

Diversion of Pharmaceutical Drugs

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Please use the following links to access these sub-chapters concerning Corruption:

Data - " [Diversion of Pharmaceutical Drugs - Data](#) " *data concerning the diversion of pharmaceutical drugs to illicit use with Facts ordered by data year and subject of the data in parentheses.*

1.

(diversion of pharmaceutical drugs - definition) "'Drug diversion' is best defined as the diversion of licit drugs for illicit purposes. It involves the diversion of drugs from legal and medically necessary uses towards uses that are illegal and typically not medically authorized or necessary."

Source:

"Drug Diversion in the Medicaid Program: State Strategies for Reducing Prescription Drug Diversion in Medicaid," Centers for Medicare & Medicaid Services (Baltimore, MD: January 2012), p. 1.

<https://www.cms.gov/MedicaidIntegrityProgram/Downloads/drugdiversion.pdf>

2.

(diversion of pharmaceutical drugs - distribution of pharmaceutical drugs in the United States) "Drugs in the United States generally do not travel straight from the line of production to the dispensing pharmacy. Rather, a serpentine maze provides a ripe environment for the infiltration of counterfeit, adulterated, and diverted drugs. ¹⁵

"The distribution system is primarily tiered among manufacturers, the "Big 3" distributors/drug wholesalers, secondary wholesalers, ¹⁶ and repackagers. The FDA has identified three primary routes for drug sales in the United States, and each

involves drugs passing through multiple hands, demonstrating the vulnerability of the distribution system to counterfeit, adulterated, and diverted products.¹⁷ The “Big 3” wholesalers—Cardinal Health,¹⁸ McKesson¹⁹ and Amerisource Bergen,²⁰ which collectively account for nearly 90% of the primary wholesale market²¹—sell drugs into a distribution web containing large governmental agencies, secondary wholesalers, and criminal actors.²² “Repackagers” of drugs further obscure the origin of a particular drug when they break wholesale drugs in bulk containers into smaller units for sale to pharmacies or, conversely, re-aggregate smaller units purchased as overstock from pharmacies into larger bundles for resale to wholesalers.²³ Because of the multiple distributors and the repackaging, the true origin of drugs in this net remains obscure.²⁴ ”

Source:

Aleong, Stephanie Feldman, "Green Medicine: Using Lessons From Tort Law and Environmental Law to Hold Pharmaceutical Manufacturers and Authorized Distributors Liable for Injuries Caused by Counterfeit Drugs," *University of Pittsburgh Law Review* (Pittsburgh, PA: Winter 2007) Volume 69, Issue 2, p. 248-250.

<http://lawreview.law.pitt.edu/issues/69/69.2/Aleong.pdf>

3.

(diversion of pharmaceutical drugs - effects on crime) "The societal impact of CPD [controlled prescription drugs] diversion and abuse is considerable. Violent and property crime associated with CPD diversion and abuse has increased in all regions of the United States over the past 5 years, according to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS)."

Source:

National Drug Intelligence Center, Drug Enforcement Administration, "National Prescription Drug Threat Assessment," (Washington DC, April 2009), p. IV.

<http://www.justice.gov/ndic/pubs33/33775/33775p.pdf>

4.

(diversion of pharmaceutical drugs - Oxycontin) "There are several factors that may have contributed to the abuse and diversion of OxyContin. OxyContin's formulation as a controlled-release opioid that is twice as potent as morphine may have made it an attractive target for abuse and diversion. In addition, the original label's safety warning advising patients not to crush the tablets because of the possible rapid release of a potentially toxic amount of oxycodone may have inadvertently alerted abusers to possible methods for misuse. Further, the rapid growth in OxyContin sales increased the drug's availability in the marketplace and may have contributed to opportunities to obtain the drug illicitly. The history of abuse and diversion of

prescription drugs in some geographic areas, such as those within the Appalachian region, may have predisposed some states to problems with OxyContin. However, we could not assess the relationship between the growth in OxyContin prescriptions or increased availability with the drug's abuse and diversion because the data on abuse and diversion are not reliable, comprehensive, or timely."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 29.

<http://www.gao.gov/new.items/d04110.pdf>

5.

(diversion of pharmaceutical drugs - lack of OxyContin data) "At the state level, Medicaid fraud control units have investigated OxyContin abuse and diversion; however, they do not maintain precise data on the number of investigations and enforcement actions completed. Similarly, state medical licensure boards have investigated complaints about physicians who were suspected of abuse and diversion of controlled substances, but they could not provide data on the number of investigations involving OxyContin."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 6.

<http://www.gao.gov/new.items/d04110.pdf>

6.

(diversion of pharmaceutical drugs - OxyContin availability) "The large amount of OxyContin available in the marketplace may have increased opportunities for abuse and diversion. Both DEA and Purdue have stated that an increase in a drug's availability in the marketplace may be a factor that attracts interest by those who abuse and divert drugs."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 30.

<http://www.gao.gov/new.items/d04110.pdf>

7.

(diversion of pharmaceutical drugs - lack of data) The General Accounting Office reported in 2003 that "DEA officials told us that it is difficult to obtain reliable data on what controlled substances are being abused by individuals and diverted from pharmacies because available drug abuse and diversion tracking systems do not capture data on a specific brand-name product or indicate where a drug product is being abused and diverted on a state and local level. Because of the time lags in reporting information, the data reflect a delayed response to any emerging drug abuse and diversion problem."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 32.

<http://www.gao.gov/new.items/d04110.pdf>

8. **Diversion of Pharmaceutical Drugs - Data**

(2007 - diversion of pharmaceutical drugs - nonmedical users of prescription drugs) "Approximately 6.9 million individuals aged 12 or older were current (past month) nonmedical users of prescription-type psychotherapeutic drugs (opioid pain relievers,1 tranquilizers, sedatives, or stimulants) during 2007, according to the Substance Abuse and Mental Health Services Administration (SAMHSA) 2007 National Survey on Drug Use and Health (NSDUH). Current nonmedical use of these drugs, collectively referred to as "controlled prescription drugs (CPDs)" for the purposes of this report, remained relatively stable from 2003 (6.5 million) to 2007 (6.9 million); however, the number of deaths and treatment admissions involving CPDs, particularly prescription opioids, increased significantly."

Source:

National Drug Intelligence Center, Drug Enforcement Administration, "National Prescription Drug Threat Assessment," (Washington DC, April 2009), p. III.

<http://www.justice.gov/ndic/pubs33/33775/33775p.pdf>

9.

(2007 - diversion of pharmaceutical drugs - insurance fraud) "Insurance fraud is the main financier and enabler of drug diversion. Even so, few health insurers understand the pivotal role insurance fraud plays in a diversion epidemic that costs insurers up to \$72.5 billion a year.

"More specifically:

"□ Swindlers and drug abusers obtain the bulk of their illicit prescription narcotics through fraudulent insurance claims for bogus prescriptions, treating phantom injuries and other illegal deceptions;

"□ Drug diversion drains health insurers of up to \$72.5 billion a year, including up to \$24.9 billion annually for private insurers. The losses include insurance schemes, plus the larger hidden costs of treating patients who develop serious medical problems from abusing the addictive narcotics they obtained through the swindles;

"□ Insurers are potentially vulnerable to enormous liability lawsuits for failing to reasonably prevent fraud schemes that kill and injure people addicted by diversion schemes. Drug manufacturers and pharmacists already face such lawsuits."

Source:

The Mahon Consulting Group LLC for the Coalition Against Insurance Fraud, "Prescription for Peril: How Insurance Fraud Finances Theft and Abuse of Addictive Prescription Drugs," (Washington, DC: December, 2007), p. 4.

<http://www.insurancefraud.org/downloads/drugDiversion.pdf>

10.

(2006 - diversion of pharmaceutical drugs - overdose deaths and treatment admissions for prescription opioids) "According to the Centers for Disease Control and Prevention (CDC) National Center for Health Statistics, unintentional overdose deaths involving prescription opioids increased 114 percent from 2001 (3,994) to 2005 (8,541), the most recent nationwide data available. Further, the number of treatment admissions for prescription opioids as the primary drug of abuse increased 74 percent from 46,115 in 2002 to 80,131 in 2006, the most recent data available, according to the SAMHSA Treatment Episode Data Set (TEDS)."

Source:

National Drug Intelligence Center, Drug Enforcement Administration, "National Prescription Drug Threat Assessment,"

(Washington DC, April 2009), p. III.

<http://www.justice.gov/ndic/pubs33/33775/33775p.pdf>

11.

(2004 - diversion of pharmaceutical drugs - nonmedical use of psychotherapeutic drugs) "In 2004, 6.0 million persons were current users of psychotherapeutic drugs taken nonmedically (2.5 percent). These include 4.4 million who used pain relievers, 1.6 million who used tranquilizers, 1.2 million who used stimulants, and 0.3 million who used sedatives. These estimates are all similar to the corresponding estimates for 2003.

"There were significant increases in the lifetime prevalence of use from 2003 to 2004 in several categories of pain relievers among those aged 18 to 25. Specific pain relievers with statistically significant increases in lifetime use were Vicodin®, Lortab®, or Lorcet® (from 15.0 to 16.5 percent); Percocet®, Percodan®, or Tylox® (from 7.8 to 8.7 percent); hydrocodone products (from 16.3 to 17.4 percent); OxyContin® (from 3.6 to 4.3 percent); and oxycodone products (from 8.9 to 10.1 percent)."

Source:

Substance Abuse and Mental Health Services Administration, Results from the 2004 National Survey on Drug Use and Health: National Findings (Rockville, MD: US Dept. of Health and Human Services, Office of Applied Studies, 2005), p. 1.

<http://www.oas.samhsa.gov/nsduh/2k4nsduh/2k4results/2k4results.pdf>

12.

(2004 - diversion of pharmaceutical drugs - nonmedical use of psychotherapeutics) "In 2004, an estimated 2.8 million persons used psychotherapeutics nonmedically for the first time within the past year. The numbers of new users of psychotherapeutics in 2004 were 2.4 million for pain relievers, 1.2 million for tranquilizers, 793,000 for stimulants, and 240,000 for sedatives. These estimates are similar to the corresponding estimates for 2002 and 2003.

"The average age of first nonmedical use of psychotherapeutics among recent initiates was 24.7 years. For specific drug classes, the average ages were 23.3 years for pain relievers, 25.2 years for tranquilizers, 24.1 years for stimulants, and 29.3 years for sedatives.

"In 2004, the number of new nonmedical users of OxyContin® was 615,000, with an average age at first use of 24.5 years. Comparable data on past year OxyContin® initiation are not available for prior years, but calendar year estimates of

OxyContin® initiation show a steady increase in the number of initiates from 1995, the year this drug was first available, through 2003 (Figure 5.5)."

Source:

Substance Abuse and Mental Health Services Administration, Results from the 2004 National Survey on Drug Use and Health: National Findings (Rockville, MD: US Dept. of Health and Human Services, Office of Applied Studies, 2005), p. 50.

<http://www.oas.samhsa.gov/nsduh/2k4nsduh/2k4results/2k4results.pdf>

13.

(2003 - diversion of pharmaceutical drugs - theft by dosage units) The *Journal of Pain and Symptom Management* published a research letter by scientists from the Pain & Policy Studies Group at the University of Wisconsin-Madison on drug crime as a source of diverted pharmaceuticals. The researchers examined data maintained by the US Drug Enforcement Administration on thefts and other incidents of loss of controlled substances by DEA registrants including pharmacists, manufacturers, and distributors. The data was complete for the years 2000-2003 for 22 Eastern states representing 53% of the US population. According to the researchers:

"A total of 12,894 theft/loss incidents were reported in these states between 2000 and 2003. Theft/losses were primarily from pharmacies (89.3%), with smaller portions from medical practitioners, manufacturers, distributors, and some addiction treatment programs that reported theft/losses of methadone.

"Over the 4-year period, almost 28 million dosage units of all controlled substances were diverted. The total number of dosage units for the six opioids is as follows: 4,434,731 for oxycodone; 1,026,184 for morphine; 454,503 for methadone; 325,921 for hydromorphone; 132,950 for meperidine; 81,371 for fentanyl."

Source:

Joranson, David E. MSSW & Aaron M. Gilson, PhD, Pain & Policy Studies Group, University of Wisconsin-Madison, "Drug Crime is a Source of Abuse Pain Medication in the United States," Letters, *Journal of Pain & Symptom Management*, Vol. 30, No. 4, Oct. 2005, p. 299.

<http://www.painpolicy.wisc.edu/publicat/05jpsm/05jpsm.pdf>

14.

(2002 - diversion of pharmaceutical drugs - prescriptions for OxyContin and other opioids) "According to IMS Health data, the annual number of OxyContin prescriptions for noncancer pain increased nearly tenfold, from about 670,000 in 1997

to about 6.2 million in 2002. In contrast, during the same 6 years, the annual number of OxyContin prescriptions for cancer pain increased about fourfold, from about 250,000 in 1997 to just over 1 million in 2002. The noncancer prescriptions therefore increased from about 73 percent of total OxyContin prescriptions to about 85 percent during that period, while the cancer prescriptions decreased from about 27 percent of the total to about 15 percent. IMS Health data indicated that prescriptions for other schedule II opioid drugs, such as Duragesic and morphine products, for noncancer pain also increased during this period. Duragesic prescriptions for noncancer pain were about 46 percent of its total prescriptions in 1997, and increased to about 72 percent of its total in 2002. Morphine products, including, for example, Purdue's MSContin, also experienced an increase in their noncancer prescriptions during the same period. Their noncancer prescriptions were about 42 percent of total prescriptions in 1997, and increased to about 65 percent in 2002."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 18.

<http://www.gao.gov/new.items/d04110.pdf>

15.

(2002 - diversion of pharmaceutical drugs - pain reliever use by young people) "Lifetime nonmedical pain reliever prevalence among youths aged 12 to 17 increased from 2001 (9.6 percent) to 2002 (11.2 percent), continuing an increasing trend from 1989 (1.2 percent). Among young adults aged 18 to 25, the rate increased from 19.4 percent in 2001 to 22.1 percent in 2002. The young adult rate had been 6.8 percent in 1992.

Source:

Substance Abuse and Mental Health Services Administration. (2003). Results from the 2002 National Survey on Drug Use and Health: National Findings (Office of Applied Studies, NHSDA Series H-22, DHHS Publication No. SMA 03-3836), Rockville, MD, p. 39.

<http://www.oas.samhsa.gov/nhsda/2k2nsduh/2k2SoFW.pdf>

16.

(2001-2002 - diversion of pharmaceutical drugs - OxyContin investigations, arrests and seizures) "From fiscal year 1996 through fiscal year 2002, DEA initiated 313 investigations involving OxyContin, resulting in 401 arrests. Most of the investigations and arrests occurred after the initiation of the action plan. Since the plan was enacted, DEA initiated 257 investigations and made 302 arrests in fiscal years 2001 and 2002. Among those arrested were several physicians and pharmacists. Fifteen health care professionals either voluntarily surrendered their controlled substance registrations or were immediately suspended from registration by DEA. In addition, DEA reported that \$1,077,500 in fines was assessed and \$742,678 in cash was seized by law enforcement agencies in OxyContin-related cases in 2001 and 2002."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), p. 37.

<http://www.gao.gov/new.items/d04110.pdf>

17.

(2001 - diversion of pharmaceutical drugs - illicit sales of OxyContin) "According to a 2001 HIDTA [High Intensity Drug Trafficking Area] report, the Appalachian region, which encompasses parts of Kentucky, Tennessee, Virginia, and West Virginia, has been severely affected by prescription drug abuse, particularly pain relievers, including oxycodone, for many years. Three of the four states -- Kentucky, Virginia, and West Virginia -- were among the initial states to report OxyContin abuse and diversion. Historically, oxycodone, manufactured under brand names such as Percocet, Percodan, and Tylox, was among the most diverted prescription drugs in Appalachia. According to the report, OxyContin has become the drug of choice of abusers in several areas within the region. The report indicates that many areas of the Appalachian region are rural and poverty-stricken, and the profit potential resulting from the illicit sale of OxyContin may have contributed to its diversion and abuse. In some parts of Kentucky, a 20-milligram OxyContin tablet, which can be purchased by legitimate patients for about \$2, can be sold illicitly for as much as \$25. The potential to supplement their incomes can lure legitimate patients into selling some of their OxyContin to street dealers, according to the HIDTA report."

Source:

General Accounting Office, "Prescription Drugs: Oxycontin Abuse and Diversion and Efforts to Address the Problem," GAO-04-110 (Washington, DC: Government Printing Office, December 2003), pp. 31-32.

<http://www.gao.gov/new.items/d04110.pdf>

18.

(2007 - diversion of pharmaceutical drugs - cost) "...the estimated cost of CPD diversion and abuse to public and private medical insurers is \$72.5 billion a year, ³ much of which is passed to consumers through higher health insurance premiums. Additionally, the abuse of prescription opioids is burdening the budgets of substance abuse treatment providers, particularly as prescription opioid abuse might be fueling heroin abuse rates in some areas of the United States."

Source:

National Drug Intelligence Center, Drug Enforcement Administration, "National Prescription Drug Threat Assessment," (Washington DC, April 2009), p. V.

<http://www.justice.gov/ndic/pubs33/33775/33775p.pdf>

19.

(2006 - *crime - prescription drug diversion and fraud*) "According to law enforcement reporting, some individuals and criminal groups divert CPDs [controlled prescription drugs] through doctor-shopping and use insurance fraud to fund their schemes. In fact, Aetna, Inc. reports that nearly half of its 1,065 member fraud cases in 2006 (the latest year for which data are available) involved prescription benefits, and most were related to doctor-shopping, according to the Coalition Against Insurance Fraud (CAIF). CAIF further reports that diversion of CPDs collectively costs insurance companies up to \$72.5 billion annually, nearly two-thirds of which is paid by public insurers. Individual insurance plans lose an estimated \$9 million to \$850 million annually, depending on each plan's size; much of that cost is passed on to consumers through higher annual premiums."

Source:

National Drug Intelligence Center, Drug Enforcement Administration, "National Prescription Drug Threat Assessment," (Washington DC, April 2009), p. 20.

<http://www.justice.gov/ndic/pubs33/33775/33775p.pdf>

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