

Sildenafil suffers drooping market prices

Back in June 2008, Pfizer had high hopes of switching Viagra (sildenafil) from prescription to OTC status throughout the European Union (EU). As a centrally-authorized drug – 10 years earlier in September 1998 – it was eligible for a pan-European switch. Switching Viagra 50mg before patent expiry would have extended the brand's life in the OTC market and potentially maintained the firm's income, especially in the UK, where roughly a fifth of prescriptions are in the private sector. However, the firm withdrew its application when the European Medicines Agency (EMA) raised concerns.

Five years later in June 2013, what Pfizer feared came to pass. Viagra's supplementary protection certificates (SPCs) expired all over Europe (*Generics bulletin*, 28 June 2013, page 22). In the UK, sildenafil's trade prices fell like a stone.

Brand prices for four-tablet packs of sildenafil 25mg that had been £16.59 (US\$26.53) in early June were replaced by sildenafil 25mg prices as low as £0.50 by the end of the month (see Figure 1). Such 97% discounts to the brand at generic launch were also available for the 50mg and 100mg strengths (see Figures 2 and 3), which had lowest trade prices of £0.64 and £0.714 respectively.

Pharmacists and dispensing doctors were given just three months to cash in on the sildenafil launch. During June, July and August, sildenafil continued to be reimbursed at the brand's trade price, meaning that dispensing profit margins could also be as high as 97%. In fact, by August, the lowest prices for the three strengths had dropped to £0.39, £0.50 and £0.60, increasing dispensers' profit margins still further.

September saw the Department of Health switch the pharmacy Drug Tariff reimbursement price of sildenafil from category C – the brand's trade price – to category A, based on the price lists of Actavis and Teva as well as the two leading wholesalers. This reduced pharmacists' margins a little, but October saw the relatively rapid move – only about three months after launch – to category M, based on actual market prices. Dispensing profit margins have fallen to about 70% on the lowest sildenafil prices available, and just over 50% on the average trade prices.

"Prices are low and profits are pretty thin," comments Charles Joynson, WaveData's managing director. "In the past, this has resulted in price 'bounces' as manufacturers withdraw from the market."

An added dimension with sildenafil, however, is the extent of private prescriptions. Sildenafil is in the 'selected list scheme' (SLS) which means doctors may only prescribe it on the National Health Service (NHS) to particular patient groups, such as those suffering from diabetes and Parkinson's disease, and only for erectile dysfunction.

At sildenafil's generic launch, the British Generic Manufacturers Association (BGMA) reckoned that as Viagra it had been prescribed almost 2 million times in the previous year, with a fifth of prescriptions coming from the private sector. WaveData has analysed Department of Health prescriptions data, which shows that roughly 0.5 million sildenafil tablets are prescribed generically each month on the NHS (see Figure 4). This figure peaked in May, a month before sildenafil's generic launch, to over 0.6 million. However, it settled down in the launch month to the typical monthly average of about 0.57 million. **G**

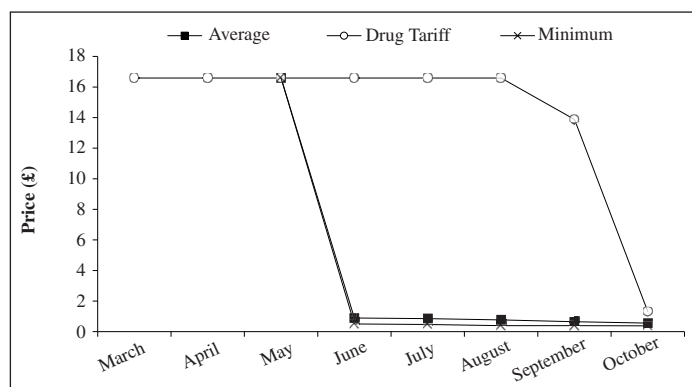


Figure 1: Lowest and average monthly trade and Drug Tariff reimbursement prices for four-tablet packs of sildenafil 25mg since generic launch (Source – WaveData)

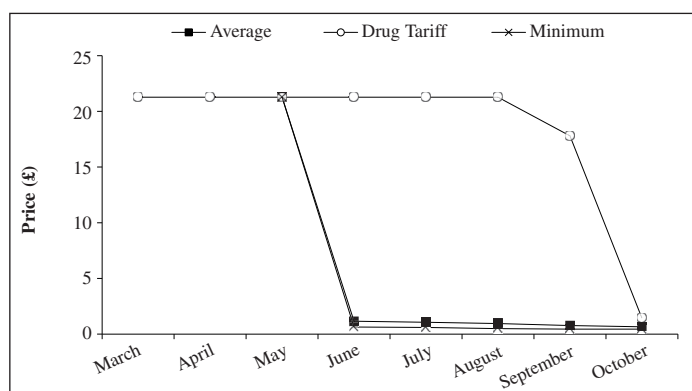


Figure 2: Lowest and average monthly trade and Drug Tariff reimbursement prices for four-tablet packs of sildenafil 50mg since generic launch (Source – WaveData)

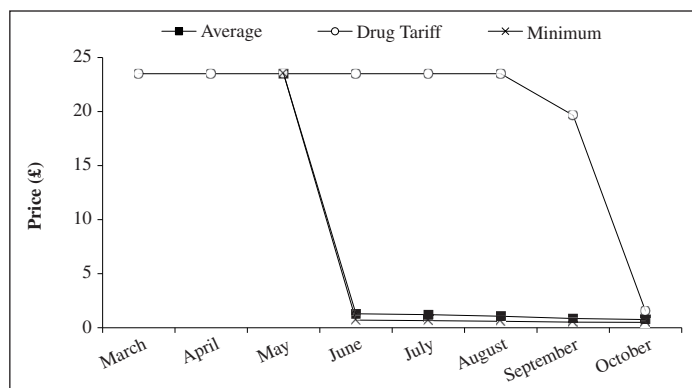


Figure 3: Lowest and average monthly trade and Drug Tariff reimbursement prices for four-tablet packs of sildenafil 100mg since generic launch (Source – WaveData)

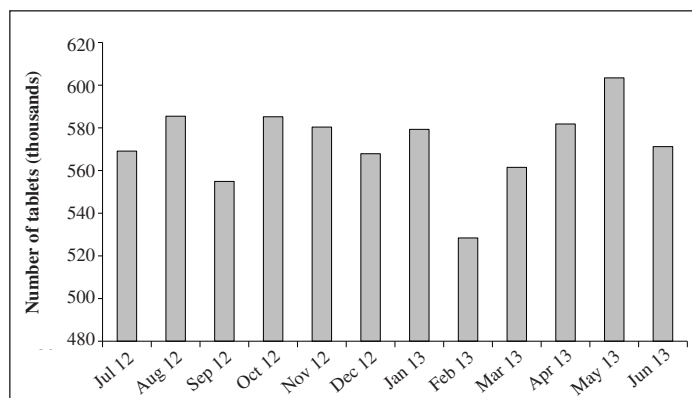


Figure 4: Number of sildenafil tablets prescribed generically each month on the National Health Service (Source – WaveData/Department of Health)

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