

HEALTHCARE SPEND

Generics help US save \$239 billion in 2013

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MUMBAI

The US healthcare system saved a record \$239 billion in cost of medicines in 2013, helped by key patent expiries and increased generic entry.

This savings in healthcare spending was the largest till date and was 14% up over the similar cost reduction in 2012, according to a report released by Generic Pharmaceutical Association (GPhA) last week.

GPhA, an industry lobby that represents global manufacturers and distributors of finished generic pharmaceuticals, also calculates that generic medications saved nearly \$1.5 trillion for US over the last one decade between 2004 and 2013.

While Israeli drug maker Teva Pharmaceutical Industries Ltd and Sandoz, the generic arm of Swiss-drug maker Novartis AG, were the top two contributors to generic sales in the US market, India's Sun Pharmaceutical Industries Ltd came at the ninth position.

Other top generic drug suppliers in the market during the year included Mylan Inc., Abbott Laboratories, Actavis Plc, Sanofi SA, Daiichi Sankyo Co. Ltd, Hospira Inc. and Aspen Pharmacare Holdings Ltd.

"Just last month, we have seen how smart health choices like opting for generic drugs hold the power to move our nation's budget trajectory in a positive direction. In fact, recent Congressional Budget Office (CBO) estimates now predict that healthcare spending is expected to drop by billions over the next

decade," said Ralph G. Neas, president and chief executive of GPhA, in a statement.

"With more than \$239 billion in savings in 2013 alone from generic drugs, it is clear that generics have played a critical part in lowering health cost projections. This track record of savings is unparalleled, and the savings will grow substantially as we enter the era of biosimilars, the next frontier of generic industry innovation," he added.

According to the report, nervous system and cardiovascular treatments in the last 10 years account for 58%, or \$851 billion, of cost savings. This was based on data compiled by drug market researcher IMS Health on behalf of GPhA.

India, one of the largest producers of generic drugs in the world, has contributed the most in terms of the savings in healthcare spend. Indian drug makers accounted for 40% of US generic drug imports in terms of volume, according to March 2014 data by credit rating agency India Ratings and Research Pvt. Ltd.

Most of the top Indian generic drug makers, including Sun Pharma, Ranbaxy Laboratories Ltd, Lupin Ltd, Dr Reddy's Laboratories Ltd, Cipla Ltd, Cadila Healthcare Ltd, Glenmark Pharmaceuticals Ltd, Aurobindo Pharma Ltd, Torrent Pharmaceuticals Ltd, earn at least 50% of their export revenue from the US alone. In the last five years, the Indian drug makers' filings for drug approvals in the US has also jumped at least 300% as the country remained the most attractive export market in terms of revenue and profit.

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