IDENTIFICATION OF GENERIC CANCER MEDICINES THAT HAVE UNDERGONE SUBSTANTIAL PRICE RISES IN THE NHS IN ENGLAND

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Introduction

Over the last 40 years, the rising trend in cheaper generic medicines has enabled the NHS to save billions of pounds which have helped redistribute NHS funding and supported the introduction of innovative therapies.1 In 2014, generics accounted for 84% of the volume of pharmaceuticals sold in the United Kingdom, the highest among EU countries, representing a 19% increase since 2000 (Figure 1).2

The price of generic medicines is set by the Department of Health (DH) based on the selling price weighted average.3 DH allows free-pricing for generics as long as there is effective competition between manufacturers.3 DH could intervene should trends in expenditure indicate that the normal market mechanisms have failed to protect the NHS from significant increases in expenditure.3 However, DH cannot do so when a manufacturer is in the voluntary scheme of the Pharmaceutical Price Regulation Scheme.3 This could be the case of companies with a mixed portfolio with both branded medicines and unbranded generic medicines.3 In May 2017, a formal investigation by the European Commission was opened against a pharmaceutical company regarding alleged cases of unfair and significant price increases for generic cancer medicines.4 We seek to understand if similar pricing practices are taking place widely in generic cancer medicines.

Methods

Medicines of interest were categorised as generic cancer medicines and associated supportive care medicines. Price and formulation data was obtained from the British National Formulary (BNF) and the NHS Drug Tariff.5,6 Usage within primary and secondary care was obtained from the Prescription Cost Analysis and the Electronic Market Information Tool, respectively.7,8 The timeframe of interest was from September 2006 to October 2017. Longitudinal price changes were compared and trends were identified for the different categories of medicines. The additional expenditure to the NHS was estimated where considerable price rises were observed.

Results

Substantial price rises were seen in a number of generic cancer and supportive care medicines, with some prices increasing between 100% and 1,327% between 2006 and 2017. Out of the generic cancer medicines category, the highest price increase observed was that of busulfan tablets for the treatment of leukaemia, which rose from £0.10 per mg in 2006 to £1.38 in 2017 (Figure 2). Busulfan was found to be available from two suppliers, both members of the voluntary scheme. Out of the supportive care medicines, the price of dexamethasone, widely used to prevent chemotheraphy induced nausea and vomiting and also as part of the chemotherapy treatment in oncology and haematology, experienced the highest price increase. The price of dexamethasone 2 mg was stable from 2006 to 2014 at an average price of £0.07 per mg and then rose dramatically by 729% to £0.52 per mg in 2015 (Figure 3). It remained at this level until the beginning of 2017 when more manufacturers entered the market, increasing the competition for this medicine and driving a reduction in cost. The impact of the increase in competition is clearly seen as the price has continued to fall sharply to £0.21 per mg in October 2017 (40% reduction). It was estimated that the NHS incurred an additional £12.1M on the cost of generic dexamethasone 2 mg in 2016 (includes primary and secondary care), when comparing the 2016 price (peak prices) with that paid in 2013 (pre-price rise) (Figure 4). Furthermore, hospitals saved £2.7M through contract prices.

Conclusions

Although substantial price rises were seen in a small group of cancer medicines, a similar pattern was not seen across all cancer medicines or treatment categories analysed. Our research suggests that there may exist small monopolistic situations within the generic medicines market in England which can lead to dramatically increased prices in the absence of sufficient market competition. Our findings also suggest that the control mechanisms imposed by DH have failed to identify price rises for generic cancer medicines early enough to prevent considerable increases to NHS expenditure.

References

5. NHS National Formulary (BNF) Limited, Cambridge, UK