

Escitalopram discounts settle quickly

In June of last year, we noted that escitalopram had started life as a commodity generic, and contrasted its dramatic price fall at launch with that of generic citalopram more than a decade earlier (*Generics bulletin*, 20 June 2014, page 25). Citalopram had been introduced in the UK at the start of 2002 with prices offering a 10% discount to the Cipramil brand. More than two years later, the average trade price of citalopram was still more than 50% of the brand price.

Launch prices for citalopram's successor – effectively on Monday, 2 June 2014 – offered a 90% discount to Lundbeck's CipraleX brand. Actavis and Teva both launched immediately upon expiry of the brand's supplementary protection certificate on 31 May.

Looking back over the six months that escitalopram has been on the market, it is clear that little has changed in the generic's price, but a lot has happened to pharmacists' dispensing margins. The average prices at generic launch offered to independent pharmacists and dispensing doctors were £0.88 (US\$1.36) for the 5mg strength, £1.18 for 10mg and £2.00 for 20mg. This compared with £8.97, £14.91 and £25.20 for the equivalent CipraleX strengths, or between 90% and 92% discount to the brand price.

Average trade prices for the two lower strengths were just £0.04 or £0.02 lower last month than they had been the previous June. The price of the 20mg strength, however, had dropped to £1.76, which represented a 93% discount to the brand equivalent.

Meanwhile, the Drug Tariff of pharmacy reimbursement prices had changed in October 2014 from category C – the CipraleX trade price – to category M, which is based on actual generic trade prices in the marketplace. The result was as dramatic as the price fall on Day 1 and had the same effect on pharmacists' dispensing margins. For four months they had enjoyed margins of 90% or more on average, but these were suddenly reduced to 44% for the 5mg strength (see Figure 1) and as low as 33% for 20mg (see Figure 2).

Today, pharmacists' dispensing margins are even tighter, having fallen on average to 30% for the highest 20mg strength, 33% for the 10mg strength and 39% for the 5mg presentation.

In terms of trade marketing activity, escitalopram got off to a slow start. Despite the large discounts on offer, WaveData only recorded 10 price offers in the first full month on the market of escitalopram 5mg from generics manufacturers and wholesalers to independent pharmacists and dispensing doctors (see Figure 3). Similarly, there were only 14 for the 20mg strength (see Figure 4).

In subsequent months, however, the activity has been fairly consistent, peaking in July – the second full month after launch – with about 70 price offers, and settling to about 60 more recently. This measure of competitive activity compares with monthly scores of over 100 price offers for the most active 'fast movers', such as omeprazole, lansoprazole and simvastatin.

Although the average prices of escitalopram changed little over the six months, some suppliers questioned whether the Day 1 price discount had been too steep. There were shallow price peaks in July when the competition started to get heated, with average prices of £1.08 for the 5mg strength, £1.66 for 10mg and £2.82 for 20mg.

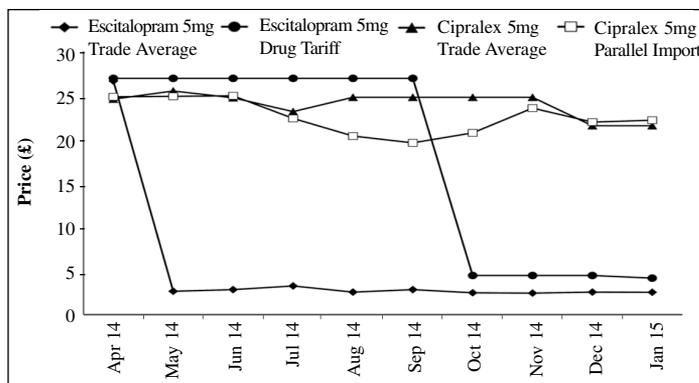


Figure 1: Average trade, Drug Tariff, Brand and Parallel Import prices for 28-tablet packs of escitalopram 5mg since generic launch (Source – WaveData)

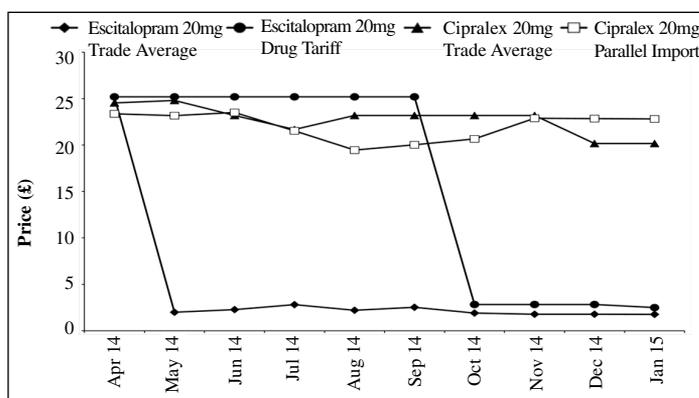


Figure 2: Average trade, Drug Tariff, Brand and Parallel Import prices for 28-tablet packs of escitalopram 20mg since generic launch (Source – WaveData)

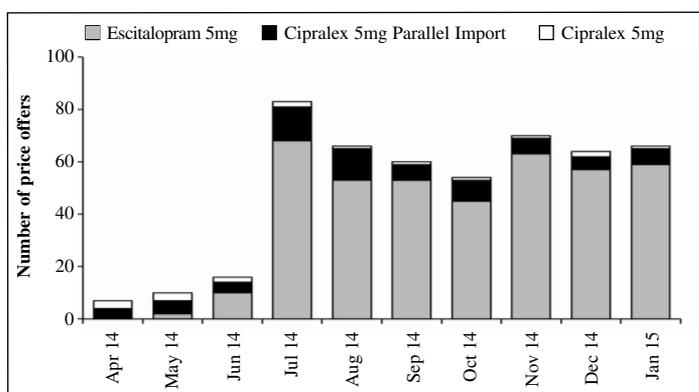


Figure 3: Price offers for 28-tablet packs of escitalopram 5mg made each month by generics suppliers to independent pharmacists (Source – WaveData)

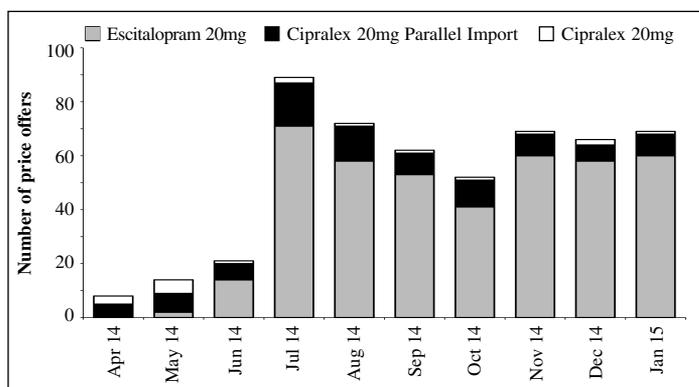


Figure 4: Price offers for 28-tablet packs of escitalopram 20mg made each month by generics suppliers to independent pharmacists (Source – WaveData)

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