

Valsartan prices put Drug Tariff to the test

Prices for the three strengths of valsartan capsules have all featured on the Department of Health's monthly list of price concessions every month since June, and have once again appeared in September among the exceptions to the Drug Tariff of pharmacy reimbursement prices. The latest concessionary prices are a little lower than last month, but are still nevertheless several times greater than those contained in the Drug Tariff, which would otherwise apply.

The price concession for the 28-capsule packs of the 40mg strength, for example, is £8.45 (US\$13.64) in September. This compares with £8.50 in August, but is more than five-times the Drug Tariff price of £1.61. Similarly, the price concessions in September for the 80mg and 160mg strengths are £10.80 and £10.90 respectively. In August, the comparable concessions were £11.15 and £11.30, considerably more than the equivalent Drug Tariff reimbursement prices of £2.21 and £2.47.

Limited supplies, rather than shortages, and higher prices of valsartan capsules in recent months make an interesting case study.

All of the recognisable trends have been apparent: only the prices of certain presentations of the ingredient have been affected enough to receive a price concession; less affected presentations of the same ingredient have experienced a 'halo' effect of higher prices, either as a result of switching between products or enterprising suppliers trying to cash in; and the Department almost certainly has failed to pitch its concessionary prices at levels to prevent pharmacy losses.

Concessionary prices fail to prevent losses

Figure 1 illustrates the third of these very well. While the average trade price of 28-capsule packs of valsartan 40mg rose from £5.61 in June to £9.14 in August, the price concession granted by the Department oscillated between £8.50 and £9.28. Pharmacists made an average dispensing profit on each product of nearly £3 in June, a profit of £0.85 in July and a loss of £0.64 in August. They fared a little better with the 80mg strength in Figure 2, although an average dispensing profit of £0.19 in July was a close call. Similarly, the average dispensing profit for the 160mg strength was precisely £0.02 in August.

Meanwhile, the average prices of 28-tablet packs of valsartan 320mg and seven-tablet packs of valsartan 40mg have also drifted upwards in recent months. At no time, however, have they looked like exceeding their Drug Tariff equivalents (see Figure 3).

Arguably, this is because these tablet forms are in category A of the Drug Tariff, based on the list prices of Actavis and Teva as well as the two leading wholesalers. The capsule forms, in contrast, are in category M, based on actual prices in the marketplace. Whereas the Drug Tariff price of valsartan 40mg in 28 capsules was £1.61 in August, it was £2.65 for just seven tablets. Similarly, the Drug Tariff price of the 320mg tablets was £12.91, which was totally out of step with the lower capsule strengths.

Valsartan products in combination have seen little or no price effect whatsoever. As Figure 4 shows, the minimum, average and category M Drug Tariff prices for 28-tablet packs of valsartan 160mg with hydrochlorothiazide 12.5mg have bumped along at between about £1.50 and £3.00 for some time.

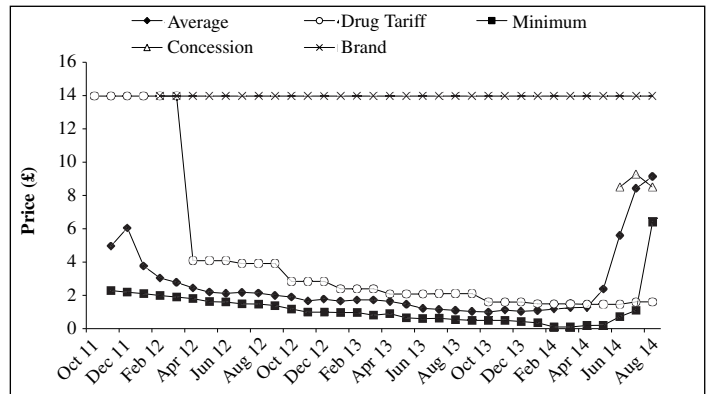


Figure 1: Lowest and average trade prices, compared with brand, Drug Tariff and concessionary prices, for 28-capsule packs of valsartan 40mg (Source – WaveData)

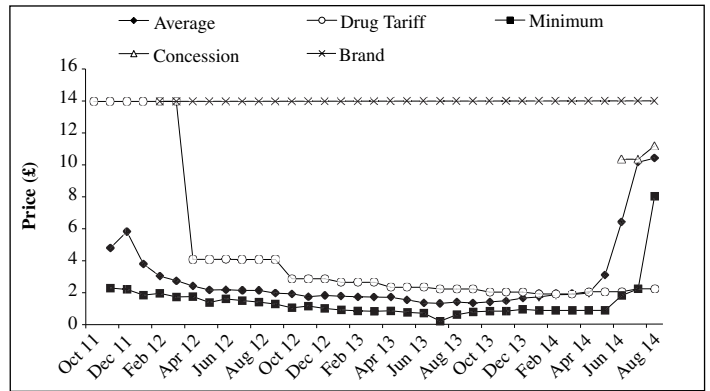


Figure 2: Lowest and average trade prices, compared with brand, Drug Tariff and concessionary prices, for 28-capsule packs of valsartan 80mg (Source – WaveData)

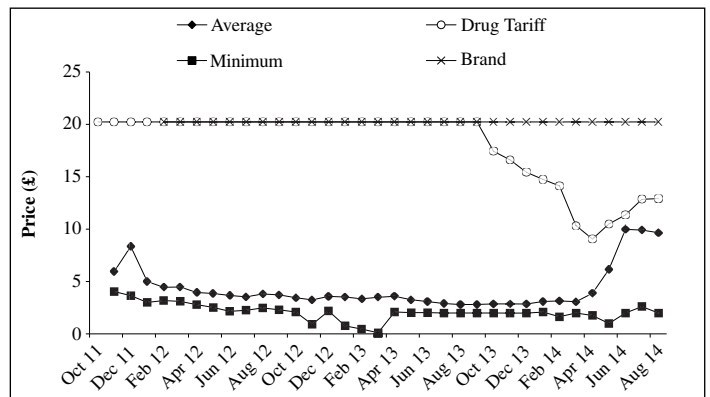


Figure 3: Lowest and average trade prices, compared with brand and Drug Tariff reimbursement prices, for 28-tablet packs of valsartan 320mg (Source – WaveData)

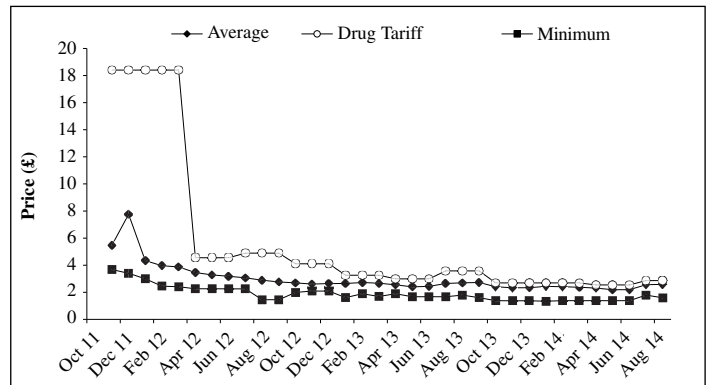


Figure 4: Lowest and average trade prices, compared with Drug Tariff prices, for 28-tablet packs of valsartan 160mg/hydrochlorothiazide 12.5mg (Source – WaveData)

WANT MORE LIKE THIS?

Long-term product price trends or other price analyses are available. Please specify the product and period of time you would like to investigate and email your request to info@wavedata.co.uk.

■ For further information see www.bppi.co.uk. Alternatively, contact Charles Joynson at WaveData Limited, UK. Tel: +44 (0)1702 425125. E-mail: cjoynson@wavedata.co.uk.

