Study: U.S. Generic Drugs Cost Less Than Canadian Drugs

Discount Generic drugs.

(PRWEB) January 8, 2005 -- If you think all drugs from Canada are cheaper than U.S. drugs, think again. In the United States, generic drugs--roughly half of all prescriptions--are often cheaper than both Canadian brand-name drugs and Canadian generic drugs, according to a study by the Food and Drug Administration.

FDA analysts looked at the seven biggest-selling generic prescription drugs for chronic conditions that became available as generics in the United States since 1993:

- alprazolam (generic for Xanax) for anxiety and panic disorders
- clonazepam (generic for Klonopin) for seizure and panic disorders
- enalapril (generic for Vasotec) for high blood pressure
- fluoxetine (generic for Prozac) for depression, obsessive-compulsive disorder, panic disorder, and bulimia nervosa
- lisinopril (generic for Zestril and Prinivil) for high blood pressure and heart failure
- metformin (generic for Glucophage) for type 2 diabetes
- metoprolol (generic for Lopressor) for high blood pressure, angina, and heart failure.

For six of the seven drugs, the U.S. generics were priced lower than the brand-name versions in Canada. Five of the seven U.S. generic drugs were also cheaper than the Canadian generics. Of the remaining two U.S. generic drugs, one (enalapril) was unavailable in Canada generically, and its Canadian brand-name version was more than five times the price of the U.S. generic equivalent. The other U.S. generic (metformin) sold for less in Canada both as a generic and as a brand name. Metformin did not become available generically in the United States until January 2002, so U.S. generic prices have likely not fallen to the level they will eventually reach, say the FDA Office of Planning economists who did the study.

The FDA study compared the average price of the generic and brand-name versions of seven drugs sold in the United States and Canada by calculating the price per milligram of active ingredients in U.S. dollars. Prices in Canada were converted to prices in U.S. dollars using a 2002 exchange rate. The prices were the costs to retailers, and should predict retail prices to the extent that retail markups are the same in both countries. Pricing information was collected by the pharmaceutical market research company IMS Health of Plymouth Meeting, Pa.

Advocates of legalizing imports of drugs from Canada and other countries have typically cited studies showing that brand-name drugs are much cheaper abroad than in the United States. These studies ignore how competition in the U.S. market lowers generic drug prices so they are lower than drug prices abroad, say FDA economists. U.S. generics have the same quality, safety, and strength as brand-name drugs, and they undergo the same rigorous review by the FDA before they are allowed on the market.

Drug standards and regulations differ from one country to another, and the FDA is responsible only for drugs that are sold within the United States. The agency is concerned about the strength, quality, and purity of medications that have not been approved for sale in the United States because they may not have been manufactured under quality assurance procedures designed to make a safe and effective product.
"The standards for drug review and approval in the U.S. are the best in the world," says William Hubbard, FDA associate commissioner for policy and planning, "and the safety of our drug supply mirrors these high standards." But when U.S. consumers seek out Canadian suppliers, sources that purport to be Canadian, or other foreign sources that they believe to be reliable, they are taking a risk, he says. "While some foreign drug manufacturers submit their products to FDA for approval, the imported drugs arriving through the mail, through private express couriers, or by passengers arriving at ports of entry are often unapproved drugs that may not be subject to any reliable regulatory oversight. FDA cannot assure the safety of drugs purchased from such sources."

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