

What a difference a decade makes

Almost 10 years separated the generic launches of simvastatin and atorvastatin in the UK. But while both were major sellers as branded originators, their respective early markets were markedly different. Much had changed in the intervening period. Just over six months since generic launch, market prices to independent retail pharmacists and dispensing doctors for atorvastatin now offer over 90% discounts on the trade prices for Pfizer's Lipitor. The average trade price of 28-tablet packs of atorvastatin 20mg dropped to £1.25 (US\$1.98) this month, although the best offer identified by WaveData was as low as £0.85. Compared with Lipitor's equivalent trade price of £24.64 when its patent expired on 6 May, this indicates a discount of 95% on average to the brand, and 97% for the best price on offer.

Pharmacy reimbursement prices in the Drug Tariff have closely tracked the plunging trade prices for atorvastatin, as Figure 1 shows. During November, pharmacists are being reimbursed £2.13 for atorvastatin 20mg. This represents a dispensing profit margin of 41% on average, rising to 60% if they are prepared to shop around.

When 28-tablet packs of generic pravastatin 20mg were launched on 10 August 2004, the cholesterol-lowerer's average price was £10.97, offering a 63% discount on the price of Bristol-Myers Squibb's Lipostat (see Figure 2). Even the lowest price of £4.89 gave only an 84% discount on the brand price. The same figures for atorvastatin were 90% and 94% respectively at launch, indicating the amount of price competition and price-cutting expected by generics players upon UK launch of a generic of the world's best-selling drug.

The disparity between the discounts offered by atorvastatin and pravastatin generics to their respective brands was still as marked six months after launch. Although atorvastatin was readily available at discounts of more than 95% to the brand, as mentioned earlier, those offered by pravastatin were more like 84% on average and 94% at best. It also took more than six months for the authorities to adjust their reimbursement prices to those occurring in the market.

Figure 3 shows that in the early days of simvastatin generics, both suppliers and pharmacists made handsome profits. Launch trade prices on 6 May 2003 for 28-tablet packs of simvastatin 20mg were high – offering at best only a 41% discount to those for Merck's Zocor and 28% on average – and reimbursement prices still hovered around the brand's trade price six months after launch. Meanwhile, discounts on the brand price were 67% on average and 83% at best.

Charles Joynson, WaveData's managing director, comments that simvastatin's prices relative to the brand eventually fell to where atorvastatin's are today, but they started higher and took longer to fall. Pravastatin's prices were somewhere in between (see Figure 4). Meanwhile, reimbursement prices set by the authorities are now much quicker at realising generic savings.

Manufacturer activity is difficult to track, he remarks, because wholesalers often make no mention of the manufacturer when making 'anonymised' price offers to pharmacists. But in terms of market activity as measured by price offers, he says, the simvastatin market started slowly, but eventually picked up pace. "On this evidence, simvastatin was launched by far fewer 'Day One' manufacturers," he comments. **G**

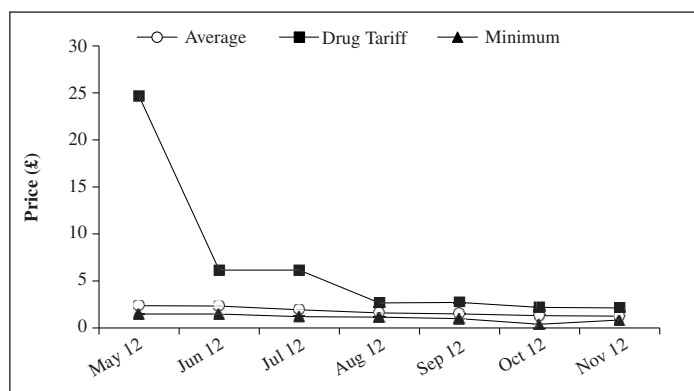


Figure 1: Decay of average and lowest prices, as well as Drug Tariff reimbursement prices, for 28-tablet packs of atorvastatin 20mg since launch (Source – WaveData)

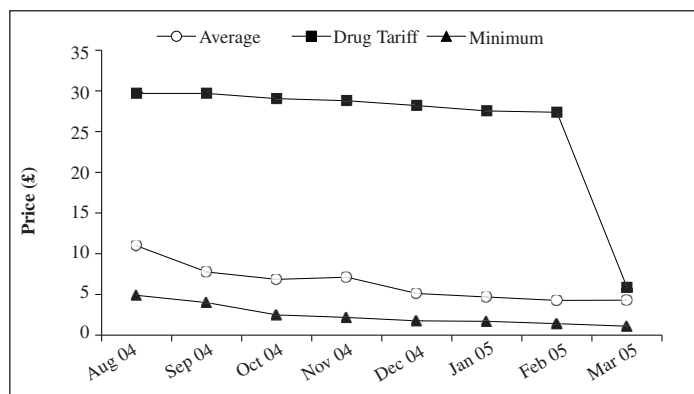


Figure 2: Decay of average and lowest prices, as well as Drug Tariff reimbursement prices, for 28-tablet packs of pravastatin 20mg since launch (Source – WaveData)

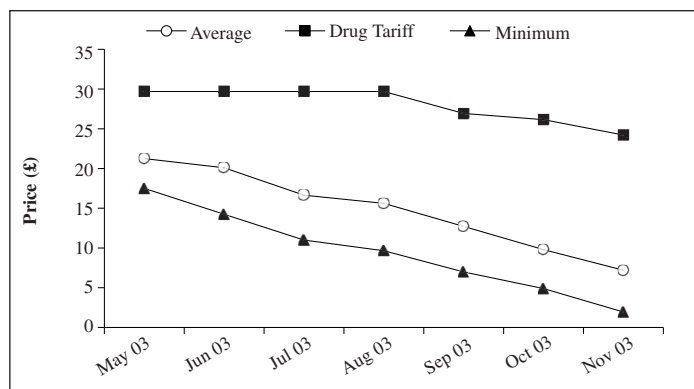


Figure 3: Decay of average and lowest prices, as well as Drug Tariff reimbursement prices, for 28-tablet packs of simvastatin 20mg since launch (Source – WaveData)

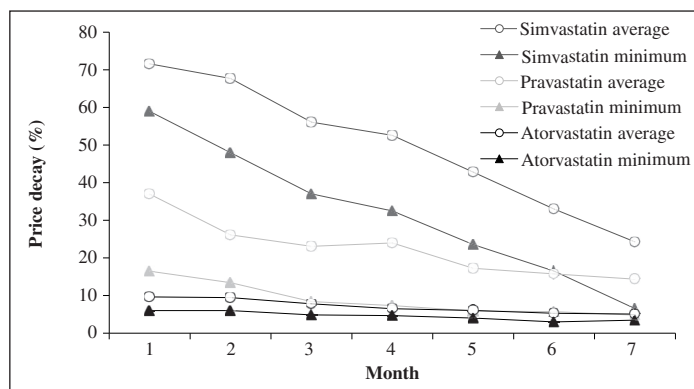


Figure 4: Price decay as a percentage of brand prices at launch for 28-tablet packs of 20mg strength of atorvastatin, pravastatin and simvastatin (Source – WaveData)

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