Patients win through lower costs and better health when they have access to safe and affordable medications. And generic drugs are the only health care segment that consistently lowers prices. These lower prices and savings come from head-to-head competition between multiple manufacturers producing the same medicines. Policymakers looking to address the high cost of prescription medications should focus on the drivers of high prices — brand drugs—not generics that increase patient access and reduce costs.

*Numbers Don’t Lie: Generics Lower Drug Spending while Brand and Specialty Drug Prices Drive Costs.*

- **$373 billion** saved by patients and the U.S. health care system in 2021 through generics and biosimilars, an increase of over $35 billion in savings since 2020¹.
- **91% of U.S. prescriptions are filled** with generic drugs. But those prescriptions accounted for only **18% of the country’s spending** on prescription drugs. In other words, brand drugs represent only 9% of prescriptions filled but 82% of drug spending.
- Because of the low price of generics, the **average copay** for a prescription filled with a generic medication **is no more than $6**. In contrast, the average out-of-pocket cost for brand-name drugs is more than 8 times higher at $56. Even better, 93% of generic medicines have a copay less than $20, well below the average out-of-pocket spend for brand pharmaceuticals.
- **Use of biosimilars generated over $7 billion in savings in 2021**, more than double of what was saved in 2019 and evidence that biosimilars are delivering on their promise.
- The average sales price for a biosimilar is on average **50% less** than the brand price at the time of biosimilar launch.
- Most importantly, biosimilar medicines have increased U.S. patient access to care by more than 150 million days of patient therapy – and have been used safely in more than 364 million days of patient therapy.
- Safe and effective FDA-approved generics and biosimilars play a vital role in the health of patients and our nation.

*See What They’re Saying: Several Independent Reports Provide Further Evidence that Generic and Biosimilar Medications Save Patients Money and Reduce State Spending on Healthcare.*

• **IQVIA:** Generics and branded generics account for 16% of invoice-level spending but represent 65% of patient out-of-pocket costs.²

• **California Department of Managed Health Care:** The cost drivers for insurance premiums show how generics are a very small slice of costs in the largest state healthcare system in the U.S.³

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**Diagram: Generic Drugs Account for Only 3% of Total U.S. Health Care Spending**


IQVIA Institute for Human Data Science. (July 2021) The Use of Medicines in the U.S.: Spending and Usage Trends and Outlook to 2025.O Peterson-KFF Health System Tracker. “What drives health spending in the U.S. compared to other countries?” September 25, 2020. Note: Generic and brand drug share of prescription drug spending was calculated using an analysis of the 2018 Medical Expenditures Panel Survey. Total drug spending was segmented into generics and brands. These percentages were then applied to the Peterson-KFF Health System Tracker analysis of spending by type of expenditure in the U.S. health care system.

• **AARP:** 2019 study found that generic prices for 390 of the most widely used drugs by seniors fell by 9.3% in 2017.⁴

• **Centers for Medicare and Medicaid Services:** The CMS annual actuarial study of U.S. healthcare spending in 2020 found that prescription drugs were the lowest cost driver for healthcare goods and services and the only segment that had slower growth over the previous year:
  - Hospital expenditures grew 6.4%, physician and clinical services expenditures grew 5.4%. In contrast, prescription drug spending only increased 3.0%.⁵

• **Kaiser Family Foundation:** In their study on healthcare spending, they found generic drugs were 3% of the total patient spend on healthcare spending, while brand drugs were 10% and inpatient and outpatient services were 62%.

A few KFF resources to consider:

• Americans’ Challenges with Health Care Costs
• 2021 Employer Health Benefits Survey
• Public Opinion on Prescription Drugs and Their Prices

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³. CA DMHC 2020 Report on Costs of Healthcare, [https://www.dmhc.ca.gov/AbouttheDMHC/DMHCReports/PublicReports.aspx](https://www.dmhc.ca.gov/AbouttheDMHC/DMHCReports/PublicReports.aspx)
