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Generic Drugs: Just As Good For Less?

Patents Let Drug Developers Get Profits

Steve Sobek, Staff writer

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Alison Dickman takes seven drugs every day. All but one carries a brand name. But the 28-year-old from Jenkintown, Pa., said that one no-name drug saves her about \$15 to \$20 per month.

"I wish all my drugs were generic, because I probably spend hundreds of extra dollars per month on brand names," said Dickman of the prescriptions she takes for asthma and allergies.

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Generic drugs use the chemical names for the active ingredients in brand-name drugs. The active ingredient in Prozac, for example, is fluoxetine. What makes them different, then?

Names Change, Product Does Not

The names, along with their price, may lead some consumers to believe generics are different or not as effective as the better-known pills, said Sarah Ray, a retail pharmacist for Aurora Health Care in Milwaukee, Wis.

"I reassure them and let them know that it is the same medication," Ray said. "I take the same medications and would refer them for a relative of mine."

Pharmaceuticals are big business in the United States. Consumers shelled out \$154.5 billion in 2001 to try and cure what ails them, according to the National Institute for Health Care Management, a nonprofit group based in Washington, D.C.

In 2001, generic drugs accounted for about 50 percent of all prescription drug purchases in the United States, according to the Food and Drug Administration, and the Congressional Budget Office said their use saves consumers about \$8 billion to \$10 billion a year at retail pharmacies.

Just Like Marketed Brands

Just like brand-name drugs, the FDA must approve the generic versions. They are identical to brand-name drugs in dosage, safety, strength, quality, the way they work and the way they are taken, according to the FDA.

"It's (just like) the brand name that's advertised," said Jerry Flanagan, health care policy director for the Foundation for Taxpayer and Consumer Rights, a nonprofit consumer group based in Santa Monica, Calif. "In order to be approved, they have to have the same chemical makeup."

The original brand-name drug is more expensive because the pharmaceutical company takes on the research, development and marketing costs of bringing the drug to market and must recover that investment. Companies that make the generic versions don't have that overhead and are able to charge much less.

Patents Drive Market

Most patents granted by the FDA for new drugs last for 20 years after the patent's filing. Frequently, the term

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seems shorter because patents are obtained before the drugs make it to market. When the patent expires, other companies can apply to make generic versions.

Before the patent runs out, the initial maker essentially has a monopoly on the profits from the drug, Flanagan said.

"They want to extend that kind of exclusive market for as long as they can," Flanagan said. Beginning with the Hatch-Waxman Act, passed by Congress in 1984, companies began getting extensions of up to five years on their patents to help make up for the time drugs spend under review by the FDA. Even with an extension, a drug's patent cannot last more than 14 years from the date of its approval.

The FDA receives more than \$300 million of its annual funding through user fees paid by the companies that submit new drug applications. Because of this, some don't believe the agency can be impartial when deciding on which drugs to approve.

"We don't have an independent regulator," Flanagan said.

Even for just the time of the patent and the possible extension, the allure of producing the drugs is great for the big-name pharmaceutical companies, Flanagan said.

"If you can say this is the drug you need to save your life, ... you essentially have a monopoly control over life-saving drugs," he said.

But Flanagan said the patents are a good ideal on "some level. They allow companies to recoup investments."

Lower Costs For All

Once a drug's patent does expire, Ray said, the savings benefit consumers, pharmacies and insurance companies.

"The cost, overall, is less for the insurance plans," she said. "They tend to pass those savings on to the pharmacists ... The savings are also passed on to the patients."

That's why Ray said she uses generic drugs over brand-name drugs when she can.

"We give generic unless we're told otherwise," Ray said.

Dickman, who said she wishes she could save more with generic medicines, said she understands why big pharmaceutical companies would deserve patents for a few years to recoup their investments.

"But I do feel that the consumers really should have more low-cost options," she said. "I am lucky that I can afford all the brand-name medicines I take, but many Americans cannot."

Finding Generics

One way to find out if a generic drug exists for the brand-name drug you take is to enter the drug into the [Drugs@FDA database](#). The site also features lists of drug approvals by month and a downloadable database file of the drugs.

You can also ask your pharmacist or your doctor about the availability of generic drugs.

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