The Case For Generic Drugs.

The ever-rising price of prescription drugs is a phenomenon that affects nearly every American consumer, not only in higher prices and higher copayments for the drugs themselves, but also in higher health insurance premiums for everyone.

One of the most effective ways to combat escalating drug costs is through the use of generic drugs.

Generic drugs are much less expensive than brand-name drugs – generally anywhere from 30 to 75 percent less.

Although not every drug is currently available in a generic form, many are – and more generics are available every year. Generic drugs become available when the patent on the original brand-name drug expires (typically, after 20 years). In the first six months of 2004 alone, the FDA approved more than 200 generic drugs. Every month, dozens more are approved. As the number of generic drugs available on the market increases, the opportunity to reduce prescription drug costs also grows.

Although price may be an indicator of quality in many products, that assumption does not hold true for generics; generics are of the same quality as their brand-name counterparts. Generic drugs must undergo a rigorous approval process by the FDA to ensure that the generic version is identical, or bioequivalent, to the brand-name drug in dosage, safety, strength, performance, quality and use. Sometimes the generic is even made by the same facility that manufactures the brand-name drug.

The main reason generic versions cost so much less is that generic manufacturers do not have the huge cost of research, development, marketing and promotion invested by the developer of the original drug. A secondary reason is competition: when several manufacturers produce generic versions of a drug, competition can drive down the price.

The Food and Drug Administration (FDA) enforces generic drug standards through legislation. The only appreciable difference between a generic and a brand-name drug – other than price – will be the appearance of the drug. Because U.S. trademark laws prohibit a generic drug from looking exactly like its brand-name counterpart, the shape, size, color or taste of the drug – all determined by the inactive, or filler ingredients – may be different. But the active ingredients in a generic will be identical to those in the brand-name drug.

Generic drugs are widely endorsed.

The American Medical Association, the largest organization of medical doctors, endorses generic drugs as acceptable for the American public. Hospitals routinely use generic drugs for treatment of their patients.
Many national pharmacy groups endorse the use of generics.

The American Pharmaceutical Association supports the role of pharmacists in identifying generic drugs for cost-effective treatment, in conjunction with the collaboration between prescriber and patient. The National Community Pharmacists Association recognizes the role of the pharmacist in the drug decision process to encourage costs savings while preserving therapeutic standards.

Nearly half of all prescription drugs now dispensed are generics. According to the Congressional Budget Office, Americans are already saving an estimated $8 to $10 billion each year at retail pharmacies. The Generics Pharmaceutical Association (GPhA) estimates that every additional 1% increase in generic drug usage saves the country $1.16 billion annually in prescription drug costs.

Addressing prescription drug costs will continue to be an important issue in coming years thanks, in part, to the aging baby boomer generation, and to an overall increase in drug use to treat conditions. According to a report from The National Institute of Health Care Management Research and Educational Foundation, drug expenditures will rise an average of 11.7% a year between 2003 and 2007. As high as that number sounds, studies indicate that without generics, the increase would be even higher.

Some doctors prescribe generics automatically, and most health plans encourage the use of generics by requiring higher copays for brand-name drugs. But in many cases, the responsibility falls upon the consumer to ask his or her pharmacist or physician if a generic is available. Ask your physician if there is an appropriate generic for your diagnosis.

Your pharmacist is also an excellent source of information.

Each time you fill a brand-name prescription, ask if a generic form of the drug is available, and have the same discussion with your physician. In some cases, generic substitution is allowed at the drug store counter; in other cases, your physician’s express permission is required.

Note: To learn if a generic is available for a specific prescription you are taking, an excellent source of information is the FDA web site. You can search for generic equivalents by using the Electronic Orange Book at http://www.fda.gov/cder/ob/default.htm. This search engine allows you to search by proprietary brand name, then search again by using the active ingredient name. Because there is a lag time between approval and appearance in the Orange Book, you can also search the most recent generic approvals at http://www.fda.gov/cder/ogd/approvals/default.htm.

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