

# Pharmacists object to official concessions

**G**abapentin prices have proved more difficult than most for the UK Department of Health to track in recent years within category M of the Drug Tariff of pharmacy reimbursement prices. Fluctuations in gabapentin's trade prices have meant that its category M prices – based on actual historical trade prices and including a dispensing margin – have not always been sufficiently responsive to rapid price movements.

This has resulted in gabapentin making periodic flirtations with the Department's monthly 'no cheaper stock obtainable' (NCSO) concessions, which are brought into play when quarterly Drug Tariff prices become out of step with actual trade prices. These concessions are negotiated each month by the Pharmaceutical Services Negotiating Committee (PSNC) and only apply for the month in which they have been granted. At the end of last month, gabapentin 100mg and 300mg capsules were granted price concessions of £2.69 and £5.92 (US\$4.33 and US\$9.52). These were markedly less than average trade prices of £3.12 and £8.46, according to WaveData.

The PSNC commented that it had applied for a concession early in the month. "After considerable pressing and numerous exchanges with the Department," it stated, "we were unable to reach an agreement as to what would represent a reasonable price for gabapentin and so the Department decided to set a price that we believe is too low."

According to the PSNC, the Department had "conveyed its decision" with the remark that it used "up-to-date price and volume data from a range of suppliers". According to the PSNC, the Department continued: "This data does indicate that stock is available at a wide range of prices for gabapentin, and we acknowledge that some is quite high when compared to the proposed concession prices. It also shows that the majority of stock on the market is available at or below the proposed price from multiple suppliers. As a result, on the data available to us, we cannot justify setting the price higher." Recent price movements and concessions for gabapentin 300mg are shown in Figure 1.

Noting that pharmacies in England were guaranteed annually "at least £500 million of purchase profit income", the PSNC said that its aim was to "minimise the risk of dispensing at a loss and equalise access to the agreed purchase margin". It added, however, "the current systems make it impossible to guarantee this in all cases". It was working with the Department "to try to agree new systems to deal with products in short supply" (*Generics bulletin*, 12 July, page 9).

Warwick Smith, director general of the British Generic Manufacturers Association (BGMA), insists that price rises must not be confused with product shortages and that what has happened to prices was envisaged when category M was introduced in April 2005. The NCSO system, he believes, distorts what was meant to be a free market in which prices could go up as well as down.

Looking back at gabapentin prices (Figures 2, 3 and 4), Charles Joynson, managing director of WaveData, notes that capsule prices appear to observe a three-year cycle "which seems about to repeat itself". He also notes that back in 2010/2011, the Department preferred monthly NCSO concessions – when pharmacists were allowed to substitute an original brand and were reimbursed accordingly – but more recently has opted for fixed price concessions.

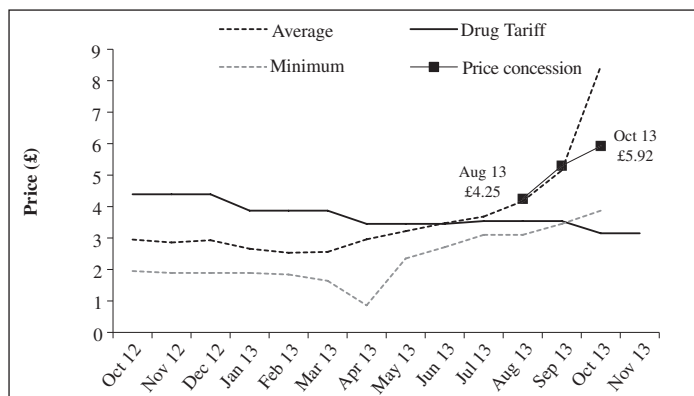


Figure 1: Recent changes in the trade and Drug Tariff prices for 100-capsule packs of gabapentin 300mg, showing the latest price concessions (Source – WaveData)

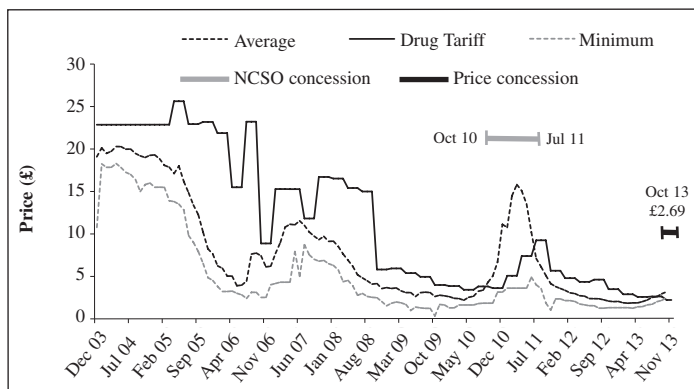


Figure 2: Price changes for 100-capsule packs of gabapentin 100mg, showing when NCSO and price concessions were granted (Source – WaveData)

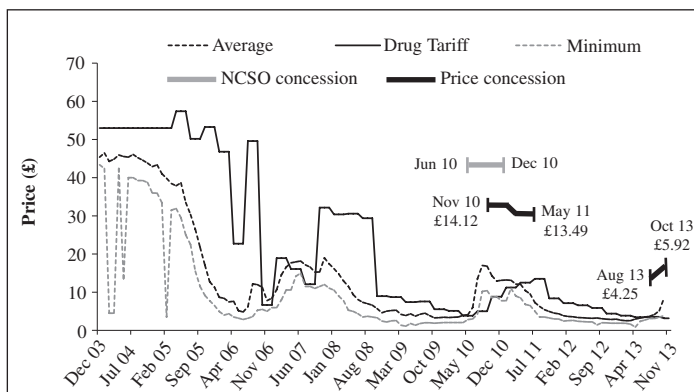


Figure 3: Price changes for 100-capsule packs of gabapentin 300mg, showing when NCSO and price concessions were granted (Source – WaveData)

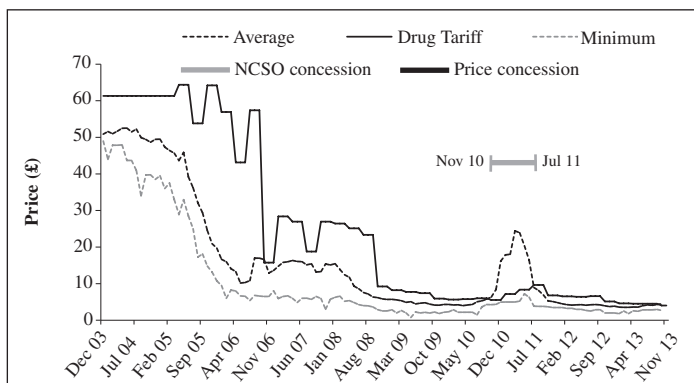


Figure 4: Price changes for 100-capsule packs of gabapentin 400mg, showing when NCSO and price concessions were granted (Source – WaveData)

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