

## GENERIC MEDICATION SAVVY

**Interesting facts** – the Agency for Healthcare Research and Quality states that, “consumer spending for prescribed medicines will be \$300 billion in 2005”. This consumer spending increases each and every year. But on a more upbeat note, according to the Congressional Budget Office, generic drugs save consumers an estimated \$8 to \$10 billion a year at retail pharmacies. Even more billions are saved when hospitals use generic drugs, which is an extremely common practice in this day and age.

### What is a Brand Name Drug?

A brand name drug is a drug marketed to the consumer that has a patented name or brand name associated with it. In many cases it is the only drug on the market with its particular chemical makeup or ingredient. The reason brand name drugs are so expensive today is that Healthcare companies or pharmaceutical companies spend millions of dollars on research and development of the new medications that are coming on to the market. These costs include but are not limited to costly clinical research on ingredients and the best dosage forms, testing of the chemical ingredients, drug interaction research, the expensive equipment associated with the testing, development and manufacturing of the drug, the cost of the highly qualified scientists and clinicians that discover and test the drug and so forth. All of these expenses result in a very costly development cycle to the pharmaceutical company.

By law, pharmaceutical companies have patents on any new drugs developed and created and earn the sole right to manufacture and sell that particular drug. Obviously these pharmaceutical companies will price any new drug at a rate which ensures that they recover the expenses incurred to create that drug as well as make a profit over and above these expenses. Each pharmaceutical company generally has 14 years (the patent period) of marketing and sole distribution of the medication before other companies can offer a generic option.

The Brand name associated with a brand name drug is assigned to the drug by the manufacturer. There are no two brand names exactly alike. This is the name by which the medication is patented and market under once it is approved by the Food and Drug Administration (FDA) for distribution to the public. The generic name is actually the chemical name or the name given to the chemical entity based on its content and makeup.

### Here is a common well known example illustrating the brand name and the generic name of a drug:

<b>Tylenol®</b>	which is also known as	<b>acetaminophen</b>
<b>(Brand Name)</b>		<b>(generic name)</b>

### What is a Generic Drug?

A generic drug is a drug which is manufactured after the patent has expired for a sole source brand name medication. The generic drug is generally only known by the generic or chemical name. Generic drugs cost much less than brand name drugs (generally 35 to 65% less) for several reasons. As the major expenses were

already incurred by the pharmaceutical company that did the initial research and development, and should be recouped by the time the patent expires, the generic drug only incurs the cost of manufacturing and packaging the generic drug.

***Something very important to know*** – Health professionals and consumers can be assured that FDA approved generic drugs have met the same rigid standards as the patent drugs have had to meet. The only generic drugs that are allowed to be dispensed in pharmacies within the United States are FDA approved generic drugs. This is not always true with drugs obtained outside of the United States, such as those obtained from Mexico or Canada.

FDA approved generic drugs are nothing more than prescription drugs, which are chemically equivalent to a brand name drug, available under its generic chemical name.

### **Why Use a Generic Drug?**

With or without prescription drug benefits, generic drugs will save you, the consumer, money. You as the consumer have the right as well as the responsibility to become informed about your medications and the options associated with them. Below are several things you should know and do as the consumer and/or the patient.

1. Know whether you have pharmacy benefit coverage. The fact that you are receiving this education piece from MaxorPlus pretty well insures that you do.
2. Know what your plan design is – what are your co-payment options. Most plans have 3.
  - a. Generic drugs will be the least expensive option. These are generally referred to as 1<sup>st</sup> Tier or Tier one drugs with co-payments in the \$5.00 to \$10.00 dollar range for a 30 day supply.
  - b. There are also certain brand name drugs that the plan administrator and your employer have determined are good drugs to have as a benefit and are generally less expensive than other brand name medications on the market. These are usually referred to as preferred brand name drugs, also known as 2<sup>nd</sup> Tier or Tier two drugs with co-payments in the \$15.00 to \$35.00 range.
  - c. The last category are the non-preferred drugs, which are brand name drugs that have no clinical superiority over the other medications on your formulary, but are also associated with a higher cost than the other medications. These are referred to as non-preferred drugs, also known as 3<sup>rd</sup> Tier or Tier three drugs and will have a much higher co-payment in the \$45.00 to \$65.00 range.
3. Never be afraid to ask your doctor and/or your pharmacist about generic drug alternatives or preferred brand name drug alternatives before you have your prescriptions filled.
4. Know that your medication choice is ultimately up to you and your physician, based on what is best for you, but you must ask questions and participate in this decision making process.
5. If cost savings are important to you, then make sure that you have the opportunity to use generic medications when they are available and appropriate and use preferred brand name medications over the non-preferred if a generic is not available or appropriate. We do realize that there are a small number of instances where a non-preferred drug is the best choice and this is why they are not totally excluded from your benefit.
6. Know also that if there is not an exact generic drug available for what your physician has prescribed, there are often generic drugs in the same therapeutic class that might work just as

well as the brand name drug prescribed. Again talk to your doctor before you leave his or her office and investigate all of the possibilities.

The best thing that you can do as the consumer and patient is to always carry a copy of your benefit drug formulary or preferred drug list with you when you go to the physicians office or your pharmacy. Each time that your physician is going to write you a prescription, you can present this list and tell them that you would like a generic if there is one available and well suited for your condition. If there is not then you can tell them that you would like a preferred drug and the physician can determine what is preferred by looking at the formulary or the preferred drug list.

As a consumer you are probably pretty savvy about the prices at the supermarket or department store, prices for electronics and even automobiles. You should also be savvy about your drugs and your drug benefits. If you are saving money at the pharmacy, then you can be assured that your employer that is paying the biggest portion of your drug expense is also saving money. Keeping the costs down will help insure that you have a benefit in place and that benefit remains affordable to you and your employer. Do not be afraid to ask questions or to “shop around” for a lower cost alternative – that alternative being a generic drug or a preferred brand name drug. The better informed you are, the better equipped you will be to control your healthcare dollars being spent.

***MaxorPlus, your pharmacy benefit management provider, and your employer are working together to help ensure that you are provided with excellent, cost-effective and relevant medications as well as medical information to help meet your healthcare needs. — MaxorPlus Clinical Pharmacy Department***