and continuing to do so for five years. When failures of different methods are taken into account, it is the most effective contraceptive available.