Ensuring Preferential Coverage of FDA-Approved Generic Medications

WHEREAS, FDA-approved generic medications must demonstrate bioequivalence and therapeutic equivalence to their brand name counterparts; and

WHEREAS, generic medications have historically been preferred due to comparable clinical effectiveness and lower cost; and

WHEREAS, insurance formularies and pharmacy benefit managers may designate brand-name medications as preferred over clinically equivalent generics due to rebate arrangements rather than clinical considerations; and

WHEREAS, this practice may result in higher out-of-pocket costs, unnecessary prior authorizations, delays in care, and increased administrative burden for physicians and patients; and

WHEREAS, patients and physicians often lack transparency regarding formulary decision-making processes; therefore be it

RESOLVED, that the American Academy of Family Physicians partner - where possible - with other interested medical-specialty associations/consumer protection agencies (i.e. AARP, etc.) to advocate for CMS and Federal Trade Commission (FTC) policies that restrict Pharmacy Benefit Managers from placing FDA-approved generic medications that are clinically equivalent on a less favorable formulary tier or require greater utilization management (e.g. prior authorization) than the brand-name equivalent; and be it further

RESOLVED, that the American Academy of Family Physicians partner - where possible - with other interested medical-specialty associations/consumer protection agencies (i.e. AARP, etc.) to advocate for CMS and FTC policies that promote transparency in formulary decision-making and discourage insurance practices that increase patient “out of pocket” cost or administrative burden when clinically equivalent generic medications are available; and be it further

RESOLVED, that the American Academy of Family Physicians partner - where possible - with other interested medical-specialty associations, consumer protection agencies (i.e. AARP, etc.), and their state chapters to advocate for federal (CMS and FTC) and state health insurance and pharmacy regulatory bodies to develop policies to ensure patients are not required to pay higher out-of-pocket costs for brand-name medications when a clinically equivalent generic is available.

References:

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2) Feldman R. The devil in the tiers. J Law Biosci. 2021 Jan 22;8(1):lsaa081. doi: 10.1093/jlb/lsaa081. PMID: 33986948; PMCID: PMC8109230.