

GENERIC DRUGS KEY TOOL FOR PBMs IN KEEPING COSTS DOWN

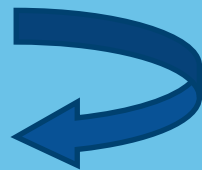
Pharmacy Benefit Managers Drive Generic Utilization



PBMs create formularies with preferred generic drug tiers to incentivize use of generics.



PBMs then reward pharmacies that dispense generics when possible.



90%

As a result, 90 percent of prescriptions filled in the United States are for generic drugs.³



This high generic dispensing rate represents a steady increase in generic drug usage over time.^{2, 4}



What are generic drugs?

A generic drug is the same as a brand-name drug in dosage, safety, effectiveness, strength, stability, and quality, as well as in the way it is taken and should be used.¹

Average Out-Of-Pocket Cost-Sharing²

Generics
\$6.18

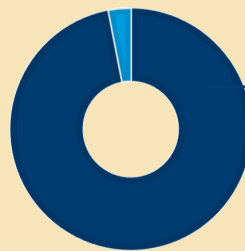


Brands
\$30.59

Generics save people money

The steady increase in use of generic drugs in Medicare Part D has helped produce lower than expected costs for taxpayers and beneficiaries.⁵

In Medicaid managed care programs, pharmacy benefit managers employ a strategy of maximizing the use of generic drugs including the higher value generic alternatives, which leads to lower drug costs.⁶



97%

When a generic version of a drug is available, that version is substituted for the brand drug 97 percent of the time.⁷

Sources:

1. U.S. Food and Drug Administration, <https://www.fda.gov/drugs/questions-answers/generic-drugs-questions-answers>
2. IQVIA, Medicine Use and Spending in the U.S. "A Review of 2018 and Outlook to 2023, May 2019, <https://www.iqvia.com/insights/the-iqvia-institute/reports/medicine-use-and-spending-in-the-us-a-review-of-2018-and-outlook-to-2023>
3. Association for Accessible Medicines, 2019, Generic Drug and Biosimilars Access Savings Report, <https://accessiblemeds.org/resources/blog/2019-generic-drug-and-biosimilars-access-savings-us-report>
4. The Medicare Payment Advisory Commission, 2019, http://medpac.gov/docs/default-source/reports/mar19_medpac_ch14_sec.pdf?sfvrsn=05.
5. Congressional Budget Office, Competition and the Cost of Medicare's Prescription Drug Program, 2014, <http://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45552-PartD.pdf>
6. United Health Group, Medicaid Savings Appendix, <https://www.unitedhealthgroup.com/content/dam/UHG/PDF/2018/PBM-Medicaid-Savings-Appendix.pdf>
7. IQVIA, Medicine Use and Spending in the U.S. "A Review of 2018 and Outlook to 2023, May 2019, <https://www.iqvia.com/insights/the-iqvia-institute/reports/medicine-use-and-spending-in-the-us-a-review-of-2018-and-outlook-to-2023>