

What You Need to Know about Generic Drugs

Prescription medications can be a highly effective but costly component of health care. Unfortunately, millions of Americans are not using the most cost-effective medications available despite wide availability of *generic*

alternatives. Some brand name drugs aren't available as a generic, but are very similar to drugs that are available as a generic. These *generic alternatives* work in the same way as the brand name, but are often overlooked. For example, the cholesterol drug Crestor is very similar to Zocor. Crestor isn't available as a generic, but Zocor is available as a generic and is far less expensive.

Many people could save hundreds of dollars every year simply by using generic alternatives rather than brand name drugs.

Generic Drug Facts

Generic Utilization

- Nearly 85% of all available drugs can be purchased as a generic.
- Generic medicines account for more than 72% of all prescriptions dispensed in the United States.

Generic/Brand Cost Facts

- The average brand name drug costs approximately \$254 while the average generic drug costs approximately \$27 for a 30 day supply.
- According to a 2010 study by the Congressional Budget Office, generic drugs saved consumers and the health care system \$931 billion over the last ten years (2001 – 2010).
- The Congressional Budget Office estimates that dispensing generic drugs rather than their brand-name counterparts reduced total prescription drug costs in 2007 by about \$33 billion.
- The Institute for Healthcare Informatics shows that in 2010 alone generic drug use generated nearly \$158 billion in savings, an average of \$3 billion every week.
- In the US \$300 billion per year is spent on brand name drugs.

Generic Drug Safety

- Many generic medications are actually manufactured by brand name drug companies.
- By the time a drug becomes available as a generic, doctors have been using it for many years with millions of patients. Because of this, generic drugs are likely to be safer and more familiar to doctors than new, brand name only drugs.
- The FDA requires that generic drugs be as safe and effective as brand name drugs. For a drug to be approved as a generic, it must have exactly the same dosage, intended use, effectiveness, side effects, risks, safety, and strength as the original drug. Generic drugs and brand name drugs are subject to exactly the same quality standards.