



Pharmacy Benefits. *Managed.*

THE EVOLUTION of Generics

Through the years, generic medication has been the preferred method of treatment when clinically appropriate and available. The use of generics has provided both the employer and employee with significant cost savings. However, with several high profile brands losing their patents, manufactures are beginning to see a loss in revenue. In order to offset this loss, they are increasing the cost of generics that were previously inexpensive.

Continuous acquisitions of pharmaceutical manufacturers and distributors have impacted the cost of generics. These mergers have resulted in less competition and increased costs. For example, tetracycline (an antibiotic first prescribed in 1948) experienced a 15,000% price increase in 2014. In November 2014, **Bloomberg Businessweek** stated that just three generic companies were responsible for almost half of the revenue generated by all generics in 2013.



It is extremely important that pharmacy benefit managers have strategies and solutions in place to manage this increase in generic trend for their clients.

EHIM takes a hands-on, methodical approach to manage the rising costs of generics. When appropriate, we have:

- *Moved certain generics to a non-preferred status*
- *Removed specific generics that have experienced significant increase when there are multiple cost-effective alternatives*
- *Expanded quantity limitations*
- *Increased access to alternatives, such as Over-The-Counter (OTC) medication*

We believe that with formulary management and consistent monitoring of industry trends, EHIM can help minimize these increases for our clients.

As an EHIM client, your plan will stay ahead of the curve. Contact your EHIM account manager with any questions via email at accountmanagers@ehimrx.com.