

# Research shows generic medications are changing the economics of treating chronically ill patients

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As the nation seeks to expand health care coverage to more citizens without adding burdensome costs, researchers from Harvard University, Brigham and Women's Hospital and CVS Caremark reported that preventative health care may be significantly less costly than previously thought, due to expanded use of cost-effective generic medications for the treatment and prevention of chronic disease.

A study released today in the July issue of *Health Affairs* concludes that preventive [health care](#) is considerably less costly than previous industry estimates, because earlier studies projected financial impact based on costs of branded medications. Today, the cost to consumers and the [health care system](#) are significantly lower because generics are broadly available for most [chronic diseases](#), the researchers said.

For example, an influential 2008 study looking at preventing cardiovascular disease used branded medications to estimate the cost for lowering LDL cholesterol at \$83,327 per quality adjusted life year (QALY), a financial measure that evaluates the impact of improving the quality of life for patients with chronic diseases. Today, recalculating for the same treatment using generic alternatives would be \$17,084 per QALY, or 20 percent of the original estimate. More dramatic is a cost comparison for treating for [glucose control](#) in cardiovascular patients, with the 2008 study estimating a \$48,759 per QALY cost, versus the study's recalculation with generics at \$1,022 per QALY, just two percent

of the original estimate.

With more than 70 percent of health care costs in the U.S. spent treating patients who have one or more chronic disease, the researchers said generic medications are changing the economics of treating chronically ill patients. "Prevention of cardiovascular disease, the most common cause of death in the U.S., is central to any policy discussion about overall health care costs. Approximately 80 million Americans have some form of cardiovascular disease with annual costs in the U.S. reaching \$475 billion. [Cardiovascular disease](#) prevention can be largely accomplished with low-cost generic medications," they said.

"There is no question prevention is more affordable with the use of generics," said William H. Shrank, MD, MSHS, of Harvard and Brigham and Women's and lead author of the study. "Policy makers looking to improve and expand health care options should make sure generics are readily accessible for chronically ill patients. In addition, the topic of generics and effective preventive treatment should be central to any debate on making health care more affordable."

"No matter who holds the financial risk – the patient, employer or government health plan – using [generic medications](#) has to be a key part of managing treatment for chronically ill patients. This is a practical solution we need to focus on as we work to operate the health care system in a more cost-effective way," said Troyen A. Brennan, MD, MPH, executive vice president and chief medical officer of CVS Caremark, also a study author.

The research team included recommendations for policy makers to consider, such as:

- Promoting the use of generics in the new Accountable Care

Organizations treatment standards, where there are incentives to prevent adverse health outcomes while lowering overall healthcare costs.

- Limiting the use of prescription writing practices such as Dispense as Written – where doctors and patients can require their prescription be filled as a specific brand -- and amending state Medicaid statutes that require patient consent before generics can be substituted, because those practices add billions to the cost of treatment, according to previous CVS Caremark-sponsored research.
- Making sure e-prescribing guidelines encourage the use of more cost-effective medications.
- Developing education programs for physicians and patients around the effectiveness of generics to offset some long-held biases that generics are not as effective as brand medications.
- Developing new incentive programs through pharmacy benefit and health care plans that promote the use of generics.

Today's [Health Affairs](#) study is a product of a three-year research collaboration between CVS Caremark, Harvard and Brigham and Women's Hospital that is focusing on understanding why many consumers do not take their prescriptions as directed, and developing solutions to improve behavior of [patients](#) around their medications. Annual excess [health care costs](#) due to medication non-adherence in the U.S. are estimated to be as much as \$300 billion annually.

Provided by Brigham and Women's Hospital

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