

Tip Line

What is the Gray Market?

Fake Pharmacies

On October 5, 2011 Ranking Member Elijah Cummings wrote "drug speculation" as "gray market" drug companies.

As part of this investigation, Cummings obtained confidential information relating to companies that charge

Cummings sent document request letters to the following five companies seeking information about where



**Seller**

[Allied Medical Supply, Inc](#) [Superior Medical Supply, Inc](#) [Premium Health Services, Inc](#) [P](#)  
[RN Pharmaceuticals](#)

[Reliance Wholesale, Inc.](#)

**Drug**

*Cytarabine*

*Paclitaxel*

*Leucovorin*

*Fluorouracil*

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**Use**

Leukemia in children and adults

Breast and ovarian cancer

Advanced colon cancer

Colon, stomach, breast, and pancreatic cancer

Life-threatening seizures in pregnant women

**Their Price**

Over \$990 per vial

Over \$500 per vial

Over \$270 per vial

Over \$350 per vial

Over \$400 for 25 vials

### **A Typical Contract Price**

About \$12 per vial

About \$65 per vial

About \$5 per vial

About \$15 per vial

About \$9 for 25 vials

Cummings launched his investigation after receiving a [heartfelt letter from Brenda Frese](#), the head women's basketball coach at the University of Maryland, whose son was diagnosed with leukemia and treated with a drug called cytarabine, which at that time was on FDA's shortage list.

In a statement commending Cummings for the investigation, Coach Frese said, "My son Tyler

wouldn't be alive today if we did not have access to the drugs that rid his body of cancer. Every family should have access to these drugs and it is a shame that they are either not available, or are only available to the highest bidder." She added, "I applaud Congressman Cummings for pursuing this important investigation."

As part of the investigation, Cummings also announced the creation of a tipline for anyone with information about price gouging and speculation in drugs that are in critically short supply. To visit the tipline follow the link at the top of the page or click [here](#).

On December 15, 2011 Senator John D. Rockefeller IV, Chairman of the Senate Committee on Commerce, Science, and Transportation, and Senator Tom Harkin, Chairman of the Senate Committee on Health, Education, Labor, and Pensions, [joined](#) Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, in his investigation of "gray market" companies that trade in drugs in critically short supply.

To date, all five companies have fully cooperated with the document request.

### **Background**

There have been several reports describing this problem. For example:

On August 23, 2011, Premier Healthcare Alliance [issued a report examining](#) more than 1,700 offers by 18 gray market companies for drugs in short supply sent to 42 acute care hospitals. Premier found that the average markup for these drugs was 650% and that the largest markups were for drugs for critical patients, such as those with cancer.

On August 25, 2011, the Institute for Safe Medication Practices [issued the results of a survey](#) of purchasing agents and pharmacists at more than 500 hospitals, reporting that more than half received solicitations from gray market companies on a daily basis, and "up to 12% of respondents reported awareness of a product authenticity issue, medication error, or adverse drug reactions associated with the use of gray market products in the past 2 years."

On September 23, 2011, the Associated Press [published the results of a review](#) of industry reports and interviews with nearly two dozen experts about the current drug shortage and its impact on patients, hospitals, and the gray market. The review found that “a severe shortage of drugs for chemotherapy, infections and other serious ailments is endangering patients and forcing hospitals to buy life-saving medications from secondary suppliers at huge markups because they can’t get them any other way.”

[According to FDA](#) , “in 2010 there was a record number of shortages and in 2011 FDA has continued to see an increasing number of shortages.” According to Dr. Michael Link, the president of the American Society of Clinical Oncology, “if you are a pediatric oncologist, you know how to cure 70 to 80 percent of patients. But without these drugs you are out of business.”