

Ondansetron prices could decline by 60%

Ondansetron has not set the UK generics market alight since its launch a few months ago, with relatively gentle price falls for the 4mg and 8mg tablets, and even some price rises for the 2mg/ml injectable variants after over-pessimistic price-setting.

As Figure 1 shows, the average price of 30-tablet packs of ondansetron 4mg being offered to independent pharmacists and dispensing doctors in July was £80.00 (US\$150). This offered a 26% discount on a trade price of £107.91 for the equivalent strength of GlaxoSmithKline's Zofran, which is an antiemetic for cancer patients undergoing chemotherapy.

Meanwhile, 10-tablet packs of ondansetron 8mg were available at an average trade price of £51.14, which represented a slightly higher 29% discount on the brand's trade price of £71.94.

A few weeks later in mid-September, the generic prices had slipped a little further. The average price of 30-tablet packs of ondansetron 4mg had reached £67.68, representing a discount of 37% on the brand price; while the average for 10-tablet packs of ondansetron 8mg had gone down to £45.18, which was also a 37% discount.

At that time, WaveData registered seven firms active in the market – Actavis, Merck subsidiary Generics UK, Ivax, Pliva, Sovereign, Tillomed and Wockhardt – but only three of these – Actavis, Ivax and Wockhardt – were offering 5x2ml and 5x4ml presentations of the 2mg/ml injectable product in their pharmacy price lists. Nevertheless, it seems these firms overestimated the discounts they should allow on the injectable products, as the average discounts to the brand for both presentations shrank from 20% in July to 5% by mid-September.

Not that the seven companies offering the two tablet strengths were models of pricing consistency. While the average trade prices came down as shown, these averages reflected a wide range of prices in the marketplace. Actavis had a price of £86.32 in July for 30-tablet packs of ondansetron 4mg, and was offering the same 20% discount to the brand in mid-September.

Ivax started higher at £90.25 for the same product in July, but was down to £65.00 earlier this month. Tillomed had a complete change of mind, slashing its price from £74.45 in July to just £17.00

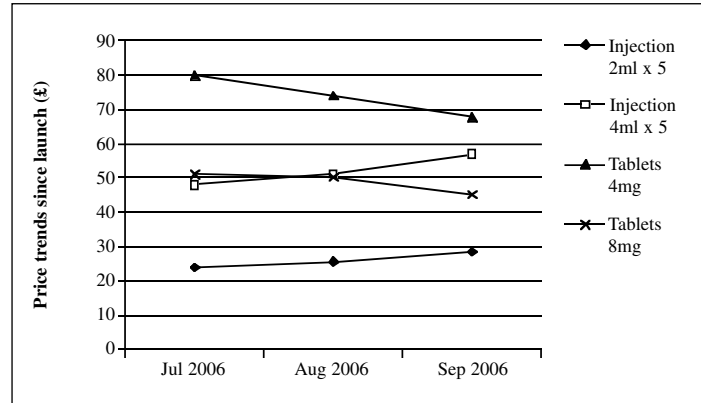


Figure 1: Average prices for different presentations of three ondansetron products – 30 x 4mg tablets, 10 x 8mg tablets and 2mg/ml for injection – over recent months, with September date taken midway through the month (Source – WaveData)

in mid-September, thus hoisting its brand discount from 31% to 84% at a stroke. Of the others, Pliva and Wockhardt had the same price of £53.96 for 30-tablet packs of ondansetron 4mg in mid-September, higher than Generics UK with £32.37 and Sovereign with £23.78.

Each manufacturer has its own pricing strategy for the generic product, that much is clear. What is more debatable, given the wide disparity and rapid changes in the prices, is the extent to which any of the strategies were more than stabs in the dark. Charles Joynson, managing director of Wavedata, which compiled the pricing data, is convinced the different approaches to the market are based on nothing more than “sophisticated wild guesses”.

Playing ‘catch-up’ with their competitors

He believes none of the seven firms have much idea of how long it will take for the average UK market price of 30-tablet packs of ondansetron 4mg to decline to their own cost of goods, and he expects many will be playing ‘catch-up’ with their competitors over the coming months as their prices jerk up and down.

Taking an alternative approach, he has projected forward the average market price of 30-tablet packs of ondansetron 4mg using WaveData’s Profesy pricing model. This shows that the product will have an average market price of £40.57 in May 2008, offering a 62% discount to today’s brand price (see Figure 2).

This projection obviously makes some assumptions. Dramatic changes in government reimbursement of pharmacists through the monthly Drug Tariff would obviously have an effect, as would the number of generics players.

“The price projection depends on the number of licence holders active in the marketplace, and how that number varies with time,” Joynson says, adding that the projection shown includes Wavedata’s own trend analysis of changes in the number of licence holders, which shows a gradual rise.

“Changes in the number of generics firms or in the reimbursement price can alter the forecast, which is why frequent reforecasting is essential as new information becomes available,” he explains.

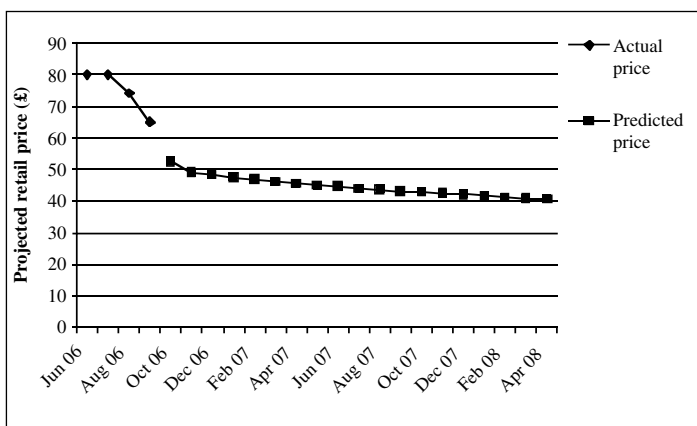


Figure 2: Actual average prices of 30-tablet packs of ondansetron 4mg in the period until mid-September, and predicted average prices for the period until May 2008 (Source – WaveData’s Profesy)

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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