
Generic Drugs Provide Record Savings



According to a new report by the Generic Pharmaceutical Association (GPhA), generic drugs saved the United States health system approximately \$239 billion in 2013. This is a 14 percent increase in the cost savings that were achieved in 2012. It is also the largest annual savings from generic drugs to date.

The report reveals that generic medications have saved an overall \$1.5 trillion over the last decade. In addition, nervous and cardiovascular treatments in the last ten years account for 58 percent or \$851 billion of cost savings. The data has been compiled by IMS Health on behalf of GPhA.

Ralph G. Neas, President and CEO of the GPhA believes that opting for generic drugs is a smart decision and can move the nation's healthcare budget in a positive direction. "Recent Congressional Budget Office (CBO) estimates now predict that Medicare and Medicaid spending is expected to drop by billions over the next decade," he says.

The fact that generic drugs have saved \$239 billion makes it very clear that they have already played a critical role in lowering health costs. The savings have been unparalleled this year and it is believed that these savings will continue to grow substantially as the industry enters the era of biosimilars.

Neas also points out that this report is a clarion call to lawmakers, regulators and stakeholders and communicates a clear message that generic drugs are important to the healthcare system and that the system needs to work together to ensure that their success is sustained. It is also important to pave the way for safe and affordable biological therapies.

Spending on federal healthcare programs have been steadily declining. It is projected that Medicare spending will drop by \$49 billion from 2015 to 2024 and Medicaid spending will drop to \$40 billion over the next decade. Generic drugs could provide the ultimate solution to achieve the same outcomes and provide patients the same medicines at a lower price and contribute to a reduction in health costs.

The findings of this study coincide with the 30th anniversary of the landmark Drug Price Competition and Patent Restoration Act (also known as the Hatch-Waxman Act). The Act was originally signed into law in September 1984 and has been the driving force behind the creation of the generic drug industry.

"Thirty years ago," said Neas, "no one could have predicted that generic drugs would save the US healthcare system nearly \$1.5 trillion over 10 years alone. The Hatch-Waxman law has yielded hundreds of unprecedented medical breakthroughs by rewarding innovation, and trillions of dollars in savings from encouraging competition."

Source: Medical News Today

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