

Testimony of:

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On:

Breaking the Methamphetamine Supply
Chain: Meeting Challenges at the Border

To:

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Introduction

The National Association of Chain Drug Stores (NACDS) appreciates the opportunity to testify before the Senate Finance Committee to share our perspectives on methamphetamine production and abuse, and retailer compliance with state and federal pseudoephedrine sales restrictions. Thank you, Senator Baucus and members of the committee, for inviting me to speak to you today.

I am Peter Wolfgram, President and Chief Executive Officer of Bungalow Drug, based in Belgrade, Montana. Bungalow Drug is a family-owned, hometown pharmacy chain. I have been a practicing, registered pharmacist since 1972. My family has resided in the Bozeman area since 1974 and I have worked as a pharmacist for both chain and independent pharmacies. We purchased Bungalow Drug in 1989, and since that time, we have owned up to five pharmacies and a card and gift store. We currently have three locations in Montana and have 24 employees including eight full- and part-time pharmacists.

We provide pharmacy services for approximately 3,000 patients in both urban and rural areas of Montana. Driscoll Drug in Butte, Montana competes with a number of chain pharmacies, while Castle Mountain Drug in White Sulphur Springs, Montana and Townsend Drug in Townsend, Montana are the only pharmacies in their respective counties.

My company has been a member of the NACDS since 2002. NACDS represents the nation's leading retail chain pharmacies and suppliers, helping our members better meet the changing needs of their patients and customers. NACDS members operate more than 35,000 pharmacies, which employ 108,000 pharmacists, fill more than 2.3 billion prescriptions yearly, and have annual sales of over \$700 billion. Other members include almost 1,000 suppliers of products and services to the chain drug industry.

Our membership is deeply concerned about the problems of methamphetamine production and abuse, and we have worked to develop solutions to this devastating

problem in our country. Even before the introduction of state and federal legislation, the majority of the chain and community pharmacies had taken voluntary, proactive steps to reduce the theft and illegitimate use of methamphetamine precursors, that is, products containing pseudoephedrine and ephedrine. We took these steps because we understood the importance of addressing the methamphetamine problem, despite the potential that instituting barriers to consumer access to these products may have led to consumer complaints and reduction in sales. NACDS member companies:

- Placed these products behind pharmacy and/or sales counters voluntarily, or had otherwise limited access to these products in their stores,
- Initiated voluntary sales limits of these products,
- Participated in voluntary education and theft-deterrent programs such as Meth Watch,
- Voluntarily eliminated consumer self-access to pseudoephedrine products in their stores in geographic areas where methamphetamine abuse has been a problem,
- Participated in youth anti-methamphetamine education efforts,
- Educated their employees about methamphetamine abuse to raise awareness and prevent questionable sales of these products, and
- Worked with law enforcement by reporting suspicious activity in their stores.

Moreover, our members have worked closely with the Drug Enforcement Administration (DEA) and state and local law enforcement officials since 1995 to stem the tide of methamphetamine production in communities across the U.S.

State Initiatives

Before the federal government passed legislation, many states had acted to address the methamphetamine problem. The Montana legislature acted in 2005 to pass legislation that has had a significant impact on methamphetamine production in my state. I testified on behalf of this legislation, SB 287, which is very similar to the federal Combat Methamphetamine Epidemic Act: there is a nine gram per 30 day limit, the purchaser must show photo identification and sign a logbook, and pseudoephedrine products must be placed behind a store counter or in a locked cabinet. The number of

methamphetamine labs in Montana is on the decline, as we are hearing is the situation across the country. In 2004, Montana law enforcement seized 64 meth labs; while in 2006, there were only 16 seized.

Federal Initiatives

The Combat Methamphetamine Epidemic Act “Combat Meth Act” expanded on the differing state requirements to create a national standard for retailers to follow for limiting access to methamphetamine precursors. NACDS worked closely with Congress in drafting the Combat Meth Act in the last Congress, and appreciates your willingness to continue this working relationship. We also commend this committee for continuing the Congressional focus on the troubling issues surrounding methamphetamine production and addiction.

One national standard for retail availability is important because a patchwork of requirements is confusing to consumers, law enforcement, and retailers. For chain pharmacies, which operate in practically every state, city, town, and county in the country, it is complex and costly to have to create and update different policies, procedures, and employee training programs for each pharmacy outlet. For these reasons, NACDS sought preemption of state methamphetamine precursor laws in the Combat Meth Act. Although Congress ultimately chose not to preempt these state laws, the Combat Meth Act has become a national standard for the retail availability of methamphetamine precursors. This has streamlined our members’ operations and has allowed for better and quicker compliance nationwide.

We believe that the Combat Meth Act is helping significantly to reduce domestic methamphetamine production, that is, the numerous “mom-and-pop” methamphetamine labs that had become the scourge of rural America. Across the U.S., the DEA recorded 17,170 meth lab incidents in 2004. By 2006, this number had dropped 57% to 7,347.

Now that the domestic methamphetamine *production* problem is being addressed, we support Congressional efforts to focus more keenly on eradicating methamphetamine

addiction and importation. With the recent, steep decline in domestic methamphetamine production and availability, foreign methamphetamine sources are filling the void. Despite the success of the Combat Meth Act in working to eliminate the methamphetamine lab problem, far too many people remain locked in deadly methamphetamine addiction.

Initial compliance with the Combat Meth Act was challenging for the chain pharmacy industry. We had to train our employees who conduct sales transactions to the requirements of the Act and we had to certify with DEA that we had completed such training, and receive acknowledgement from DEA that each pharmacy location had been certified. The DEA provided us with the final rules only two weeks before the compliance deadline. Although, it was not terribly difficult for my pharmacies to comply within the two week timeframe, I understand that some of the larger pharmacy chains had difficulty coordinating internal efforts to comply by the deadline. However, we would like to thank DEA for working closely with chain pharmacies to help us achieve compliance. DEA officials made themselves available day and night to answer questions and resolve problems. We continue to enjoy an excellent relationship with DEA, and appreciate DEA's willingness to work with the chain pharmacy industry.

Alternative Available

Before I conclude my remarks, I would like to add that many drug manufacturers have reformulated their products to replace pseudoephedrine with phenylephrine, thus alternative decongestants to methamphetamine precursors do exist and are readily available in pharmacies and other retail locations. It is important that pseudoephedrine products remain on the market for patients who require them for their health care needs. However, many patients find that the alternative decongestants also meet their needs, and they can easily access such products without having to be concerned about state and federal retail sales restrictions.

Conclusion

A comprehensive approach is necessary to effectively address the methamphetamine problem. Although state legislatures and the Congress have passed comprehensive legislation that has sharply reduced domestic methamphetamine production, the problems of methamphetamine importation, use, and addiction are still with us today. We would urge this Committee to take appropriate measures to stem the flow of methamphetamine from abroad, and we will continue to work with Congress to help curb the illicit use and production of methamphetamine.