



EGA *fact sheet*

on generic medicines

Affordable Generic Medicines Reduce Prices and Increase Access to Medicines

Generic medicines often account for over half of the medicines supplied, but amount to only one fifth of pharmaceutical spending.

On average, generic medicines are sold at prices from 20% to 90% less than the originator product. The rate of difference varies considerably throughout Europe due to different pricing and reimbursement systems between countries, and the varying prices of originator products.

Real Savings with Generic Medicines

- Pharmaceutical prices in Sweden decreased 15% after introducing generic substitution in 2002, producing estimated savings of 7 billion Swedish kroner, some \$760 million.¹
- A French government study of the five major pharmaceutical markets in Europe has shown that countries with higher penetration of generics have the lowest spending on medicines.²
- The Swiss health insurance fund, santésuiss, calculates that the country could save over €114 million if originator products were substituted by even their highest priced generic equivalents.³

In countries like the Netherlands, the United Kingdom and Sweden, generic medicines account for over half of products supplied, but amount to approximately one fifth of pharmaceutical spending. This ensures budget headroom for expensive originator products which take

Making Medicines Affordable

up around 80% of the pharmaceutical budget. The examples of real and potential savings are numerous.

Even so, in a recent study from the University of Leuven, Professor Dr. Steven Simoens points out:

“Generic medicines create major savings for healthcare providers and stimulate innovation. But, the EU is not maximising its full potential in generic medicines. Added savings of 27%-48% could be attained if the appropriate measures were taken by EU countries.”⁴

Many decision makers in Europe have already discovered this and are beginning to implement measures to promote the use of generic medicines. As a result, the European generic pharmaceutical industry is fast becoming the principal supplier of medicines to the EU. But more can and must be done to promote a wider use of generic medicines to ensure the sustainability of European healthcare.

Seven Policy Recommendations⁴

To Reduce Pharmaceutical Spending

1. Introduce a coherent generic medicines policy.
 2. Allow greater freedom in setting generic medicines pricing and encourage price competition.
 3. Disseminate information on price differentials to doctors, pharmacists and patients.
 4. Increase the confidence of doctors, pharmacists and patients in generic medicines.
 5. Provide incentives for physicians to prescribe generic medicines.
 6. Remove financial disincentives for pharmacists to dispense generic medicines.
 7. Provide incentives for patients to demand generic medicines.
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¹ Engström, Andreas, Johanna Jacob and Douglas Lundin, *Sharp drop in prices after the introduction of generic substitution*, LFN (Swedish Pharmaceutical Benefits Board), June 2006.

Available on-line at: www.lfn.se/upload/Pressmeddelanden/generiskt_utbyte_engelsk_061010.pdf.

² DREES, Ministère de la Santé et des Solidarités, *Etudes et Résultats No 502*, juillet 2006

³ santésuisse, Press Release of 9 June 2006.

Available on-line at: www.santesuisse.ch/datasheets/files/200606090822250.PDF

⁴ Simoens, Prof. Dr. Steven, *Sustaining Generic Medicines Markets in Europe*, Univ. of Leuven, April 2006.

Available on-line at: www.egagenerics.com/doc/simoens-report_2006-04.pdf.

Formed in 1993, the EGA is the official representative body of the European generic pharmaceutical industry, which is at the forefront of providing high-quality affordable medicines to millions of Europeans and stimulating competitiveness and innovation in the global pharmaceutical sector.