

# Tracking brand prices against generics

**H**ow does the brand industry compete with the imminent launch of generics? The European Commission's preliminary report on competition in the European pharmaceutical industry revealed a 'toolbox' of tactics to delay, damage or block generic launches (*Generics bulletin*, 5 December 2008, page 1).

What the Commission did not examine closely was how brand prices vary in the period leading up to generic launch, and how they change once generic alternatives are on the market.

Notwithstanding their voluntary agreement with the UK government on reimbursement prices through the Pharmaceutical Price Regulation Scheme (PPRS), brand companies in the UK are able to manipulate individual brand prices within their overall PPRS deal.

WaveData has been comparing average brand prices, including parallel imports, both with reimbursement prices – either the agreed PPRS price before generic launch or the generic Drug Tariff price thereafter – and the actual average generic price in the marketplace.

More than 40 generics launched since 2000 were studied by WaveData. From these emerged four patterns for brand prices before, during and after generic launch, followed by all but six of the molecules.

In almost half of the cases – 15 out of 38 – brand prices were stable before generic launch, albeit slightly below the PPRS trade level for the brand. Stable prices might have been expected, given the constraints placed on brand companies by the PPRS and their need to maximise sales before their brands lose exclusivity.

Once generics had been launched, brand prices fell away. The rate at which they sank varied from molecule to molecule. Good examples of this behaviour were found with amlodipine (see Figure 1) and omeprazole. This behaviour was also seen in another six cases, such as alendronate, but with the addition of a post-generic price recovery of the brand (see Figure 2). In a fewer number of examples – five in 38 – the brand price was already falling away before generic launch, quite dramatically separating from the official PPRS price. This price decay continued once generics had entered the market, as the generic launch of glimepiride exemplified (see Figure 3).

Yet in an equal number of cases, the brand price in the marketplace increased before generic launch. Although it failed to reach the official PPRS level, there was nonetheless a distinct upturn, as the example of simvastatin shows (see Figure 4). Once generics had been launched, however, the brand price quickly fell away, separating from the PPRS price, and seeming to track the generic Drug Tariff reimbursement price. In theory at least, actual brand prices should continue to track their PPRS price after patent expiry, which in the case of simvastatin 20mg would have been £29.69 (US\$41.56) per pack, rather than the £10-£15 seen in practice.

"Most brand companies offered increased discounts after patent expiry to continue filling prescriptions written generically and retain their diminishing market share," comments Charles Joynson, WaveData's managing director. "Some were able to use modulation within the PPRS to increase their prices before generic launch; while others suffered long-term price deterioration, perhaps due to competition with parallel imports."

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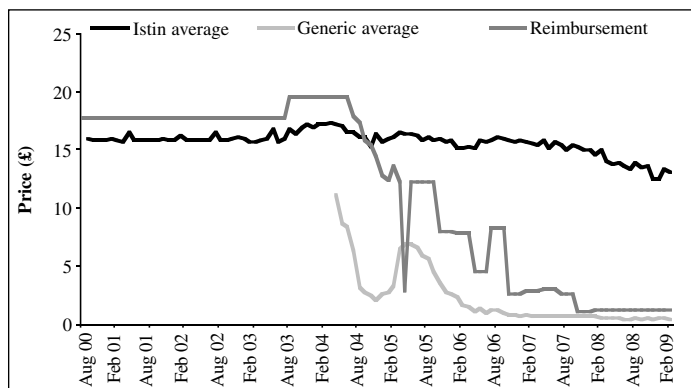


Figure 1: Average monthly prices for 28-tablet packs of amlodipine 10mg in brand and generic form compared with the lowest reimbursement price (Source – WaveData)

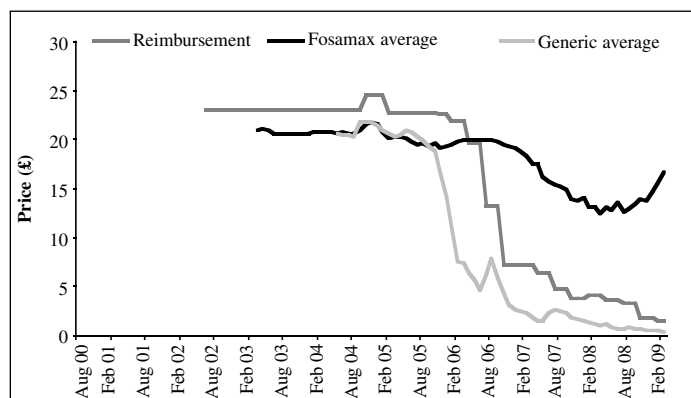


Figure 2: Average monthly prices for four-tablet packs of alendronate 70mg in brand and generic form compared with the lowest reimbursement price (Source – WaveData)

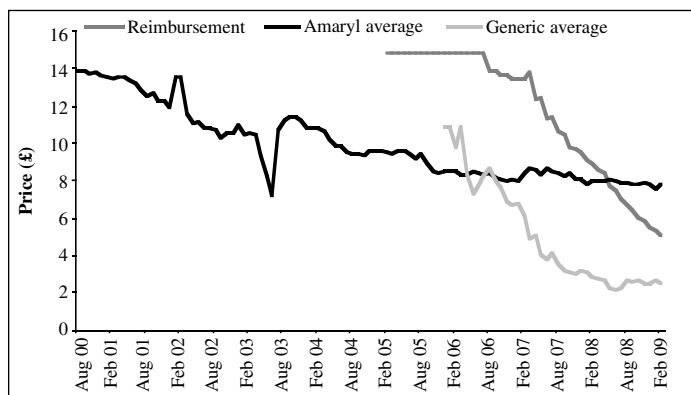


Figure 3: Average monthly prices for 30-tablet packs of glimepiride 4mg in brand and generic form compared with the lowest reimbursement price (Source – WaveData)

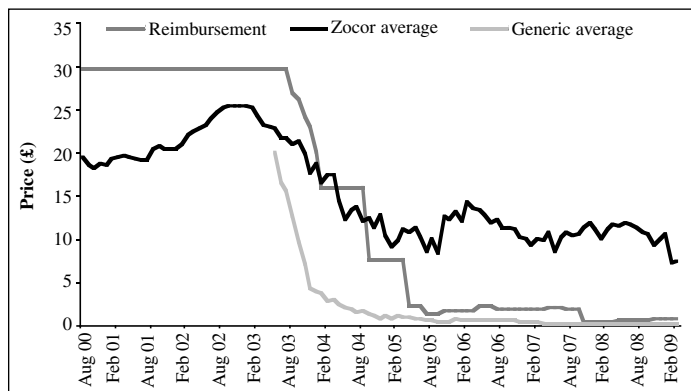


Figure 4: Average monthly prices for 28-tablet packs of simvastatin 20mg in brand and generic form compared with the lowest reimbursement price (Source – WaveData)