

Reclamation (Reservoirs)

Thirty-five years ago, there were no food banks in America. Today, food banks garner and distribute two billion tons of food annually to the neediest individuals. Unfortunately, there has never been the food bank equivalent, a drug repository or “reservoir”, for the plethora of unused medication in our society. There are over \$700 billion in global pharmaceutical sales of which \$300 billion are accounted for in the United States. In addition, an obscene amount of usable medication is wasted in our society from various sources. In 2007, an estimated 23,000,000 pounds of short-dated medication reportedly were destroyed in the United States.

Some examples of this excess and waste:

- *Manufacturers overproduce medication. While the cost of research and development of a drug is high, the cost of materials used in the making of most medicine is relatively low. When production starts, companies typically overproduce rather than be caught in short supply to avoid back ordering or the need to reset an assembly process. The overage of a given medication can be huge. This is paradoxical, at this time, with the recent press about drug shortages.*

- *Retail pharmacies routinely return to the manufacturers short-dated medicines, with shelf lives of 6-12 months, in order that their pharmacies can be “restocked” with the same medications but with longer expiration dates more appealing to consumers.*

- *Nursing homes and other long-term care facilities, which account for greater than 1,600,000 beds in America, do not use a significant proportion of their medications. Many of the medications are individually packaged. When medications are changed, or when patients pass away, unused medication is generated that could be de-identified and redirected to indigent clinics.*

- *Extrapolating data from the Kaiser Family Foundation in 2005, there were \$22 billion of samples given to over 600,000 licensed physicians nationwide. Much of this medicine goes to financially capable individuals; some expires and goes to waste.*

To date, why haven't pharmaceutical companies opted to give these medicines domestically? Some reluctance may be their fear of diluting sales. Another concern may be safety and compliance with state laws. Of perhaps greater import, until now, there has not been a national clearinghouse to receive, dispose, and track an enormous volume of medicine or a conforming network of pharmacies/clinics large enough to absorb such a source.

Adopting such a new strategy would appear to provide a win-win opportunity, both fiscally and via enhanced image, for pharmaceutical companies for three reasons:

- *There is existing Federal tax code, section 170(s), which provides a tax advantage for pharmaceutical companies for donating medication. Specifically, a corporation is able to deduct up to twice a donated drug's cost basis.*

- *Medicines are usually destroyed by incineration. Destruction costs vary, but represent a significant expense to the pharmaceutical industry.*

- *The beneficence of pharmaceutical companies towards the poor is often lost to the media, which is concerned more often with discussing the cost of medications, profit margins, mergers, etc. The public is also blinded or distracted away from the pharmaceutical industry's philanthropy as well. Need to say more about the public here? To shift wasted medicines to indigent use would leverage the magnanimous aspect of the pharmaceutical industry and improve their image as philanthropists among politicians. Just politicians?*