OAKLAND UNIVERSITY

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Generic drugs save money, just as effective

*By **Dawn Pauli**, contributing writer*

The cost of prescription drugs is skyrocketing. The United States spent $140.6 billion on prescription drugs in 2001, a 15.7 percent increase from $121.5 billion in 2000, according to records from Centers for Medicare and Medicaid Services, a division of the U.S. Department of Health and Human Services.

One way to combat these soaring costs is to consider generic drugs whenever possible.

According to the U.S. Food and Drug Administration (FDA), generic drugs must have the same quality, strength, purity and stability as brand-name drugs. FDA-approved generics deliver the same amount of active ingredients in the same time. They also are held to the same safety and performance standards, but sell for 30 to 75 percent less. Brand-name drug firms manage about 50 percent of generic drug production.

The American Medical Association endorses generic drugs, and most hospitals routinely use generic drugs to treat patients. The FDA enforces generic drug standards through regulation and inspection.

OU employees enrolled in the HMO can save out-of-pocket costs by choosing generic drugs. Generic prescriptions are $5 versus $10 for a name brand. OU's HMOs have a two-tiered payment plan ($5 generic/$10 brand) while the PPO and Tradition plans are single tiered ($10 on the staff plans; $15 on faculty plans).

"In the end, both the employees and the university save money through generic drugs," says Barbara McGuire, benefit and compensation services manager. "An employee who buys a prescription that costs less than his or her co-pay saves right then and there. The premiums charged go down, impacting both the university and the employees, particularly those enrolled in plans where there is an employee-paid portion of the premium."

Employees should always consult with their doctors about health-care decisions, including which types of drugs to take.

The increasing cost of medicine can be attributed to advertising. Drug manufacturers spent about $2.5 billion in 2001 on TV, radio and print advertising, according to the FDA. The direct-to-consumer drug ads are designed to sell expensive brand-name drugs.

Generic manufactured drugs are less expensive because fewer dollars are spent on advertising and product development. Generic drugs also create competition, driving down prices.

"The bottom line is to know your options," McGuire says. "If we each do our part and make sure we're wise consumers, we can positively impact the exorbitant health-care costs OU and the entire nation is facing."

This is the tenth article in a series on health-related issues. By being an informed health-care consumer, OU employees can help contain and reduce benefit costs to the university.

SUMMARY
One way to combat the soaring costs of prescription drugs is to consider generic drugs whenever possible. According to the U.S. Food and Drug Administration (FDA), generic drugs must have the same quality, strength, purity and stability as brand-name drugs. FDA-approved generics deliver the same amount of active ingredients in the same time. They also are held to the same safety and performance standards, but sell for 30 to 75 percent less.

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