

# Health Awareness

## Generics Vs. Brand-Name Drugs: What Is The Difference?

(NAPSA)—Medicare's Part D prescription drug benefit has now been available for more than a year, and it has proven to be very popular. The Centers for Medicare & Medicaid Services recently announced that nearly 24 million Medicare beneficiaries are enrolled in Part D.

As people have used the benefit, some of the most common questions asked of pharmacists and counselors have been about the differences between brand-name drugs and generics. Here is what you need to know.

The Tufts Center for the Study of Drug Development found that it takes 10 to 15 years to develop a new drug, at an average cost of \$802 million. Because of these costs, federal regulations allow the company that develops a drug to receive a patent. The patent gives the company exclusive rights to sell the drug for a certain number of years. These are called brand-name drugs. Many of the so-called "blockbuster" drugs you hear about are under patent. For instance, Lipitor, the best-selling cholesterol-lowering drug, is produced exclusively by Pfizer, a large pharmaceutical company.

When the patent on a brand-name drug expires, other companies are free to make identical versions. These are called generics. Generic drugs have the same formulations as the brand-name drugs, so they have the same effect.

Because the company that produces a generic drug does not have to pay for research and other costs, it can price the generic version at 30 to 80 percent less than the brand-name drug.

Generics have been around for many years and have proven to be both safe and popular. According



**Generic drugs can save you a lot of money, say the experts, and since they are highly regulated, they are as safe as brand-name drugs.**

to the Generic Pharmaceutical Association, generics are used to fill more than 1 billion prescriptions each year, accounting for 56 percent of all prescriptions dispensed in the United States.

Generic drugs are also given favorable treatment in certain Medicare Part D plans. Under Medicare Part D, seniors whose prescription drug expenditures exceed \$2,250 are responsible for paying 100 percent of their prescription drug costs until total expenditures reach \$5,100 annually. The gap between the two, referred to as the "doughnut hole," has forced many Medicare recipients to pay full price for their prescriptions; however, lower-cost generic drugs can keep seniors from falling into the doughnut hole.

Many health plans—such as Health Net, Inc.—offer coverage for generic drugs when beneficiaries fall into the doughnut hole. A few insurers are also eliminating copays for generic drugs in some of their plans until beneficiaries reach the coverage gap. You can

check the plans available in your area to see if any offer this type of support.

"The bottom line is that generics can save you a lot of money," said Mark El-Tawil, chief Medicare officer of Health Net, which provides Part D plans in all 50 states. He noted that concerns about generic drugs sometimes come up during the company's informational seminars for Medicare beneficiaries. "Generic drugs are highly regulated, so there is no need to fear that they are less effective than brand-name drugs," he said.

Still, some people prefer brand-name drugs because they are familiar with the medication and its manufacturer. Patients who have been taking a brand-name drug for a long time may also feel comfortable with it and may be reluctant to change.

When the difference in price becomes significant, though, most people are ready to switch. "The cost difference can add up to hundreds or even thousands of dollars a year, depending on the drug," said Health Net's El-Tawil.

He added that the increased adoption of generic drugs helps to lower spending across the entire health care system. "Medical costs tend to rise far more each year than other expenses in our daily lives. Generics are one of the few areas where we actually see costs go down in health care."

According to the U.S. Food and Drug Administration, 76 percent of approved drugs now have generic counterparts. As the patents of several blockbuster brand-name drugs expire in the next few years, that number is sure to increase. For more information about Health Net, you can visit [www.healthnet.com](http://www.healthnet.com).