

# Category M throws up winners and losers

Cuts in the pharmacy reimbursement prices of generic medicines from the start of this month are intended to save the UK around £120 million (US\$200 million) annually. The country's Department of Health (DoH) and the body representing pharmacy, the Pharmaceutical Services Negotiating Committee (PSNC), have agreed a reduction of £10 million per month, which will be saved by adjusting reimbursement prices for medicines in category M of the Drug Tariff (**Generics bulletin**, 4 April 2014, page 10).

We asked WaveData to take a closer look at the winners and losers at an individual product level in the government's attempts to keep margins in line with an overall goal. Four category M products were selected that were found historically to have offered the best and worst deals to independent pharmacists and dispensing doctors in percentage and cash terms. Based on average trade and Drug Tariff prices, 28-tablet packs of amiloride 5mg provided a 1,613% loss; while for 100-tablet packs of mebeverine 135mg, the loss amounted to £12.19 per pack. Similarly, pharmacists have enjoyed an 87% gain from dispensing 100-tablet packs of dispersible aspirin 75mg; and £39.27 from 30-tablet packs of modafinil 200mg.

Charles Joynson, WaveData's managing director, pointed out prices for the amiloride product had "gone well off the scale" since October 2013, "forcing pharmacists to lose 1,613% of the Drug Tariff price each time they dispense a prescription" (see Figure 1). The DoH, he adds, has "come to the rescue" with monthly concessionary prices of £20.62 in the December to February period and £19.55 last month.

## Bounce around in a most extraordinary way

The aspirin product, meanwhile, has seen its Drug Tariff price "bounce around in a most extraordinary way", while its average and minimum prices have "remained relatively stable (see Figure 2). "Pharmacists could have made an 87% – £2.50 – profit for each pack dispensed in March," Joynson adds.

Three historical price "bounces" have been suffered by the mebeverine product, he observes, with the Drug Tariff "attempting to keep ahead of changes" (see Figure 3). This was achieved successfully in 2008, but was less effective in 2011 and now again in 2014. Despite prices that exceeded the Drug Tariff for most of 2011, price concessions were only granted of £7.52 in April and £9.25 in October. More recently, prices started rising last October and a price concession of £6.20 was granted in November 2013. This has since risen to £18.00 in March – when some firms were listing the product as being in short supply – as the product's average trade price has risen to £16.62.

Since launch in 2011, there has been a gradual average-price slide for the modafinil product (see Figure 4). Meanwhile, the Drug Tariff price was steady at £105.15 until June 2013, when it began to rise. "The Drug Tariff price rose by £11.09 between November 2013 and March 2014," points out Joynson, "whilst the product's average price fell by £2.80 over the same period, giving an average pharmacy profit in March of £39.27." But then at the beginning of April, he adds, the Drug Tariff was adjusted dramatically downward by nearly £44 to £78.75 "leaving pharmacists with a potential loss of £4.66." **G**

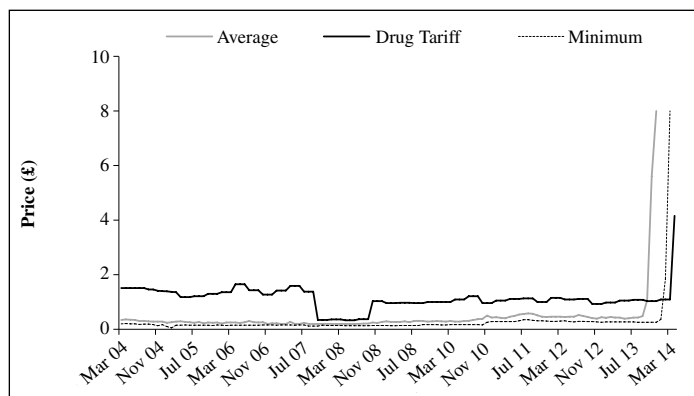


Figure 1: Lowest and average trade prices, compared with Drug Tariff reimbursement prices, for 28-tablet packs of amiloride 5mg (Source – WaveData)

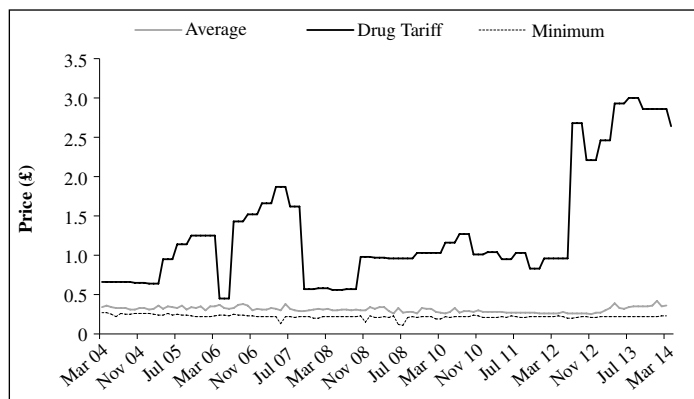


Figure 2: Lowest and average trade prices, compared with Drug Tariff reimbursement prices, for 100-tablet packs of dispersible aspirin 75mg (Source – WaveData)

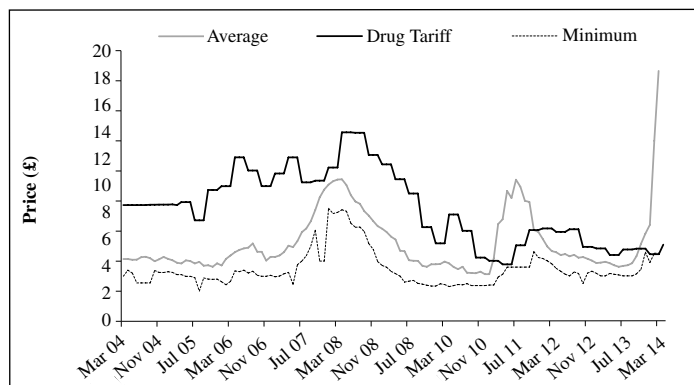


Figure 3: Lowest and average trade prices, compared with Drug Tariff reimbursement prices, for 100-tablet packs of mebeverine 135mg (Source – WaveData)

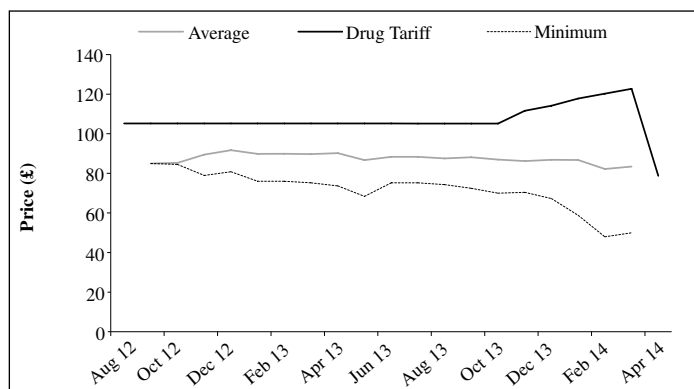


Figure 4: Lowest and average trade prices, compared with Drug Tariff reimbursement prices, for 30-tablet packs of modafinil 200mg (Source – WaveData)

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