GENERIC PHARMACEUTICAL ASSOCIATION

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Generic Medicines Saved U.S. Health Care System $139.6 Billion in 2009; $824 Billion Saved over the Last Decade

WASHINGTON, D.C., JULY 26, 2010 – A new study released today of prescription drugs use in the U.S. found that dispensing generic versions of brand name drugs saved the American health care system more than $824 billion over the past decade, and $139.6 billion in 2009 alone. IMS Health, the world's leading provider of market intelligence to the pharmaceutical and health care industries, was commissioned by the Generic Pharmaceutical Association (GPhA) to provide and analyze brand and generic prescription drug sales data for the 10-year period 2000-2009.

"Generic pharmaceuticals continue to be one of the best buys in health care," said Paul Bisaro, Chairman of GPhA's Board of Directors. "While prices for name brand prescriptions continue to rise year after year, generic prices have remained generally unchanged and in some cases have even declined as more competition enters the market. It is clear from the IMS analysis that increasing access to generics would significantly reduce the nation's overall health care bill," Mr. Bisaro said.

This new study builds on the historic study released in May 2009 showing that the use of generic drugs saved the U.S. health care system nearly three-quarters of a *trillion* dollars over the decade 1999-2008. The new analysis is especially important this year because it further documents the correlation between increased savings and greater use of generic pharmaceuticals – a reality that cannot be overlooked as regulators implement new health care reform laws and Congress continues its pursuit of savings in health care spending.

"This new analysis shows beyond a doubt that generic use is a proven way of bending the health cost curve downward. Policies that encourage greater use of generic medicines can help States afford the cost of implementing expanded Medicaid coverage under new health care reform laws. In fact, data from the Centers for Medicare and Medicaid Services show that each two percentage point increase in generic use in Medicaid saves the system an additional $1 billion annually," Mr. Bisaro noted.

"Too many families across the country are faced with the decision of whether to put food on the table or pay for their medication," said Senator Debbie Stabenow (D-MI). "This study confirms what we already know—generic drugs will lower health care costs for families. I was pleased to author a provision in the new health care law to give seniors enrolled in Medicare Part D more opportunities to sample affordable, generic drugs free of charge. I will continue fighting to give consumers more access to safe and effective generic drugs."

Among the insights provided by the new IMS analysis are:

- newer generics are driving system-wide savings; generics approved by the FDA since 2000 produced $263 billion, or about one-third, of the total $824 billion in savings;

- treatments in the therapeutic categories of metabolism, cardiovascular and central nervous system (CNS) experienced the highest growth in savings, 2009 over 2008;

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- savings generated by the use of generic CNS drugs soared 20 percent in 2009 to $49.1 billion, up from $40.9 billion in 2008;

- savings from generic cardiovascular drugs jumped 14 percent to $37.3 billion in 2009, up from $32.7 billion in 2008;

- in 2009, the utilization of generics in the three therapeutic categories of CNS, cardiovascular and metabolism accounted for about three-fourths of the total $139.6 billion in savings.

GPhA noted that the study is predictive of the greater savings that could be achieved in future years through the implementation of initiatives to:

1. increase funding of FDA's Office of Generic Drugs (OGD) to ensure the timely review and approval of new generic pharmaceuticals;

2. eliminate "evergreening" of biologic drug patents to facilitate access to more affordable generic versions of lifesaving biologic medicines; and

3. ensure access to affordable generics by continuing to allow generic manufacturers to settle patent challenges, bringing generics to market sooner and generating additional savings for American consumers.

"Millions of Americans suffer from diseases—like cancer, Alzheimer's, arthritis, and multiple sclerosis—that require the use of expensive biologic drugs to treat. We all know that generic drugs can help Americans save money at the pharmacy counter. But what today's report from IMS Health makes crystal-clear is that generic drugs have saved the U.S. healthcare system billions of dollars each year. If we were able to offer generic alternatives to expensive biologic drugs, these savings would multiply exponentially. That's why I'll continue to fight to ensure generic alternatives to biologic drugs are available to consumers as quickly as possible. Patients and taxpayers simply cannot afford needless delays in access to affordable medicines," said Senator Sherrod Brown (D-OH).

GPhA expects generic savings to continue their robust growth in the near term as $89 billion in branded drug sales will lose patent protection over the next five years. Today, three-fourths of all prescriptions dispensed in the U.S. are filled using generics, but they account for only 22 percent of the total dollars spent on prescription drugs. The growing use of FDA-approved generic medicines demonstrates the safety, effectiveness and affordability of these pharmaceutical products.

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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