

Pravastatin's rises spell pharmacy losses

Retail pharmacists and dispensing doctors in England and Wales are currently paying for dispensing 28-tablet packs of pravastatin 20mg and 40mg. The latest Drug Tariff, which sets the prices for reimbursing dispensers, currently offers them less than the average UK trade prices they are paying for the two products.

According to WaveData, the average UK prices for 28-tablet packs of pravastatin 20mg and 40mg in the first 12 days of October were £2.40 (US\$4.50) and £3.56, respectively. This compared with Drug Tariff reimbursement prices of £2.30 and £3.48.

It will be of little consolation to pharmacists to know they are offsetting these shortfalls by earning £0.10 every time they dispense 28-tablet packs of the lowest strength pravastatin 10mg, given that the product's average trade price is currently £1.66, but they will be reimbursed at £1.76.

This is the position now, but things may get worse in the coming months. The latest Drug Tariff started on 1 October and is valid until the end of the year. Meanwhile, the average prices of pravastatin may continue to rise as they have been doing since the beginning of 2006.

As Figure 1 shows, the average market price of 28-tablet packs of pravastatin 10mg was less than £10.00 on 10 August 2004, the day Bristol-Myers Squibb's Lipostat lost its patented status. Sharp average price falls in the generic price were recorded over the next few months (*Generics bulletin*, 24 September 2004, page 20) before the market began stabilising at the beginning of 2005.

At that time, the number of generics firms supplying pravastatin 10mg recorded by WaveData peaked at 11. Suppliers started to drop out of the market, but the product's price continued to fall, although the rate of decline was much slower.

The price hit rock bottom at the end of 2005, when the average fell to a new low of £0.56, or about £0.02 per tablet. At that time, there were six market authorisation holders in the marketplace. It should also be noted that £0.02p per tablet was an average price; bargains of much less than £0.01 per tablet could be had.

But pravastatin 10mg prices have risen steadily this year, so that the £1.66 average price recorded in early October is back to where it was in June 2005. The main difference is at that time there were eight or nine generics manufacturers supplying the product, while today there are just five. The story for pravastatin 20mg and 40mg strengths has been remarkably similar to that for 10mg, with the price fluctuations almost superimposable.

Meanwhile, the new-look Drug Tariff has been adjusted every three months since April 2005 according to volume-weighted sales data collected voluntarily from generics firms, plus a Department of Health (DoH) adjustment to give pharmacists and doctors a profit margin to cover their dispensing fee.

This margin is currently negative for pravastatin 20mg and 40mg (see Figures 2 and 3), but dispensers will be pleased to learn that WaveData's Charles Joynson is confident they will soon return to making a profit on pravastatin. Using WaveData's Profesy price-forecasting tool – and assuming there continue to be five generic competitors – he is forecasting that the average price of pravastatin will fall below that of the official reimbursement price this month, and remain below at least until the end of the year.

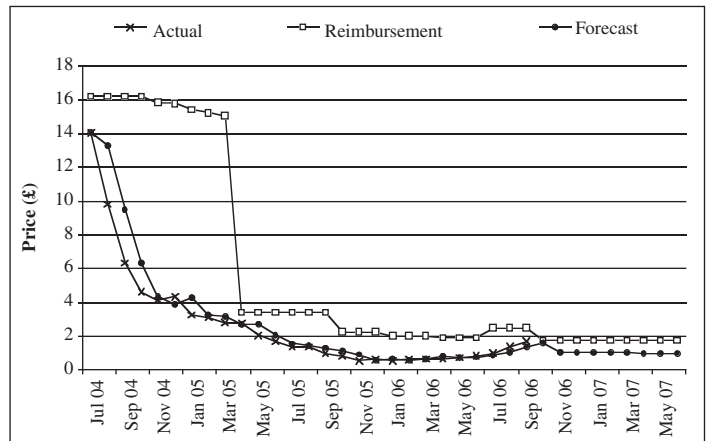


Figure 1: Actual and forecast average trade prices of 28-tablet packs of pravastatin 10mg, together with Drug Tariff reimbursement prices (Source – WaveData)

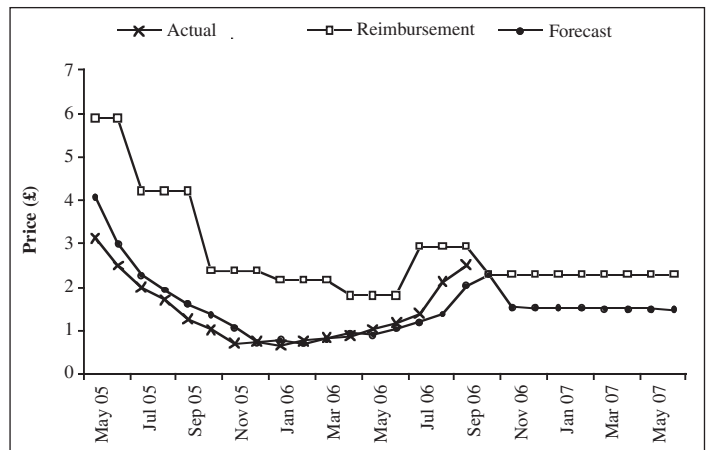


Figure 2: Actual and forecast average trade prices of 28-tablet packs of pravastatin 20mg, together with Drug Tariff reimbursement prices (Source – WaveData)

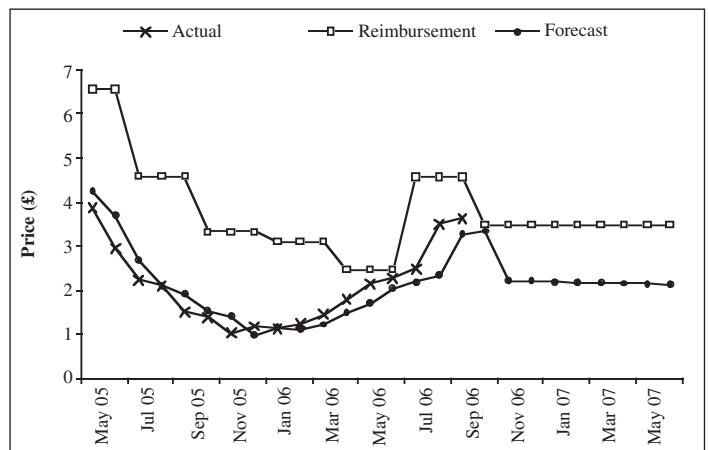


Figure 3: Actual and forecast average trade prices of 28-tablet packs of pravastatin 40mg, together with Drug Tariff reimbursement prices (Source – WaveData)

PRICE WATCH UK highlights generics price changes in the UK market and appears exclusively in every issue of *Generics bulletin*, courtesy of the Pharma TouchStone service of WaveData.

WaveData collects and collates pricing information from a number of European countries. In the UK, pricing information about generics, brands and parallel imports is gathered from offers made to independent retail pharmacists and dispensing doctors by wholesalers, suppliers and product manufacturers.

WaveData collates this data and publishes the results as its Pharma TouchStone service. This is designed to give customers of the service fast, accurate, real-time access to current generic prices.

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