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## Four health systems band together to create generic-drug company



By [Erica Teichert](#) | January 18, 2018

Four health systems have joined forces to create a not-for-profit generic-drug company with the goal of creating cheaper, more accessible pharmaceuticals for patients than are currently available on the market.

Intermountain Healthcare, Ascension, SSM Health and Trinity Health are working with the U.S. Veterans Affairs Department to create an initiative to manufacture essential generic drugs either directly or via subcontracts.

Retail prescription drug expenses accounted for about 12% of total U.S. healthcare spending in 2015, up from about 7% through the 1990s, according to a recent report from the U.S. Government Accountability Office. And pharmaceutical companies' profit margins have risen as well, by an average of 17.1% between 2006 and 2015, the report said.

According to the GAO, drug spending is expected to increase by 8% in 2018, mostly fueled by the use of expensive brand-name drugs, although some pharmaceutical companies have increased generic-drug prices as well.

"The best way to control the rising cost of healthcare in the U.S. is for payers, providers and pharmaceutical companies to work together and share responsibility in making care affordable," Laura Kaiser, president and CEO of SSM Health said in a statement. "Until that time, initiatives such as this will foster our ability to protect patients from drug shortages and price increases that limit their ability to access the care they need."

The health systems' generic-drug initiative will get bigger, they say. In all, the four systems and VA have more than 450 hospitals across the country, and others will join the fray soon.

"It's an ambitious plan," said Dr. Marc Harrison, president and CEO of Salt Lake City-based Intermountain Healthcare, "but healthcare systems are in the best position to fix the problems in the generic-drug market. We witness, on a daily basis, how shortages of essential generic medications or egregious cost increases for those same drugs affect our patients. We are confident we can improve the situation for our patients by bringing much needed competition to the generic-drug market."

### **Erica Teichert**

Erica Teichert assigns, edits and directs news coverage for Modern Healthcare's website and magazine. She previously served as the publication's New York bureau chief and legal reporter. Before joining Modern Healthcare in 2016, she worked at Law360 as legal newswire's first D.C. bureau chief after three years as a court reporter covering the U.S. Supreme Court, D.C. Circuit and other federal courts and agencies. Prior to that, she worked as an associate editor for FierceMarkets. She has a bachelor's degree in communications with a print journalism emphasis from Brigham Young University.