The Case for Competition
Prescription Medicines **Life Cycle**

**BRAND DRUG**
A brand-name drug is a medicine marketed under a proprietary, trademark-protected name.

**GENERIC DRUG**
A generic drug is the same as a brand-name drug in dosage, safety and efficacy. By law, a generic drug must contain the identical active ingredient(s) as the brand-name product.

**BILOGIC**
Biologic medicines are often complex medicines developed from living material. They are generally administered through injections or IV’s and treat serious illnesses like cancer or genetic disorders.

**BIOSIMILAR**
Biosimilars are safe, effective alternative versions of existing biologic medicines (known as “reference products”) with scientifically comparable quality, safety and effectiveness.
Generic Drugs Drive Savings Not Costs

<table>
<thead>
<tr>
<th>Prescriptions</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generics</td>
<td>90% (4 billion)</td>
</tr>
<tr>
<td>Brands</td>
<td>10% (425 million)</td>
</tr>
</tbody>
</table>

Source: IQVIA 2019
Annual Savings from **Generics** 2009 to 2018

In 2018, the U.S. saved $293 billion with generics

Nearly $2 trillion saved over the past 10 years

Source: IQVIA 2019
Generics Save States **Billions** in Health Care Costs

Source: IQVIA 2019
Alabama Saved $5.7 Billion with Generics

SAVINGS BREAKDOWN
Money saved by using generics instead of brand-name counterpart.

<table>
<thead>
<tr>
<th>MEDICAID</th>
<th>MEDICARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$504 Million</td>
<td>$1.9 Billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMMERCIAL INSURED</th>
<th>CASH (NON-INSURED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.9 Billion</td>
<td>$378 Million</td>
</tr>
</tbody>
</table>

ABANDONMENT RATE
Patients leaving the pharmacy without their prescription.

<table>
<thead>
<tr>
<th>BRANDS</th>
<th>21.45%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERICS ONLY</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Source: IQVIA 2019
Source: IQVIA 2018
Lower Cost Generics = Lower Patient Costs

Generic Co-Pay: $5.63
Brand Co-Pay: $40.65

Insurance plans set the co-pays for brands and generics.

Source: IQVIA 2019
Generic Savings by **Patient Condition**

- Mental Illness: $47.7 Billion
- Heart Disease: $46.4 Billion
- Epilepsy: $17.5 Billion
- Cancers: $11.4 Billion
- Diabetes: $8.5 Billion
- Chronic Obstructive Pulmonary Disease: $8.5 Billion
- Allergies and Asthma: $6.2 Billion
- Alzheimer's Disease: $3.2 Billion
- Kidney Disease: $2.5 Billion
- Bone Disease: $1.9 Billion
- Parkinson's Disease: $1.7 Billion
- Autoimmune Diseases: $661 Million
- Arthritis: $177 Million
- Chrohn's & Colitis: $82 Million
- Multiple Sclerosis: $48 Million

Source: IQVIA 2019
**Biosimilars Savings and Access**

**APPROVALS**

- 23 In U.S. to date*
- 9 On market

*Current as of July 23, 2019

**Lost Savings**

$9.8b 2015-2018 lost savings for the U.S. health care system due to barriers to adoption

**$54b** Projected savings over the next 10 years

**1.2m** Patients will benefit

Brand and Generic Supply Chains Differ, Brands Retain More Money

Source: USC Schaeffer 2019, Flow of Money Through the Pharmaceutical Distribution System
Total Cost Matters, Not Percentage Increase

Humira

$270 Million additional cost to Medicare

22% Price increase

Phenazopyridine HCl

$4 Million additional cost to Medicare

121% Price increase

Patent Settlements
Can Accelerate Generic Entry & Patient Access

Fact:
The Federal Trade Commission reviews more than 140 agreements every year, and it found all but one do not delay generic competition.

Fact:
Legislation could turn back the clock, making many patent settlements unlawful all the way back to 2013. This would deprive patients of generic drugs they count on now and delay access to future generics and biosimilars.

Fact:
Legislation could delay biosimilar competition on Humira — the top-selling drug in the U.S. — until 2034, risking the loss of $33 billion in anticipated savings for patients.

Misguided legislation hurts patient access to affordable generics.
Some Brand Pharma Companies Extend Patents and Block Generics and Biosimilars

Brand-Name Drug Companies Have Filed to Extend More than 100 Patents for More Than 30 Years

<table>
<thead>
<tr>
<th>Drug</th>
<th>Market</th>
<th>Price Change Since 2012</th>
<th>Years Blocking Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUMIRA</td>
<td>Arthritis</td>
<td>+144%</td>
<td>39</td>
</tr>
<tr>
<td>REVLIMID</td>
<td>Multiple Myeloma</td>
<td>+79%</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: I-MAK Overpatented, Overpriced: How Excessive Pharmaceutical Patenting is Extending Monopolies and Driving up Drug Prices. 2018

Almost 80% of the Roughly 100 Best-Selling Drugs Extended Their Monopoly Protection at Least Once
Brand Prices Go Up, **Generic Prices Go Down**

Source: Medpac, A Data Book: Health care spending and the Medicare program, 2019.
Generic prices are falling while consumer costs rise.

It Doesn’t Add Up

#DOESNTADDUP
Generics Forced to Higher Formulary Tiers: Patients Forced to Pay More

Seniors paid almost $22 billion in extra out-of-pocket costs from 2016-2019
Policy Solutions to **Protect Access and Affordability**

**Solution 1:** Increase utilization of more affordable generics and biosimilars across all patient populations.

**Solution 2:** Create policies that recognize the different economic dynamics of the brand and generic and biosimilars markets.

**Solution 3:** Stop brand drug companies from blocking or delaying generic and biosimilars drug development.