

Tariff changes may speed up price falls

No link exists between the sales value of a generic launched onto the UK market and the time it takes for the Department of Health to move it to category M of the Drug Tariff of pharmacy reimbursement prices," we reported WaveData concluding a few months ago (*Generics bulletin*, 1 September 2015, page 31). What was not analysed, however, was the effect on actual market prices of moving a product into a different reimbursement category, such as category M that is based on actual prices. Recent launches of aripiprazole and eplerenone show that it had no effect on the former, but a distinct effect on the latter. What the former also highlighted was that retaining one strength in a different category made little difference to its speed of price decline, compared with the others, but potentially boosted pharmacy dispensing margins.

Aripiprazole's and eplerenone's trade prices have been declining sharply of late, with the average price of aripiprazole 10mg falling by more than a fifth last month alone, closely matched by the average price of eplerenone 25mg, which dropped by a sixth in October (*Generics bulletin*, 6 November 2015, page 23). Three strengths of aripiprazole – 5mg, 10mg and 15mg – and just eplerenone 25mg were added to category M from 1 July, having spent a few months in category A, which is based on the weighted price lists of Actavis and Teva as well as the leading two UK wholesalers.

Launched in the summer of 2014, eplerenone remained in category C – reimbursed at £42.72 (US\$64.88), the trade price of Pfizer's Inspra brand – for six months before both the 25mg and 50mg strengths were switched to category A in February. During this time, their average trade prices rose from a launch price of £38.45 – a 10% discount to the brand – to more than £39.50 in January, the month before they were switched to category A. Both strengths' average prices then started to fall, dropping to around £33.50 by June, the month before the lower strength was switched to category M, which was about a 22% discount to the brand.

Moving eplerenone 25mg to category M in July brought an unusual hike in its Drug Tariff price. While it is difficult to explain the Drug Tariff increase, it is apparent that average prices accelerated downwards for both strengths when just the 25mg strength was switched to category M. Last month, when the 50mg strength was moved to category M, both could be bought by pharmacists for about £22.10 on average (see Figures 1 and 2).

Launched on 27 January 2015, aripiprazole rivals to Otsuka's Abilify have fallen steadily in price, as Figures 3 and 4 show. The downward trajectories in both strengths' average prices have been similar and do not seem to have been affected by changes in Tariff category. Aripiprazole 30mg, however, has remained in category A and its Drug Tariff price has not kept pace with the price falls.

Whereas an average market price for aripiprazole 10mg of £19.86 in October would have given pharmacists a 55% dispensing margin on a Drug Tariff price of £43.81; the equivalent figures for the 30mg strength were an average price of £36.26 and a Drug Tariff price of £148.80, giving pharmacists a dispensing margin of 75%, rising to 97% for the lowest price.

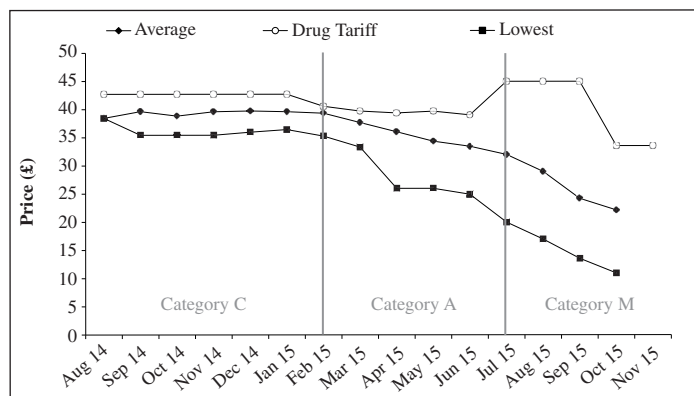


Figure 1: Lowest and average trade, and Drug Tariff prices for eplerenone 25mg tablets after generic launch (Source – WaveData)

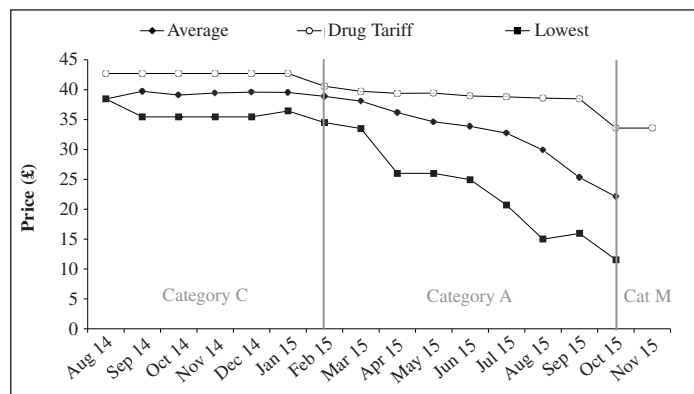


Figure 2: Lowest and average trade, and Drug Tariff prices for eplerenone 50mg tablets after generic launch (Source – WaveData)

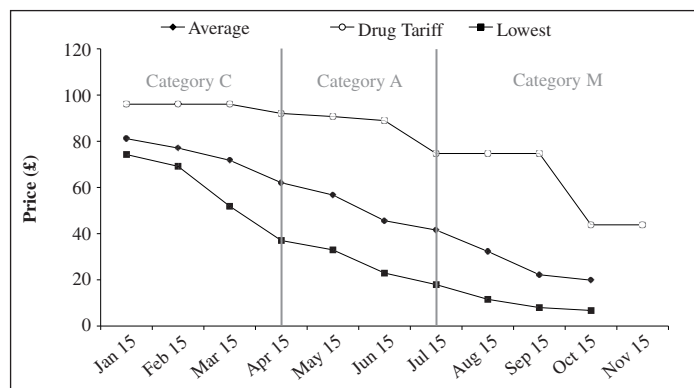


Figure 3: Lowest and average trade, and Drug Tariff prices for aripiprazole 10mg tablets after generic launch (Source – WaveData)

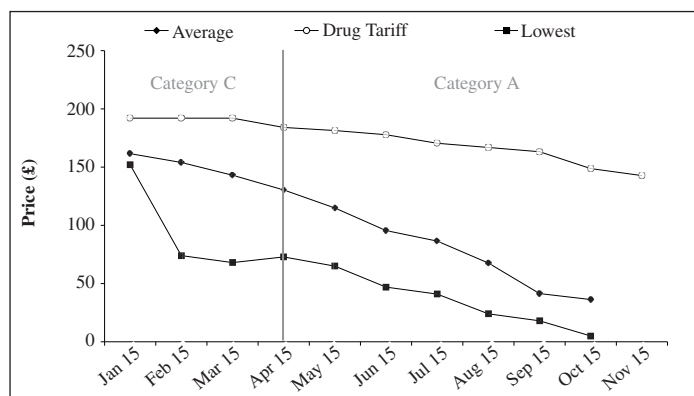


Figure 4: Lowest and average trade, and Drug Tariff prices for aripiprazole 30mg tablets after generic launch (Source – WaveData)

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