

HEALTH RESEARCH ABSTRACT SUBMISSIONS

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| College * | College of Pharmacy |
| Department * | Pharmacy Practice and Science |
| Title of Research * | Spontaneous Emergence of Generic Medication Aversion |
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Introduction & Purpose *

Generic medications are generally less expensive than their name brand counterparts and, aside from Narrow Therapeutic Index medications, literature tends to support their clinical equivalence. Additionally, individuals can use personal experience and public information to update beliefs regarding generic versus name brand efficacy. These facts should imply that generics are economically preferred to name brands; yet, consumers are often slow to adopt generics with some individuals becoming generic averse, refusing to take the generic regardless of any positive information.

Experimental Design *

We develop a dynamic matching model that incorporates Bayesian learning through both experimentation and public information. Individuals are uncertain of the generic's efficacy, which they cannot observe directly but receive information signals from their own health status while taking the generic and from listening to the reported experience of others. The generic is assumed to be identical to the name brand across individuals. Given beliefs, individuals must choose to take either the name brand or generic in each period. Results are obtained through numerical methods and Monte Carlo simulations. \u2028\u2028

Results *

We demonstrate that even in a perfect environment, where generic medications are less expensive, equally efficacious and where individuals can learn of efficacy through public and private experience, aversion to generics on the basis of perceived inferiority may emerge. This aversion is said to be "spontaneous" as it arises out of variation in daily health, independent of the medication's actual efficacy.

Conclusions *

Variation in demand for generics may simply occur as a byproduct of the learning process and natural fluctuations in health, rather than from differences in price or efficacy. Generic aversion may arise even when the generic and name brand are equally efficacious and may occur in all individuals regardless of their initial beliefs. Moreover, results suggest that studies comparing generic and name brand effectiveness may be downward biased against generics.

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