

# Atorvastatin slides down slippery slope

Thanks to a public holiday in the UK, the first business day for generic atorvastatin was Tuesday, 8 May, despite patent expiry on 6 May. Both Actavis and Teva claimed ‘day-one’ launches, while Watson’s Arrow said on 9 May that it had launched “upon patent expiry”.

Actavis published prices of £1.30 (US\$2.10) for 28-tablet packs of atorvastatin 10mg, £2.46 for 20mg and 40mg, and £4.23 for 80mg. The last of these was badged with the Zentiva name and carried a price that was an 85% discount to Lipitor’s trade price for the equivalent 80mg strength. The other three prices offered 90% discounts to those of the brand. Neither Watson nor Teva commented publicly on their trade prices.

Watson, however, commented on potential savings, which were itemised in more detail by the British Generic Manufacturers Association (BGMA). According to the industry body, the National Health Service (NHS) would save nearly £250 million in the next 12 months. It based this figure on annual NHS spending of £400 million on Lipitor and a price discount to the NHS of 85%. “If this price drop of 85% was to be maintained,” the BGMA said, “the NHS would continue to make an annualised saving of around £350 million.”

The discrepancy between the two savings figures – immediate and annualised – will depend on how quickly the Drug Tariff of pharmacy reimbursement prices is adjusted for generic atorvastatin. Currently it is still set at the trade price of Lipitor, with the next regular quarterly adjustment due in July. The 85% discount to the NHS reflects the likely market price plus an added dispensing margin for pharmacists. But it remains to be seen how long it takes for atorvastatin to find its way into the Drug Tariff’s category M – based on actual market prices – given that time will be needed to capture market data. Fast-moving generics generally spend up to their first six months in category A, which is based in part on Actavis’ and Teva’s price lists.

On this basis, the BGMA’s savings estimates are reasonable, but are likely to prove conservative once atorvastatin is placed in category M. Early data from WaveData show that the lowest-priced 10mg product is already available for £0.91, offering a 93% discount to the brand; or, put another way, a 93% dispensing profit margin for pharmacists. Similarly, the 80mg strength can already be obtained at £2.26, a 92% discount to the brand (see Figure 1).

Market clamour around the launch of generic lansoprazole in December 2005 was similar to that for atorvastatin earlier this month. In the case of the proton-pump inhibitor, it had transferred it from category C – for “drugs not readily available as a generic” – to category M by March 2006 (see Figure 2). However, average prices at launch offered only a 65% discount, and the lowest prices had still not reached 90% discounts after a few months (*Generics bulletin*, 7 April 2006, page 17).

Simvastatin made its debut in May 2003, several years before the introduction of category M in April 2005. Nevertheless, it was the second-highest selling NHS drug at the time, behind omeprazole. Price falls were rapid – and fairly smooth – as Figure 3 shows.

Like Lipitor, AstraZeneca’s Losec (omeprazole) was the world’s biggest-selling drug, but patent expiry in April 2002 was long before category M. Initial price falls were steep, but product supplies and prices have since had their ups and downs (see Figure 4).

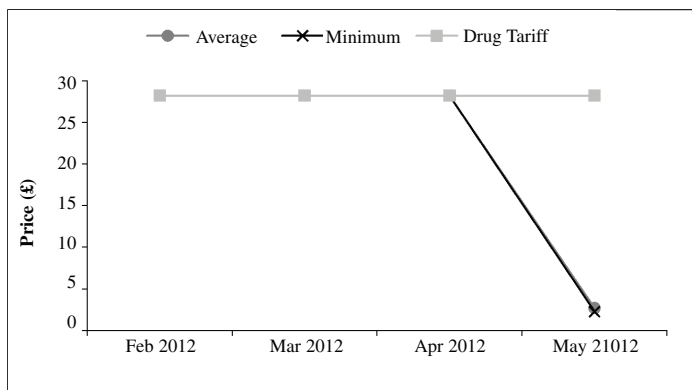


Figure 1: Market prices at launch for generic atorvastatin 80mg in 28-tablet packs, showing steep declines (Source – WaveData)

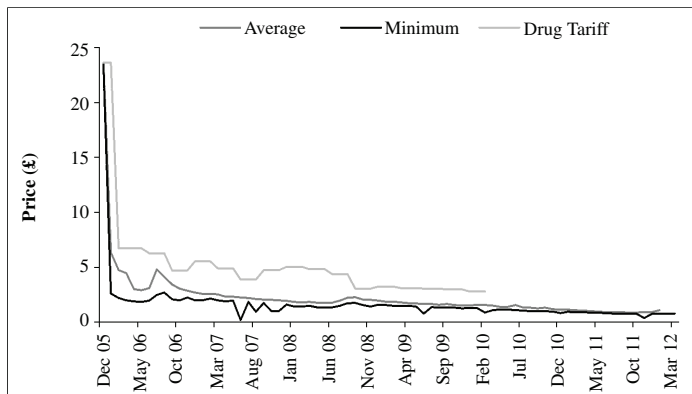


Figure 2: Market prices since launch for 28-capsule packs of lansoprazole 30mg, showing an average 65% discount initially (Source – WaveData)

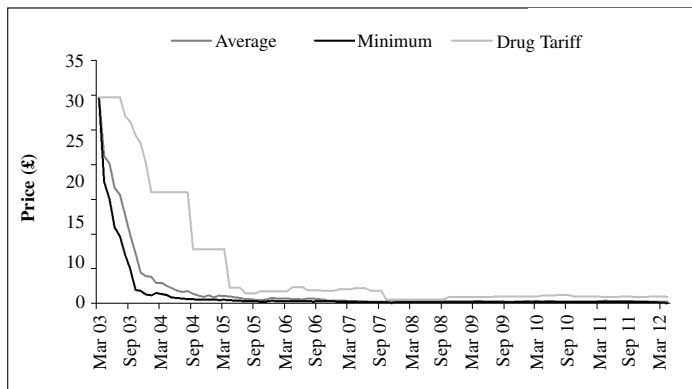


Figure 3: Market prices since launch for 28-tablet packs of simvastatin 20mg, showing a smooth and rapid decline (Source – WaveData)

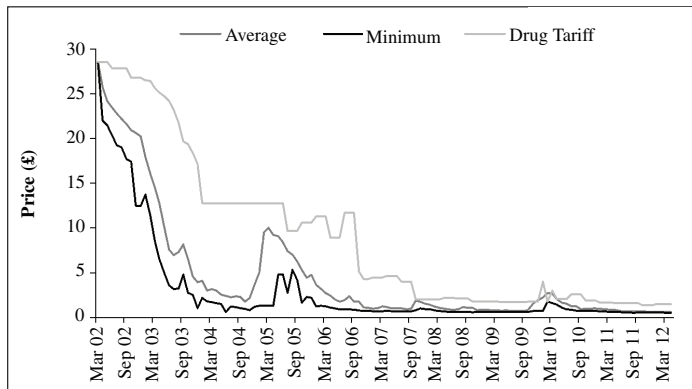


Figure 4: Market prices since launch for 28-capsule packs of omeprazole 20mg, showing how product availability has affected prices (Source – WaveData)

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