

# Wholesale Bulletin

Monthly Service for wholesalers

## Category M Barometer

Generic Eric reveals how the first tariff for 2010 will affect your business

**After** October's category M tumble of more than £25 million, the first quarter of 2010 sees a more modest adjustment of between £5m and £10m, once market growth is factored in.

**The** adjustment equates to between £20m and £40m being removed from category M across the year, and will slash £133 off the average pharmacy's bottom line over the current quarter – on top of the £2,000 removed in the last.

**The** clawback is spread over the £1.4 billion basket, with an average fall in reimbursement prices of 1.3 per cent. Only 33 products stay at the same reimbursement level as the last quarter, and there are few really radical reductions. The largest was on co-amoxiclav sugar free oral suspension 250mg/62mg/5ml, at 22 per cent. Just eight products saw a fluctuation, up or down, of more than 20 per cent – compared to some of the 90- plus per cent changes last quarter.

**Much** of the reduction has been applied to new additions to the tariff, previously category A before October 2009. This month sees the removal of a further eight products from the category, including the shift of buprenorphine back into category A. Of the now 426 products in category M, 305 were reduced and 88 were increased, leaving 33 unchanged.

**The** Category M Barometer has moved down to 106.2 from the previous quarter's 107.7. Since quarter one last year, approximately £9,000 has been removed from the annual bottom line of the average pharmacy, based on the current tariff.

**On** the most commonly dispensed lines by volume, an annualised amount of £6m – or £1.5m per quarter – has been removed. Based on average pharmacy volumes this equates to £29.26 per month lost from the bottom line.

Chemist and druggist 07/01/09



### GOVERNMENT CANCELS SWINE FLU VACCINE ORDER

The UK has "sufficient" doses of swine flu vaccine to cope with the current pandemic and aims to suspend future orders, the Department of Health (DH) has said.

**The** government had entered

into negotiations with big pharma to cancel the UK order, with manufacturer Baxter having stopped production, a DH statement said.

**Negotiations** with GSK, also under contract to produce the vaccine for the UK, were ongoing, a DH spokesperson added.

Surplus doses have been put up for sale to other countries who are still in short supply, the DH added.

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### Special points of Interest

This bulletin is free to interested wholesaler employees

Please send names of new subscribers to:  
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## **Generic substitution: DH backs “prescribing flexibility”**

The Department of Health (DH) has begun a consultation on plans to allow generic substitution in England, with the aim of bringing the substitution rate from 83% to 88%.

Announcing the consultation, which will run until March 30, the Department points out that the National Health Service (NHS) spends about £9 billion a year on branded prescription drugs in the UK. In England in 2008, 83% of prescription items were prescribed generically, the remaining 17% being prescribed and dispensed by the brand name. The great majority of these drugs are available only as branded products, but 5% were prescribed by brand where the drug concerned is available as a generic.

Therefore, says the Department, the generic prescribing rate for 2008 could potentially have been 88% - assuming that there were no clinical reasons why the patient needed a specific manufacturer's product – and that closing this 5% gap is the key driver behind the proposal.

Realisation of savings will be most significant in relation to products that have very recently come off patent, when prices fall, it adds.

The consultation is seeking views on the following three options for the implementation of generic substitution in England:

- 1) do nothing – keep the current situation as it is;
- 2) introduce dispensing flexibility but with specific exclusions, so that the arrangements do not apply to a selected group of products on an exempt list; and
- 3) introduce dispensing flexibility but limiting the scheme in such a way that the arrangements only apply to a selected group of products on a select list.

The Department's preferred approach is Option 3, with an opt-out endorsement, it says, for reasons which include considerations relating to patient safety and clinical need, savings to the NHS and manageability of implementation for clinicians and prescription infrastructure providers.

“Where clinically appropriate, it is only sensible to allow more expensive branded products to be substituted with the same generic medicines which are just as effective as the branded version,” said Health Minister Mike O'Brien, commenting on the initiative.

Generic substitution will “deliver value for money and savings to the NHS which will go directly back into health services, ultimately benefitting patients and improving the care they receive,” he added.

The Association of the British Pharmaceutical Industry (ABPI) said it welcomed the consultation, and particularly the “essential emphasis” given to patient safety in the Department's proposals.

“It is important to ensure that patients' health and safety is not compromised in the implementation of this new policy,” said ABPI director general Richard Barker.

The ABPI points out that during the most recent Pharmaceutical Price Regulation Scheme (PPRS) discussions, it had specified the need - based on patient welfare and international best practice - to ensure that certain groups of products would be excluded from substitution. These include: modified or sustained-release preparations; different formulations; medicines with a narrow therapeutic index/window where there is evidence regarding the risk of adverse reactions or inadequate efficacy; vaccines; biosimilars; devices and routes of administration, include site of action; and controlled drugs.

Such exclusions could be achieved through either proposed Options 2 or 3, says the ABPI, which adds that it will review these in more detail before responding to the consultation.

The British Generic Manufacturers Association (BGMA) said it strongly supports the Department's favoured alternative (Option 3) which, according to the group's director Warwick Smith; “offers a perfect balance.”

The UK generics industry saves the NHS £7 billion every year, says the BGMA, and Mr Smith pointed out that the Department's proposals focus on the “vast majority” of generics which are interchangeable and for which there is “no clinical reason for patients to receive much more expensive branded drugs rather than much more cost-effective generics.”

“For patients to receive the branded versions of these products achieves nothing but to waste scarce resources,” he said.

However, Mary Baker, president of the European Federation of Neurological Associations (EFNA), has said that the potential risk to the outcomes of “thousands of patients” from the introduction of automatic generic substitution is of “great concern.”

“It is already difficult for patients with long-term illnesses or with several conditions to keep up with all the different medicines they have to take each day. Complicating this further by introducing automatic generic substitution could make patients even less likely to take their medicines correctly,” she warned

**Pharmatimes** 07/10/10 [www.pharmatimes.com](http://www.pharmatimes.com) <http://www.pharmatimes.com/UKNews/article.aspx?id=17173>

**Other articles can also be found in the following magazines and websites**

**Pharmaceutical Marketing** Volume 21/Jan 2010 [www.pmlive.com](http://www.pmlive.com)

**Generics bulletin** 15/01/10 [www.Generics-bulletin.com](http://www.Generics-bulletin.com)

## Monthly Service for wholesalers

The full list of category M products is now available for download and analysis on [wavedata.net](http://wavedata.net)

When you have logged in,

1. select 3. Analysis
2. Then click 'Open'
3. and M Category is the third item in the drop down.

Once run, this list will show you the Average, Minimum and Maximum traded prices of category M products by country,

Users can drill down to see where the data comes from or download the whole lot into Microsoft Excel.

For further information please give us a call on 01702 425 125 or email us at [info@wavedata.co.uk](mailto:info@wavedata.co.uk)

*We're on the web!*  
[www.wavedata.co.uk](http://www.wavedata.co.uk)

## ASDA UNVEILS PLANS FOR 25 NEW PHARMACIES

Asda is set to boost its in-store pharmacy business in 2010, with the opening of at least 25 new dispensaries.

But to really develop the pharmacy service offering, contractors would need to see stronger negotiating from LPCs over the next 12 months, superintendent pharmacist John Evans told C+D.

"We have about 25 pharmacies signed off already for next year across England, and we're going to look at Scotland again too," Mr Evans said. And he added that the aim continued to be to get a pharmacy in every Asda store.

Mr Evans stressed that 2010 would be an important year for LPCs, who needed to be reinforced and given the support needed to enable them to negotiate successfully. "I think they do need more support," he said. And he added that it was important for Company Chemists' Association representatives to support LPCs "to do the best for pharmacy, not the best for individual companies".

Chemist and druggist 07/01/10



### 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](http://www.wavedata.net)

Both uk and pi prices were viewed for each product, giving some indication of where the focus was in December 09

**Clopidogrel Tabs 75mg 28**

**Omeprazole Caps 20mg 28**

**Clopidogrel Tabs 75mg 30**

**Co-Codamol Caps 8mg/500mg 100**

**Metformin SR Tabs 500mg 28**

**Metformin SR Tabs 500mg 56**

**Omeprazole (Oral)**

**Paracetamol Caps 500mg 32**

**Terbinafine Cream 1% 15g**

**Terbinafine Cream 1% 30g**

This bulletin now goes out to 950 plus people, and it is growing each month.

If you would like to add or suggest any articles/comments, please let me know by the 10th February 2010, as I will be issuing the next one on the 17th February 2010

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

You can view all copies of the Wholesale Bulletin at [www.wavedata.co.uk](http://www.wavedata.co.uk)

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