

Gabapentin proves difficult to reimburse

When it comes to 100-capsule packs of gabapentin 300mg, the UK's pharmacy reimbursement arrangements are not shown in their best light. The product's price has been rising dramatically over the past few months – much as it started to do at around the same time in 2006 – and special arrangements have been required to ensure that pharmacists have not been dispensing it at a loss.

A glance at Figure 1 shows that movements in the Drug Tariff reimbursement price for gabapentin 300mg have been neither smooth nor gradual in recent years. Neither have they always been above the average trade prices of the product in the marketplace, thereby offering pharmacists a dispensing margin.

Gabapentin 300mg is in the Drug Tariff's category M, which is based on actual quarterly volume-weighted prices in the marketplace, derived from returns by generics suppliers. It is designed smoothly to track trade prices, ensuring that pharmacists receive a dispensing margin that is both reasonable for the product and within the overall budget.

However, the system has failed with gabapentin in recent months, much as it has done in the past. The Department of Health has been obliged to give the product NCSO status in September – no cheaper stock obtainable – which means pharmacists will be paid for dispensing a more expensive alternative. Stock shortages are the usual reason for granting the concession, which was also granted for gabapentin 300mg in June. The 100mg strength has also joined the NCSO list in September.

Back in June, the lowest trade price of the product was £2.99 (US\$4.61) after a modest 6% monthly increase; while the average price had moved up by about a third to £5.60 (*Generics bulletin*, 16 July 2010, page 19). July saw the average price rise accelerate, more than doubling to £13.48, as the lowest price climbed by nearly half to £4.24 (*Generics bulletin*, 6 August 2010, page 21).

Taking the most recent three-month period, the lowest price of the gabapentin product has increased by 250%, while the average price has nearly tripled. This has been bad news for pharmacists, who have seen the product's Drug Tariff reimbursement price climb from £3.84 in June to £4.99 in July, before remaining steady last month. By shopping around, they would have made a 22% dispensing margin in June and 15% in July, but would have lost money last month.

Nevertheless, despite the apparent shortages, about 50 price offers for the product were made to independent pharmacists and dispensing doctors in August. According to WaveData, this was about half the number that were being made a year ago (see Figure 2), but was still a substantial number. It remains to be seen if trade prices for gabapentin 300mg rise to the same level they did four years ago – £18.17 on average in June 2007 and at least £14.99 – and sustain the increases for as long a time. It took two years last time for the product's prices to return to their previous lows.

Meanwhile, six months after launch, losartan's average and lowest trade prices have dropped substantially, as Figures 3 and 4 show. The average price for 28-tablet packs of losartan 25mg in August was £1.07, while its lowest price was £0.69. With Merck, Sharp & Dohme's Cozaar equivalents both costing £16.18, the generics prices represented 93% and 96% discounts respectively to the brand price. **G**

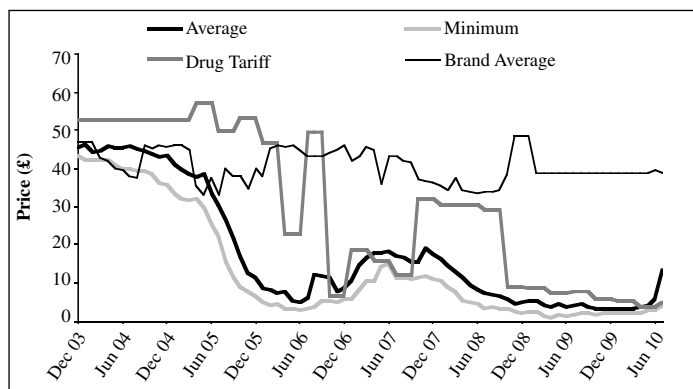


Figure 1: Monthly generics prices for 100-capsule packs of gabapentin 300mg, showing Drug Tariff and average Neurontin prices (Source – WaveData)

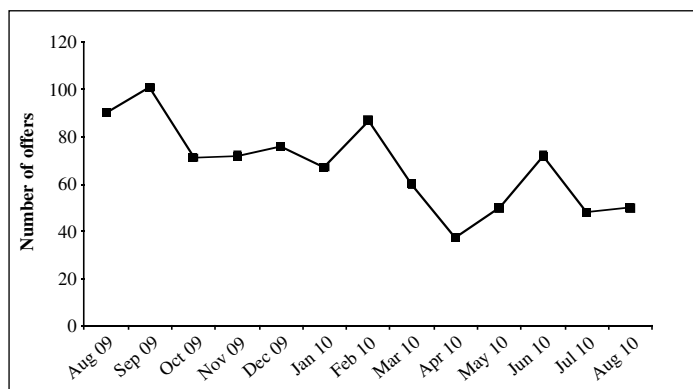


Figure 2: Number of monthly offers to independent pharmacists and dispensing doctors for gabapentin 300mg (Source – WaveData)

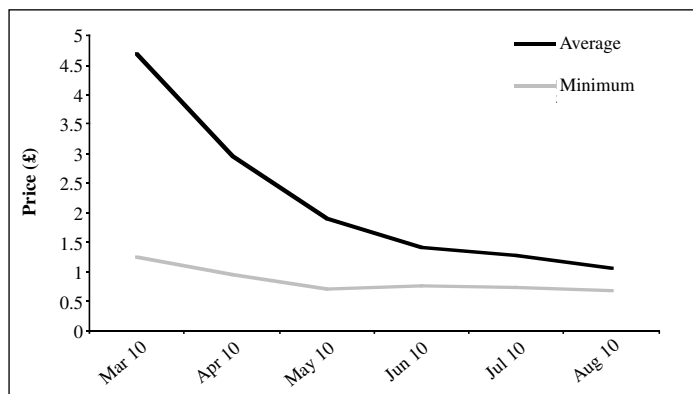


Figure 3: Average and lowest monthly trade prices for 28-tablet packs of losartan 25mg since launch in March (Source – WaveData)

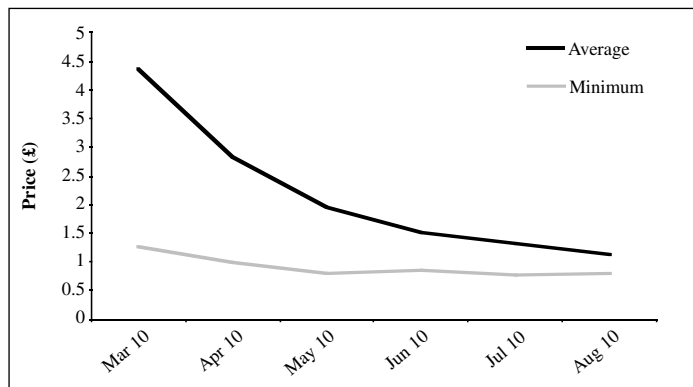


Figure 4: Average and lowest monthly trade prices for 28-tablet packs of losartan 100mg since launch in March (Source – WaveData)

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