

# Global spending on drugs to slow through 2016

July 12 2012, by LINDA A. JOHNSON

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(AP) — Growth in global spending on medications will slow markedly over the next four years due to a large number of new low-cost generic drugs coming to pharmacies in the U.S. and other developed countries, along with slower increases in what those countries spend on brand-name drugs, according to a new forecast.

But from 2012 through 2016, the pharmaceutical industry will sharply boost its sales in emerging markets including China, India and Russia, according to the report from data firm IMS Health, which collects and analyzes data on pharmaceutical sales around the world.

The company's latest forecast on global medicine sales and trends predicts total [spending](#) will rise from about \$956 billion in 2011 to just under \$1.2 trillion in 2016, based on reported wholesale drug prices. However, IMS estimates the undisclosed rebates and discounts drug companies give to commercial and government prescription plans, a strategy to win more of their business, reduce the actual cost by about 15 percent. That would put total pharmaceutical spending at about \$1 trillion in 2016.

Spending will grow at "historically low levels" in the U.S. and might even decline by a percent in Europe, the report says.

The report also says the U.S. share of the world's prescription drug spending will drop from about 41 percent in 2006 and 34 percent last year to 31 percent in 2016. Spending by emerging markets will jump

from 14 percent of the total in 2006 to 30 percent in 2016. By 2016, the U.S. will be spending about \$892 a year on medicines for an estimated 326 million people, compared to \$420 a person in Canada, \$121 per person in China and \$33 a year per person in India.

"We're going to see the cost of medicines drop dramatically in the U.S." because of all the new generic drugs, said Michael Kleinrock, head of research development at the IMS Institute for Healthcare Informatics.

This year alone, patent expirations will bring new generic competition in the U.S. for nearly 10 blockbusters with \$1 billion or more in global annual sales. Those include Singulair for asthma and allergies, Plavix for stroke prevention, high blood pressure [drug](#) Diovan, Lexapro for depression and anxiety, osteoporosis treatment Boniva and two medicines for schizophrenia and other serious psychiatric disorders, Seroquel and Geodon.

More than two dozen other big sellers are set to get generic competition from 2013 through 2016. Over six months or so, the prices for generics usually drop by 80 percent or 90 percent from the brand-name price.

Kleinrock noted that about 80 percent of the prescriptions filled in the U.S. now are generics, and he expects that to hit about 85 percent by 2016.

Besides encouraging use of generics, which are generally the only medicines affordable in poor countries, government health programs, particularly in debt-laden European countries, have been pressing drugmakers for lower prices, he said.

**More information:** [www.theimsinstitute.org](http://www.theimsinstitute.org)

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