



Next Generation Healthcare™

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What are Generic Drugs?

Generics are medications sold under the product's chemical, or "generic," name after the patent has expired on the equivalent, branded medication.

When a new medicine is developed, the pharmaceutical company discovering the product and introducing it into the market is afforded a period of patent protection on that medicine. When the patent expires, other pharmaceutical companies can seek approval from the U.S. Food and Drug Administration (FDA) to market an equivalent product under its chemical, or "generic," name. In some cases, generics may enter the market before the patent expires if that patent is shown to be invalid or if the generic version does not infringe on the patent.

Generics are required by the FDA to have the same active ingredients, indications, dosing and dosage form, labeling, strength and route of administration as the brand product.

Generics must also meet the same batch-to-batch requirements for strength, purity and quality; and they must be manufactured under the same strict good manufacturing practice regulations as the brand drug.

Why use Generic Drugs?

More and more consumers are embracing generic drugs as a safe, effective and affordable alternative to brand name prescription drugs.

According to Express Scripts, Inc., a national pharmacy benefit manager, in 2007 generics represented 61.1% of all prescriptions dispensed, but only about 22% of the total cost of pharmaceuticals. Last year, the average price of a generic prescription drug was \$26.63, while the average price of a brand-name prescription drug was \$133.23, or *five-times* the cost of the generic.

Generics are used to fill more than one billion prescriptions every year, and currently 8,730 of the 11,487 drugs listed in the FDA's Orange Book have generic counterparts. Today the blend of brand and generic pharmaceuticals allows Americans to live longer, healthier lives.

Source: Express Scripts, Inc., Commercial Market Division 2008