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GPhA Commends Bipartisan Effort to Lower Health Care Costs Through Increased Use of Affordable Generic Medicines

WASHINGTON, D.C. (Nov. 4, 2011) – The Generic Pharmaceutical Association (GPhA) today praised Reps. Charles F. Bass (R-N.H.), Jo Ann Emerson (R-Mo.) and Peter Welch (D-Vt.) for introducing bipartisan legislation that would incentivize states to take advantage of the enormous savings that can be achieved through greater use of generic pharmaceuticals.

Following on the heels of similar bipartisan legislation introduced in July by U.S. Senators Scott Brown (R-Mass.), Ron Wyden (D-Ore.) and John McCain (R-Ariz.), the Affordable Medicines Utilization Act of 2011 would give states a share of the savings the federal government would receive through greater generic use.

In addition, to reward states already displaying an exceptional generic utilization rate of 92 percent or higher, the legislation would allocate a portion of the savings being directed back to the federal government into a grant program, which those states could then use to implement innovative ways to achieve further savings in Medicaid.

“This legislation is exactly the kind of common-sense solution those in Washington should look to when searching for ways to rein in our country’s health care spending,” said Ralph G. Neas, President and CEO of GPhA. “Greater use of generic medications is a safe and effective way to reduce costs while providing patients with the quality care they need. ”

GPhA has long maintained that reducing government overspending in Medicare and Medicaid is an integral part of reducing U.S. health care costs. For example, in 2010 Medicaid paid on average approximately \$200 for each monthly brand prescription, compared to just \$20 for a month’s prescription in the generic version, according to data from the Centers for Medicare and Medicaid Services. By increasing generic utilization in Medicaid by just one percentage point, the government and taxpayers would save more than \$500 million each year.

With states and the federal government struggling to cut costs across the board, it is clear that safe, effective and affordable generic medicines are a vital part of the solution to reducing spending. GPhA applauds the Affordable Medicines Utilization Act of 2011 as an important step toward reaching this goal.

GPhA represents the manufacturers and distributors of finished generic pharmaceuticals, manufacturers and distributors of bulk pharmaceutical chemicals, and suppliers of other goods and services to the generic industry. Generic pharmaceuticals fill 78 percent of the prescriptions dispensed in the U.S. but consume just 25 percent of the total drug spending. Additional information is available at gphaonline.org.

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