



Use of Generic Prescription Drugs and Brand-Name Discounts

Colorado uses several cost containment strategies related to the use of generic drugs and brand name discounts, as evidenced by its use of a preferred drug list. According to the 2009 Colorado Medicaid Preferred Drug List Annual Report, when Colorado initiated the preferred drug list, the most cost savings resulted from negotiation of supplemental rebate contracts. Colorado is also working to shift prescribing practices by physicians who participate in Medicaid to “more cost effective brand-name and generic Preferred Drugs.”¹

In the most recent periods reported below, 2008 and 2009, the average cost of Colorado Medicaid’s purchased drugs was reduced for both generics (by \$2 per prescription) and brand names (by \$5 per prescription). During the most recently reported six-month period, total drug spending decreased by \$2.51 million, while total prescriptions dispensed to patients increased by 123,776.

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	Colorado Medicaid Expenditures			National Average
	2007 4th Q 10/1/2007- 12/31/2007	2008-2009 6/30/2008- 6/30/2009	2009 1/1/2009- 12/31/2009	2009 1/1/2009- 12/31/2009
Total Prescriptions	–	2,987,385	3,111,161	295,599,433
Total Drug Spending	–	\$268,324,382	\$265,808,142	\$22,972,895,965
Total Brand Prescriptions	–	944,303	952,466	93,568,43
Brand as a Percentage of Total Prescriptions	(35%)	(32%)	(31%)	(32%)
Total Generic Prescriptions	–	–	2,140,490	198,075,785
Generic as a Percentage of Total Prescriptions	(64%)	(68%)	(69%)	(67%)
Total Brand Cost	–	\$209,235,824	\$206,796,390	\$18,685,665,741
Brand as a Percentage of Total Cost	(78%)	(78%)	(78%)	(81%)
Total Generic Cost	–	\$58,101,921	\$56,940,239	\$4,066,161,097
Generic as a Percentage of Total Cost	(21%)	(22%)	(21%)	(18%)
Average Cost Brand	\$194	\$222	\$217	\$200
Average Cost Generics	\$28	\$29	\$27	\$21

Colorado is one of 37 states that allow but do not require pharmacists to substitute a generic drug in place of a brand-name equivalent.

In 2010, the Colorado legislature considered HB10-1145, concerning use of generic prescription drugs. The bill would have required that health care practitioners change their practice of indicating a prescription as “dispense as written” to “brand medically necessary.” It was postponed indefinitely.²

1. Colorado Department of Health Care Policy and Financing, Colorado Medicaid Preferred Drug List Program Annual Report (Denver, CO: CDHCPF, September 2009); <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadername2=MDT-Type&blobheadervalue1=inline%3B+filename%3D393%2F441+%2FDPDL+Annual+Report++2008+++++092109.pdf&blobheadervalue2=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1251599242735&ssbinary=true>.

2. Colorado Department of Legislative Legal Services, House Bill 2010-1145 (Denver, CO: CDLLS, 2010); <http://statebillinfo.com/SBI/index.cfm?fuseaction=Bills.View&session=10&mode=0&sortBy=3&filter=b&sponsor=kagan&page=1&billnum=HB10-1145>.

