

the Generic Pharmaceutical Industry

Safety

The generic pharmaceutical industry is committed to providing safe, effective, and affordable medicines to patients.

- Generic drugs must meet FDA's rigorous safety and efficacy standards ⁱ
- The FDA requires a generic drug to have the same quality, performance, and same therapeutic effect as its brand drug counterpart ⁱⁱ

Savings

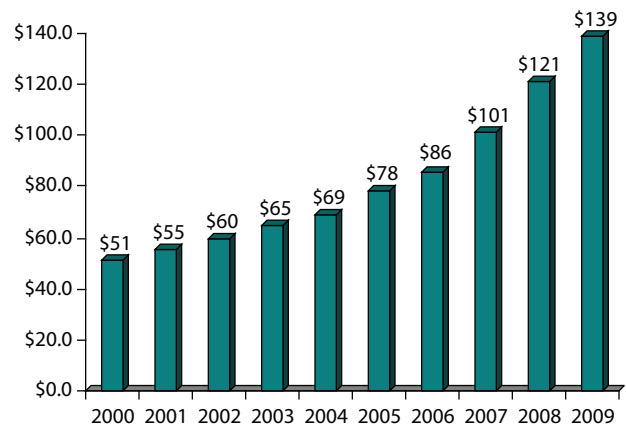
Generic medicines provide billions of dollars in savings to patients and payors, including the federal government. On average, a typical generic drug is approximately 80-85% less than its brand drug counterpart. Here are just a few more facts:

- \$824 billion over the past 10 years in savings to the health care industry ⁱⁱⁱ
 - \$139.6 billion in savings for 2009 ^{iv}
- In 2007 alone, generic drugs generated \$33 billion in savings for just the Medicare Part D Program ^v
 - \$24 billion in savings to patients and \$9 billion in savings to the government
 - If no generic alternative was available, Part D expenditures would have been \$93 billion more or 55% higher ^{vii}

Potential for Additional Savings

- Medicare Part B could save an additional \$111 million annually by using lowest cost generic for 16 outpatient drugs ^{viii}
- Medicaid could save \$271 million if generic drugs were fully utilized for 20 drug compounds ^{ix}
- A 2% increase in generic utilization for the Medicaid Program would save approximately \$1.31 billion; a 5% increase would save approximately \$3.27 billion ^x

Savings by Year (\$ in billions)



Industry Outlook

The generic pharmaceutical industry continues to thrive and grow. As more brand name drugs lose patent protection, the greater the opportunity to offer patients low-cost equivalent alternatives.

- In 2010 generic prescriptions accounted for 78% of the prescriptions dispensed in the United States but only 25% of the total drug spent. ^{xi}
- The average cost of a brand drug is \$155.45 compared to \$39.73 for the generic equivalent ^{xii}
- Pharmacists dispensed over 2.9 billion generic prescriptions in the United States in 2010
- \$89 billion in annual brand drugs sales will lose patent protection over the next five years ^{xiii}

ⁱ The United States Food and Drug Administration. Retrieved from <http://www.fda.gov/Drugs/ResourcesForYou/Consumers/BuyingUsingMedicineSafely/UnderstandingGenericDrugs/>

ⁱⁱ Ibid.

ⁱⁱⁱ Generic Pharmaceutical Association. (2010). Savings Achieved Through the Use of Generic Pharmaceuticals 2000-2009. Washington, D.C.: Generic Pharmaceutical Association

^{iv} Ibid.

^v Congressional Budget Office (2010, September). Effects of Using Generic Drugs on Medicare's Prescription Drug Spending. (Publication No. 4043). Washington, D.C.: Congressional Budget Office.

^{vi} Ibid.

^{vii} Ibid.

^{viii} The United States Department of Health and Human Services: Office of the Inspector General. (January 2011). Medicare Payments for Newly Available Generic Drugs. Retrieved from <http://oig.hhs.gov/oei/reports/oei-03-09-00510.asp> and accessed on January 19, 2011.

^{ix} Brill, Alex. (July 2010). Overspending on Multi-Source Drugs in Medicaid. Retrieved from <http://www.aei.org/paper/100127> and accessed on January 7, 2011.

^x Information taken from CMS Data on Medicaid Drug Prices

^{xi} IMS Institute for Healthcare Informatics. Use of Medicines in the United States: Review of 2010, April 2011.

^{xii} National Association of Chain Drug Stores. Retrieved from <http://www.nacds.net/wmspage.cfm?parm1=6536#rx> and accessed on January 7, 2011.

^{xiii} Generic Pharmaceutical Association. (2010).

^{xiv} Long, Doug (2010). Presentation to the Generic Pharmaceutical Industry.