

Easy way to cut costs of drugs: Generics

By Steven Findlay USA Today

May 13, 2004

Relief from fast-rising prescription drug costs may be on the way. Accompanied by media hype, the federal government last week launched a Web site that allows consumers to search by ZIP code to compare the prices of virtually all prescription drugs at about 50,000 pharmacies nationwide.

A new Medicare law triggered the unprecedented move. Though the information is tailored to help seniors save with drug-discount cards that they can begin signing up for this month, anyone can go on www.medicare.gov to see who is offering the best prices near home or on the Internet.

The new site, as anticipated, is generating confusion, but it's also putting pressure on pharmacies, especially those on the Internet, to lower prices. Ads are popping up in newspapers nationwide; some vow discounts up to 40%.

The government Web site is the latest in a wave of actions toward lowering drug costs nationwide:

- Twenty states reached a legal settlement last month with Medco Health Solutions, the nation's largest pharmacy-benefit manager. The deal could push Medco and its competitors into more intensive cost controls. Such firms handle prescriptions for roughly 180 million Americans.
- Alaska, Michigan, Nevada, New Hampshire and Vermont last month received approval from the federal government to jointly negotiate with drug companies for deeper drug discounts in their Medicaid programs. Combined, the states expect to save about \$12 million this year. Pending federal approval, 20 other states are expected to follow suit.
- Still other states — Illinois, Minnesota and Wisconsin — and even a few cities and counties continue to press the administration and Congress to allow the importation of cheaper drugs from Canada and other countries. The issue is gaining momentum in Congress.

But the bitter battle surrounding drug prices is just heating up, and further steps will be needed if consumers are ever to be fully empowered to shop for drugs as they shop for airline tickets, hotels, cars, vacation cruises and other goods and services. **It should start with a ramped-up campaign to get people to use more generics and older brand-name drugs.**

Indeed, using more generic medicines is perhaps the single most important route to lower personal and national drug costs during the next decade. Generics are typically a third to half the price of new brand-name drugs and are underutilized. They make up about 45% of all prescriptions. Each 1% increase in generic use that replaces brands could save from \$1.5 billion to \$2 billion a year. Generics are generally cheaper in the USA than in Canada and Europe. That's because the U.S. generics market is highly competitive, while Canada and European nations set generic prices as they do brand prices. So if a consumer uses a generic, there's no need to go outside the USA to save money.

To be sure, many new brand-name drugs are distinctly better. Their use instead of older brand medicines or generics is warranted and may even save money over time by keeping people healthier, functioning and out of the hospital. But recent studies indicate that some older and generic medicines are eclipsed too soon in favor of the latest, pricier drugs.

Take high-blood-pressure medicines. Only one in four prescriptions in this category are for generics. Yet a study in 2002 concluded that old-line generic diuretics were just as effective as expensive newer drugs for most patients. And a study last month in *The Journal of the American Medical Association* (JAMA) found that older people with high blood pressure in Pennsylvania

were prescribed newer brand drugs more often than government guidelines indicate is appropriate.

The JAMA study noted that if doctors would follow the guidelines to use older, less-costly drugs, the savings could be \$1.2 billion. The lower cost might also allow more people with high blood pressure to be treated. Only about a third now receive proper treatment or take the drugs they need.

A similar situation exists for osteoarthritis drugs. Two heavily promoted brand drugs, Vioxx and Celebrex, racked up combined sales of about \$5 billion last year, a roughly 40% market share. But studies show that less-expensive brands, generics and even over-the-counter ibuprofen can work just as well.

The two new drugs should be prescribed to people prone to stomach ulcers and bleeding, doctors agree. But such people make up only 5%-10% of all osteoarthritis sufferers, studies show.

It may sound like heresy, but consumers should, for the sake of their pocketbooks and health, not take their doctors' judgment as gospel. They should probe and ask why a drug is being prescribed and how much it will cost. And they should talk to the pharmacist, too.

Employers, insurers, the government and a chastened pharmacy-benefit-management industry are pushing generics big-time. These days, consumers will pay a much larger slice of the price (\$25 or even more) if they choose a brand drug vs. a generic.

But employers and the government need to sweeten the incentives and provide consumers with more information about generics. Many people believe generics are less potent or unsafe. Rest assured: They are approved by the Food and Drug Administration and are subject to the same strict oversight. In fact, generics are sometimes a safer bet as initial treatment since they are tried and true. Newer drugs can have unexpected side effects when they first reach the market and go into wide use.

Ultimately, more research is needed about the relative value of one drug over another, whether brand name or generic.

In the meantime, finding out about the full range of your prescription drug choices could save you money.

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