

STATEMENT OF CHAIRMAN GORDON H. SMITH

U.S. Senate Special Committee on Aging Hearing “Increasing Generic Drug Use: Savings for Seniors and Medicare” September 20, 2006

Good morning.

I would like to thank Senator Kohl for holding today’s hearing. I appreciate the work he has done to help seniors reduce their prescription drug costs. The suggestions made at the Committee’s July hearing, which focused on ways to grow the generic drug market, were very informative.

Today we turn our focus to the demand side of the equation by exploring ways generic drugs can be used more frequently when they are deemed medically appropriate. We are all familiar with the skyrocketing costs of prescription drugs and the potential savings that could be achieved if generics were used more effectively in our nation’s health care system. This is true for both individual consumers and the government. But neither can achieve those savings unless we continue working to break down barriers.

Medicare’s new prescription drug benefit is saving seniors a great deal of money on their health costs, but they could save even more by choosing to use the generic alternatives their plans offer. Considering some reports show that drug prices in Medicare Part D are increasing at rates equal to or even faster than the rest of the market, the gains seniors have made with the new benefit may soon be lost. We cannot afford to allow out of control drug prices to erode senior’s access to vital drug therapies.

But simply getting more generic prescription alternatives to market will not guarantee that they will be used by doctors or patients. The savings generics could provide our health care system can only be fully realized if we raise awareness about their effectiveness and their affordability.

In order to accomplish this, there needs to be more information available to the public regarding generic drugs’ benefits. Fortunately, interest from the government and other health care purchasers has sparked more research in this area. Programs like the Drug Effectiveness Review Project, spearheaded by the Oregon Health Sciences University, are providing policymakers and health care purchasers a wealth of evidenced-based materials about the effectiveness and safety of prescriptions drugs, including generics.

We are all aware with concerns that brand-name marketing efforts influence physician prescribing behavior. Since generic drug companies typically do not engage in such activities, a doctor may not be aware of the availability of more affordable drug options. If we expect to realize all the benefits generics have to offer, both providers and patients need greater access to objective prescription drug information.

The internet is one resource consumers are using to make comparisons between brand-name and generic drugs. Hopefully, as seniors learn more about their options, they will more readily talk to

their doctors about finding the prescription drugs that are not only most effective, but most affordable.

I look forward to our discussion today, which I expect will provide us with more ideas about how we can further raise awareness about the value and safety of generic prescription drugs. Senator Kohl has assembled a fine group of witnesses and I know they will provide us with useful input on this issue.

Thank you.