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GPhA Pledges to Work with Secretary Sebelius and With States to Help Contain Drug Costs

WASHINGTON, D.C., FEBRUARY 3, 2011 – The Generic Pharmaceutical Association (GPhA) today released the following statement to comment on a letter from Health and Human Services Secretary Kathleen Sebelius to the nation’s Governors regarding Medicaid cost containment.

“Secretary Sebelius is right on the mark in her letter to Governors outlining ways that states can control costs while still providing critical health care services to those who need them most. Specifically, she noted that among the approaches that States have used to drive down costs was a greater reliance on generic drugs.

“In fact, an analysis of prescription drug use for calendar year 2009, based on data from the Centers for Medicare and Medicaid Services (CMS), shows that each one percentage point increase in the Medicaid generic dispensing rate saves an additional \$591 million—\$342 million of that is direct savings to the States. These are significant savings when measured against the total \$7 billion states spent in 2009 to help Medicaid beneficiaries afford prescription drugs.

“The use of FDA-approved generic medicines saved the U.S. healthcare system \$138 billion in 2009 -- more than \$1 billion every three days – according to an analysis by IMS Health. Today, three out of every four prescriptions that leave pharmacies across America are dispensed using safe and effective generic drugs. Public reliance on affordable generics and confidence in their effectiveness has never been higher. Now is the time to optimize the savings that generics can achieve instead of considering misguided initiatives such as therapeutic carve-out laws to restrict the use of generic pharmaceuticals.

“GPhA applauds Secretary Sebelius for her leadership in working with Governors to assure they have accurate information about drug costs in order to make wise purchasing decisions as they struggle to balance budgets. We pledge to do all we can to be partners in those efforts.”

Secretary Sebelius’ letter: <http://www.hhs.gov/news/press/2011pres/01/20110203c.html>

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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 75 percent of the prescriptions dispensed in the U.S. but consume just 22 percent of the total drug spending. Additional information is available at gphaonline.org.

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