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MONTHLY SERVICE

Commercial Bulletin

Branded drugs must not be cheaper than generics, says King's Fund

The system which causes branded generics to undercut generic prices in the Category M basket of medicines requires urgent revision, The King's Fund has recommended.

Category M was introduced into the Drug Tariff in 2005 when the new community pharmacy contract was launched and is used to adjust the reimbursement prices of over 500 medicines. However, according to a new inquiry paper published by the health policy think tank, the current system can perversely encourage switching from generic prescribing back to brand prescribing which, it says, is counter to years spent encouraging generic prescribing as a principle and is also confusing for patients.

The inquiry paper looks at the quality of GP prescribing, and in their examination of issues surrounding value for money the authors say they have found general agreement that GPs do consider cost when making drug choices. However, they also believe that more can be done to flag up cost implications at the time of prescribing and that, therefore, systems need to be developed to enable GPs to be more cost-aware in their prescribing choices.

Patients also need to have greater understanding of the cost of medicines, the report goes on, and the authors suggest that drug wastage by patients could be reduced if the costs of the medications which they are receiving were made explicit to them.

Moreover, "consideration should be given to research to see if medication adherence can be improved by labelling prescriptions with the cost to the NHS," they propose.

While the switching of medicines to reduce costs is accepted by patients, they need to have the reasons communicated to them explicitly and carefully, under agreed operating procedures, and if patients are unhappy or concerned they must have ready access to the prescriber, the report says.

Prescribing support software such as ScriptSwitch - which links to GP clinical systems to provide prescribers with local formulary choices and advice on the latest cost-saving, safety and effectiveness issues relating to medicines - has an important role, and should be supported as an example of intelligent "decision support," it goes on.

The authors also call for the eLearning for Healthcare Prescribe project - whose funding has now been withdrawn as part of the government's financial cuts - to be reinstated. In the view of the King's Fund authors, the project was a vital development to ensure better education of medical students and young doctors and to encourage them to be better and safer prescribers and was, they say, "highly likely to be cost-effective."

Links

www.kingsfund.org.uk

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UK must learn supply chain lessons from Europe, BAPW says

The UK government must learn lessons from other European countries that are developing new laws to secure the supply of medicines to patients, the British Association of Pharmaceutical Wholesalers (BAPW) has warned.

The BAPW said last month that [progress on resolving stock shortages had been "very disappointing"](#), and added that several parties are now looking for laws to be strengthened in the UK.

The comments came as the Spanish health department released draft regulations aimed at ensuring the supply of drugs to wholesalers and distributors to

improve access to medicines.

"It's an interesting development, and it looks like they're planning to legislate to try to contain the problem and deliver more continuity," [BAPW](#) executive director Martin Sawyer told C+D.

"Germany has introduced a public service obligation [on the supply chain] and now another large European economy is considering doing the same, so maybe there are some lessons to be learnt from them in the UK," Mr Sawyer said.

"Several parties are now looking for more regulation in the UK - manufactur-

ers are called for less wholesale dealer licences and pharmacists and wholesalers are calling for more obligations to be placed on the supply chain," he continued.

Pharmacy minister Earl Howe told the BAPW annual conference last month that the government [would not introduce additional supply chain regulation](#) to resolve stock shortages unless it received evidence that patients were being harmed by the problems.

Chemist & Druggist 23/07/11

Sainsbury's plans to roll out vending machines

Sainsbury's plans to roll out its pharmacy vending machines following high uptake of the service since it launched a pilot in two stores [in August 2010](#).

The number of stores the vending machines will be rolled out to is "up for debate", but the supermarket wants to bring in more machines and to extend the services offered by them, according to Sainsbury's professional services manager David Gilder.

"We have plans to extend the pilots to other stores but there is more learning and other avenues we want to explore. It's about the quality of the service you provide, not the quantity," he said.

The vending machines have so far delivered 4,500 prescriptions to customers at Sainsbury's stores in Haywards Heath and West Green. And, although they have until now been limited to prescription dispensing, other services provided by the machines could include OTC products, Mr Gilder said.

"We would only do [OTC products] that don't require the supervision of a pharmacist. For example, we would like to sell them paracetamol with their purchase so they don't have to do a separate purchase," he explained.

Sainsbury's came under fire from [C+D readers](#) when it launched the machines last year, as some claimed the introduction of the machines ["devalued" the profession](#). However, Mr Gilder said the machines were one possible way to free up time for pharmacists.

"[The pilot] was done to free up time for pharmacy colleagues so they could spend more time giving advice to patients," Mr Gilder told C+D. The same number of pharmacy staff were employed at the two stores now as had been at the start of the pilot, he confirmed.

Catch up on all the latest IT news and look out for a full analysis on the Sainsbury's pilot coming soon on the [IT Zone](#), supported by AAH.

Chemist & Druggist 02/08/11

Summer sales produce bargain prices

Alendronate, mirtazapine, pramipexole, risedronate, topiramate and venlafaxine were just some of the products having their trade prices slashed in the UK by generics firms last month. As Figure 1 shows, bargains were to be had as suppliers cut prices for a four-tablet pack of alendronate 70mg by a quarter and for a 56-tablet pack of venlafaxine 37.5mg by a similar amount. Average prices for these products barely moved, however, indicating that only one or two suppliers had stock that they wanted to shift.

To see more go to <http://www.wavedata.co.uk/newinfo.asp> and view our article from this month's **Generics Bulletin**.

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Wholesale Dealers – Restricted exports

Since 2009, by when the pound had significantly weakened against the Euro, there has been a monthly published list of UK branded medicines said to be in short supply in the UK market, that should therefore not be purchased in the UK for export. The list is published by PSNC each month to Pharmacy Contractors via their newsletter, but is however accessible to all via free subscription at: www.psn.org.uk. Wholesale dealers therefore need to be aware of the list and adhere to it unless they wish to risk incurring penalties.

Since January 2010 there have been very few changes indeed in the list, which essentially comprises about 35 products (some in more than one strength) where it appears that the relevant manufacturers are totally unwilling to supply the UK market beyond the bare

minimum to meet UK patients prescription needs in order to discourage exporting. As a result the minute that any such products are exported, the UK market goes short, with highly unfortunate additional workload created for UK pharmacists just to obtain stock for their prescription patients.

UK pharmacists have been told in no uncertain terms that if they wish to trade in Pharmaceuticals by wholesale (for example to sell medicines for export) then they need to first obtain a Wholesale dealers license, which takes considerable time, cost and effort. The relevant UK inspection agency (the MHRA) staffed up in 2010 to cope with the additional license applications received both from pharmacists and others, but application waiting times from submission still typically take at least 2-3 months. The

vast majority of independent pharmacists have not however applied for such licenses, the majority of such license applications are understood to have come from chains of pharmacies with a central warehouse, and/or by chains of pharmacies owned by wholesalers.

It does seem a complete anathema that whilst UK pharmacists are ALL 100% assumed to have used Parallel Imports where they exist, by being forcibly reimbursed for dispensing at the lower PI price than the UK branded price, when it comes to parallel exporting, severe penalties are threatened. It appears that UK pharmacists can't have their cake and export it!

Pharmacy Consulting 09/08/11

Dispensing doctor costs per item are twice as much as pharmacy costs

Items dispensed by dispensing doctors cost nearly twice as much in business costs as those dispensed by pharmacists, cost of service inquiries (COSIs) for the two professions have suggested.

Dispensing by doctors cost between £4.50* and £6.20** per item, excluding drug costs, compared to an NHS cost of £3.03*** per item dispensed via pharmacy, the reports published last month stated.

However, the doctor report warned that the data used to calculate this figure may have underestimated the actual number of items dispensed by the sector.

Originally compiled in September, the dispensing doctor inquiry by PricewaterhouseCoopers (PwC) was made public by the Department of Health (DH) on Friday, July 29.

The publication of the report follows the publication of the community pharmacy COSI earlier in July.

Both reports are set to inform future contractual negotiations for the sectors.

Meetings will take place this month to look at using the figures from the doctor report in negotiations for the 2012-13 contract, according to Dispensing Doctors' Association (DDA) CEO David Baker.

Dr Baker said he was happy that "we now have some figures to base negotiations on", but was concerned some of the figures in the report could be out of date.

"The figures are now out of date as they were looking at 2009 profits and as we all know wholesaler discounts and manufacturer discounts have continued to fall," Dr Baker said.

*Using the long run incremental cost (LRIC) approach, where costs are allocated based on hypothesising what costs would be avoided if the activity were not longer performed.

**Using the fully allocated costs (FAC) approach, where costs are allocated in proportion to measures of output generated or resources used, as outlined in the cost of service inquiry for dispensing practices.

*** Calculated using allocation method one of two as outlined in the cost of service inquiry for community pharmacy.

Chemist & Druggist 03/08/11

England: dispensed Rx items soar 68% in 10 years

The number of prescription items dispensed in the community to patients in England rose 67.9% during 2000-2009, and the total net ingredient cost increased by just over 58%, say new government figures.

Also during the period, the average number of prescription items dispensed per head of population increased from 11.2 to 17.8, while the average net ingredient cost per head rose from £113 to £169, according to the data, which is published by the NHS Information Centre.

However, the figures also show that the average net ingredient cost of an individual prescription item fell during the 10-year period.

Nearly 927 million prescription items were dispensed in England last year, which is up 4.6% on 2009 and 67.9% over 2000, while the total net ingredient cost for 2010 was £8.83 billion, 3.5% more than in 2009 and 58.2% higher than in 2000, says the report.

It also notes that an average 17.8 prescription items were dispensed last year per head of population, up from 17.1 in 2009 and 11.2 in 2000. The average net ingredient cost per head in 2010 was £169, compared to £165 in 2009 and £113 in 2000, while the average net ingredient cost per prescription item was £9.53 in 2010, £9.64 in 2009 and £10.12 in 2000.

67.4% of all prescription items last year were dispensed as generic medicines, representing 29.6% of the total cost. These percentages had been 66.1% and 28.3% respectively in 2009 and 51.8% and 21.6% in 2000.

The Centre notes that the report shows the headline cost (net ingredient cost) of medicines before the deduction of discount or charges paid and does not, therefore, represent the actual cost to the NHS. However, it says, "many overall messages are very similar."

It also points out that there have been changes in the cost of some commonly-prescribed drugs under the Category M scheme, where the net ingredient cost for selected generic formulations is controlled with the aim of reducing costs overall. Products subject to the new arrangements are classified as Category M in Part VIII of the Drug Tariff, and the prices of most of them have fallen, although some have increased.

Tim Straughan, chief executive of the NHS Information Centre, said the data show that, on average, people in England are receiving more prescription items than 10 years ago, although the average cost of each prescription item has gone down during the period.

"Prescribing has a significant impact on people's lives, and from a financial point of view is of substantial cost to the NHS," he added.

Care Services Minister Paul Burstow added that the big rise in prescribing revealed in the report largely reflects the impact of a growing and ageing population, as well as an increase in the prescribing of preventative medicines, such as low-cost statins, for cardiovascular diseases.

"These figures show that the demand for health care is increasing. The NHS must adapt and innovate to ensure it is able to meet these demands. We are increasing investment in the NHS by £12.5 billion but the NHS needs to be smarter with its resources. That is why we are continuing to encourage the prescribing of preventative medicines, which help to prevent illness and improve patient outcomes," he said.

Mr Burstow also pointed to the continued reduction in the cost of ingredients used in prescription drugs, and said that this "reflects the robust measures in place to control prescription costs, such as promoting the widespread use of generic medicines."

"This helps ensure better value for money for the NHS and the taxpayer," said the Minister.

Links

www.ic.nhs.uk

Pharmatimes 28/07/11

Tesco wants a pharmacy in every superstore

Tesco would like to open a pharmacy in every superstore, superintendent Adrian Price has told C+D in an exclusive interview. Tesco has 350 pharmacies, but customer feedback had shown there was demand for more, Mr Price said.

"We keep track of what we're asked for and pharmacy is the most requested service in our business and that's why we're responding to what our customers want," he said.

In order to continue opening pharmacies Mr Price said he would like to see a control of entry system based on customer demand.

"We would like to see a control-of-entry system that reflects where people shop, where people go, what people want in terms of convenience rather than protecting incumbents. I realise that's probably not much popular with our community pharmacists, but yeah we want to open pharmacies because that's what our customers are asking for," he told C+D.

Mr Price said that Tesco has "tremendous reach" because of the high volume of customers the stores serve. He explained that customers typically engage with their supermarkets on a weekly basis and said Tesco would like to take advantage of that routine interaction.

Mr Price said: "We've got tremendous reach and that gives tremendous opportunity to engage with the government's health agenda and I think that complements what goes on in community really, really well."

Chemist & Druggist 26/07/11



WaveData — Top ten products

According to WaveData, these were the most commonly investigated products in searches of the online pricing data at www.wavedata.net

Both uk and pi prices were viewed for each product, giving some indication of where the focus was in July 2011

Exemestane Tabs 25mg 30
Hydrocortisone Tabs 10mg 30
Citalopram Tabs 10mg 28
Cetirizine Tabs 10mg 30
Citalopram Tabs 40mg 28
Fluoxetine Caps 20mg 30
Omeprazole Caps 10mg 28
Citalopram Tabs 20mg 28
Lansoprazole Caps 15mg 28
Levothyroxine Tabs 25mcg 28

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If you would like to add or suggest any articles/comments, please let me know by the 14th September 2011, as I will be issuing the next one on the 21st September 2011.

If you have any colleagues who would like to receive this, please let them know about it.

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