

Statement of

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Before the

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SPECIAL COMMITTEE ON AGING**

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Good Morning Chairman Smith, Ranking Member Kohl and members of the Senate Special Committee on Aging.

I am Timothy Antonelli, a registered pharmacist and clinical program manager at Blue Cross Blue Shield of Michigan. BCBSM is a nonprofit corporation that provides or administers prescription drug benefits to more than 2.7 million members, including 183,000 Medicare Part D beneficiaries.

I am pleased to be here today to discuss our efforts to educate BCBSM members, professional providers and the public about the safety, effectiveness and value of generic drugs. Generic drugs provide considerable value to consumers, especially those over age 65. Americans over age 65 have the highest average per-capita prescription use: 26.5 prescriptions per year, compared to those under 65, who use an average of 10.5 prescriptions per year.¹ Today, the average cost of a brand-name prescription is \$96.01, while the average generic prescription cost is \$28.74. Tapping this savings potential for consumers deserves our best efforts.

In fourth quarter 2001, BCBSM began “The Unadvertised Brand Campaign,” a comprehensive effort to provide useful, authoritative information on generic drugs and encourage their use. As a result, for the first time in four years, we saw an up-tick in generic use. Since that time, our members’ use of generic prescriptions has increased from 37.7 percent of total prescriptions to more than 52 percent. As a result of this increase over the past five years, we estimate that BCBSM members have saved more than \$45 million in out-of-pocket costs, due to lower co-payments. Of course, continued access to generics, and timely availability of new generic drugs, are equally important pieces of the puzzle as well.

To the point, it takes concerted, ongoing efforts to provide practical information and ensure that effective incentives are in place to promote the use of generics, when appropriate. And, as I stated earlier, timely availability of new generic drugs is also vitally important ... and the potential upside is huge. Since 2001, our members have increased their generic drug use more than 14 percent, on average, and saved themselves – and other stakeholders – more than \$345 million in prescription drug benefit payments. Furthermore, the fact that more than half of our members’ prescriptions are now filled with generics translates into even higher total savings.

The findings of our 2001 brand marketing survey, and others cited in independently published reports at that time, agreed that only between 40 and 60 percent of consumers then had a favorable view of generic drugs, or believed that generic medications produce the same positive effects as their brand-name counterparts.^{2,3} We also found that some physicians had concerns about the safety and effectiveness of generic medications at that time.

Educating the public about the safety, effectiveness and value of generic drugs provides significant opportunities to help moderate the cost burden on the health care system in Michigan and far beyond our borders. The easiest to achieve are opportunities for collaboration among organizations with common interests. This is why BCBSM freely shares information and materials with anyone interested in encouraging the public to use generic medications, even if they replace references to BCBSM with their own branding. Today, The Unadvertised Brand Campaign continues to evolve and each of its many components work together to educate the public and encourage them to use generic medications whenever possible.

To date, “The Unadvertised Brand Campaign” has included:

- Pharmacy Competition
- Generic Drug Web Site
- Consumer Awareness Campaign
- Health Care Professional Conference
- Benefit Design Selection
- Physician Value Partnerships

Pharmacy Competition

The Unadvertised Brand Campaign was launched with a fourth quarter 2001 contest designed to enlist pharmacists as vital contacts with customers and increase their generic dispensing rates. The lively competition provided an effective springboard for the campaign. To help ensure participants’ enthusiasm, first prize was a high-profile featured role in a \$1 million BCBSM media campaign. Overall, 50 percent (1,100) of our Michigan pharmacies participated, and BCBSM’s generic dispensing rate for retail pharmacies increased 0.9 percent, resulting in an extrapolated annual savings of about \$13 million. Today, a similar result would deliver roughly \$30 million in savings.

Consumer Awareness Campaign

In the spring of 2002, BCBSM launched a \$1 million five-part series of consumer awareness advertisements designed to dispel myths about generic prescription drugs. The ads appeared in many Michigan newspapers and business journals and helped promote generics as safe, effective, low-cost alternatives to expensive brand-name drugs.

To command the public's attention, four of the full-page ads challenged consumers with the headline, "Want the truth about generic drugs?" Each ad provided answers to the challenge. Authorities cited in the ads included the FDA and representatives of pharmacies that were among Michigan's top performers in improving their generic dispensing rates.

BCBSM also invested in simple, to-the-point, billboard ads strategically placed around the state, then used a brand marketing survey to measure their impact. Here's a summary of our findings:

- In August 2001, before our campaign began, 58 percent of the roughly 1,000 Michigan residents who participated agreed, or strongly agreed, that "FDA-approved unadvertised drugs produce the same effects as nationally advertised brand drugs."
- Our July 2002 survey, conducted at the conclusion of the campaign, confirmed that the percentage of participants who agreed or strongly agreed had jumped to 64 percent.

Health Care Professional Conference

In September 2002, having garnered early interest and favorable responses from many within the managed care industry, BCBSM hosted a full-day generic drug marketing strategy conference that was attended by more than 100 representatives of 50 companies and professional organizations, as well as representatives from the U.S. Department of Defense.

Since that conference, we have distributed more than 200 kits containing tips and inspiration on "How to Promote Generic Drugs: The Unadvertised Brand." As a result, the number of health plans introducing generic drug marketing and communications initiatives continues to grow, firmly establishing BCBSM's campaign as a national model for generic medication advocacy efforts.

Generic Drug Web site

BCBSM also created a consumer Web site: www.theunadvertisedbrand.com, which provides consumers:

- **A cost and quality calculator** – Users can enter the names of the 100 most-used brand-name drugs that have generic counterparts and compare the costs.
- **Generic drug facts** – These provide information about the FDA's strict generic drug approval standards.
- **A generics pledge card** – Visitors can download and present the cards to their physicians as a reminder that they prefer generics whenever appropriate.
- **"Top 25" pricing chart** - This pocket-size chart has become the most-sought-after tool of our generic drug campaign. Small wonder; this handy resource lists the 25 most-used brand-name prescription drugs that have generic equivalents, along with their respective prices ... and the savings for each. This one resource alone has triggered articles about the savings potential of generic drugs in prominent newspapers across the country, including *The Washington Post*. The card is available on the Unadvertised Brand Web site (www.theunadvertisedbrand.com/pdfs/top25drugs.pdf) and is updated quarterly.

With BCBSM's permission, 13 other insurers have copied our special generic drug Web site. And to date, more than a million pages have been viewed, with the Cost Calculator feature being the most popular by far.

Benefit Design Selection

Back in 2001, our drug benefit programs typically had flat co-payment designs. Because member cost-sharing can play such a vital role in engaging members in the choice between brand-name and generic medications, there has been a shift away from these flat copayment designs into benefit offerings that encourage use of generic medications: dual-tier, triple-tier and percentage copayment options. Our Medicare Part D program is included in this segment of tiered benefits and currently has a generic dispensing rate around 60 percent.

Physician Value Partnerships

In 2000, BCBSM began offering physicians incentives to reduce overall prescription drug costs. During the initial phase of the effort, BCBSM worked directly with six physician groups, representing a total of approximately 1,000 Michigan primary care physicians. The initiative provided detailed prescribing information and highlighted potential opportunities to prescribe cost-effective generic alternatives. In addition to mailing information directly to physicians, BCBSM assigned four pharmacists to make face-to-face visits and work directly with the physician groups. It's also important to note that although the program was largely focused on increasing generic drug prescribing rates, BCBSM established effective safeguards to ensure that physicians focused on best practices in prescribing first, and on our incentives second.

Since 2000, the program has continued to evolve and is now part of BCBSM's Value Partnerships program, which facilitates close collaboration with approximately 4,500 Michigan physicians on a wide range of health care quality, safety and cost initiatives, and rewards performance and best practices in the delivery of care. Physician groups in the program are highly motivated and their efforts helped save \$7 million through increased generic use last year alone.

Summary

Generic drugs provide considerable value to consumers, especially those over age 65. That's why BCBSM remains committed to educating consumers and health care professionals, and aligning benefits and physician incentives to promote generic drug use wherever appropriate. Looking ahead to the next three years, we anticipate that several expensive blockbuster brand-name medications will lose patent protection, which will present great savings opportunities through increased use of generic medications nationally.

Blue Cross Blue Shield of Michigan applauds Congress for its continuing efforts to address issues affecting timely availability of generic drugs. Chief among those efforts is ensuring adequate FDA funding and addressing loopholes in the law that can delay the entry of generic drugs into the marketplace. BCBSM is pleased to have had the opportunity to testify here today. I would be happy to answer any questions members may have.

¹ The Henry J. Kaiser Family Foundation, State Facts Online, [cited August 29, 2006] available online @ www.statehealthfacts.kff.org.

² Gaither CA, Kirking DM, Ascione FJ, Welage LS. Consumers' Views on Generic Medications. J AM Pharm Assoc. 2001; 41:729-736

³ Blue Cross Blue Cross Blue Shield of Michigan, 2001 Brand Marketing Survey.