

Drug companies' patent-extending strategies substantially increase health care costs

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Evergreening strategies—where pharmaceutical companies slightly change the formulation of their brand drug into "follow on" drugs by combining formulations or producing slow-release forms, for example, so that they can extend the patent—substantially contributed to an increase in overall healthcare costs in the Swiss canton of Geneva, according to a study by international researchers published in this week's *PLOS Medicine*.

These findings are important as they provide further evidence that policies encouraging the prescribing of [generic medicines](#), for example through hospital formularies, could have substantial savings on healthcare expenditure.

The researchers, led by Nathalie Vernaz from the Geneva University Hospitals, reached these conclusions by analysing the impact of eight follow-on drugs issued by hospital and [community pharmacists](#) in Geneva between 2000 and 2008.

Over the study period, the authors found that the number of patients receiving either a brand or follow-on drug increased from 56,686 patients in 2001 to 131,193 patients in 2008. The total cost for all studied drugs was €171.5 million, of which €103.2 million was for brand drugs, €41.1 million was for follow-on drugs, and €27.2 million was for [generic drugs](#).

Based on a scenario in which all brand drugs and follow-on drugs were

replaced by generics, the authors calculated that over the study period, the [healthcare system](#) could have saved €15.9 million and €14.4 million respectively.

The authors say: "Evergreening strategies have been successful in maintaining market share in Geneva, offsetting competition by generics and cost containment policies."

They continue: "The study provides further evidence that cost-saving policies encouraging generic medicine prescriptions, which can have substantial savings for [healthcare expenditures](#), may be offset by increased costs from follow-on drugs."

The authors add: "Healthcare providers and policy makers should be aware of the impact of evergreening strategies."

In an accompanying Perspective article, Aaron Kesselheim (uninvolved in the study) from the Brigham and Women's Hospital and Harvard Medical School in Boston, USA, says: "With rigorously collected and analyzed data, the study by Vernaz and colleagues highlights an area of wasteful spending in the health care market."

Kesselheim continues: "While their manuscript did not directly address patient outcomes, their results suggest that addressing life-cycle management through rational regulatory oversight or alterations in patent or market exclusivity laws will be an important way that policymakers can achieve cost savings without adversely affecting public health."

More information: Vernaz N, Haller G, Girardin F, Huttner B, Combescure C, et al. (2013) Patented Drug Extension Strategies on Healthcare Spending: A Cost-Evaluation Analysis. PLoS Med 10(6): e1001460. [doi:10.1371/journal.pmed.1001460](https://doi.org/10.1371/journal.pmed.1001460)

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