

## PRICE WATCH UK

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>90.3</b>	<b>Pharmacy Profit Index</b>	<b>82.7</b>
<b>Monthly change</b>	<b>+2.7</b>	<b>Monthly change</b>	<b>-3.4</b>
December 2016		December 2016	

**T**otal pharmacy reimbursement in December for our typical basket of UK generics remained steady for the third month running at £3,316 (US\$4,106), but with prices rising, pharmacy profit fell below £1,400 for the month. As a result, the average dispensing profit margin on the basket fell to almost exactly 42%.

As the year closed, the Price Watch Index of generics prices showed a nearly 10 percentage-point decline since March 2016, when the Index was first calculated. Pharmacy profit in the same period fell at almost double the rate to just 82.7% of its March level. This was the result of reimbursement prices for the typical basket falling by 13% in the period from £3,812.38.

Basket Price	Reimbursement Price	Pharmacy Profit
£1,923.02	£3,315.79	£1,392.77

**December 2016**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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13 January 2017

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>94.2</b>	<b>Pharmacy Profit Index</b>	<b>70.8</b>
<b>Monthly change</b>	<b>-4.0</b>	<b>Monthly change</b>	<b>+5.1</b>
February 2017		February 2017	

**A**nother £85 (US\$98) in dispensing profit was enjoyed by UK pharmacists in February for dispensing our typical basket, compared with the previous month. That was not saying a great deal, however, as January was by far the bleakest month since the Price Watch Index was first calculated in March 2016 (*Generics bulletin*, 10 February 2017, page 12). At £1,191.95 in February, pharmacists' dispensing profit on the basket was only 70.8% of its March 2016 figure, despite a 5.1 percentage-point improvement in the month.

Pharmacists had to thank falling generics prices for their additional profit as the pharmacy reimbursement price was static at £3,197.17. With a 4.0 percentage-point fall, the Price Watch Index of generics prices stood at 94.2 in February. This represented a purchase price for the basket of £2,005.22.

Basket Price	Reimbursement Price	Pharmacy Profit
£2,005.22	£3,197.17	£1,191.95

**February 2017**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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10 March 2017

PRICE WATCH ..... UK			
<b>Bleak times borne by UK pharmacists</b>			

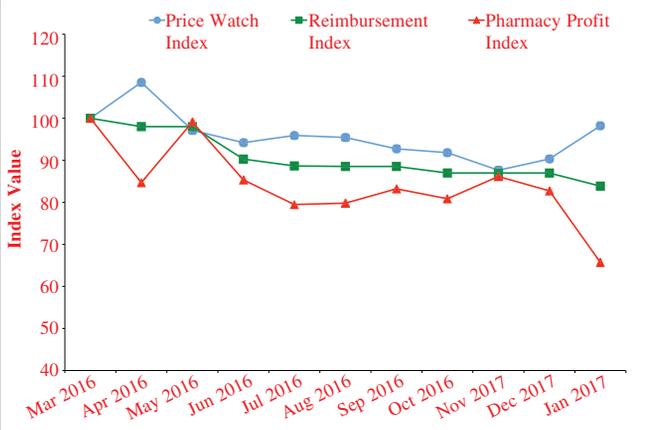
**U**K pharmacists had a dreadful start to the New Year, watching helplessly as their dispensing margins were squeezed between rising generics prices and falling reimbursement prices.

Measured by our representative basket of 20 popular generic products, our Pharmacy Profit Index dropped dramatically by 17.0 percentage points in January, its largest monthly fall by far, to just 65.7. Pharmacists were thus earning almost 35% less from dispensing the basket than they were last March, when the Index was first calculated.

In financial terms, pharmacists on average pocketed just £1,106.11 (US\$1,379.50) in January from dispensing our typical basket. This was a shortfall of more than £575 compared with the £1,683.51 they had made just 10 months earlier.

Rising generics prices gave the basket a value of over £2,000 for the first time since last August. At £2,091.06, its value was almost back to the £2,128.87 where it started last March, and was reflected in a Price Watch Index up by 7.9 percentage-points to 98.2.

Having kept reimbursement prices almost level for three months at about £3,316, the Department of Health's new quarterly Drug Tariff for January 2017 shaved more than £100 from the basket's total to just £3,197.17. This was 83.9% of where it had been last March, representing a reimbursement price cut of 16.1% for the generics in our typical basket.



Price Watch Index	98.2	Pharmacy Profit Index	65.7
<b>Monthly change</b>	<b>+7.9</b>	<b>Monthly change</b>	<b>-17.0</b>
January 2017		January 2017	

Basket Price	Reimbursement Price	Pharmacy Profit
£2,091.06	£3,197.17	£1,106.11

**January 2017**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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10 February 2017

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>89.2</b>	<b>Pharmacy Profit Index</b>	<b>75.8</b>
<b>Monthly change</b>	<b>-5.0</b>	<b>Monthly change</b>	<b>+5.0</b>
March 2017		March 2017	

Independent pharmacists enjoyed a small recovery in their profit margins during March, as measured by our typical basket of generic products. Although the basket's reimbursement price fell to its lowest value – £3,174.93 (US\$3,960.02) – since it was created 12 months ago, the decrease was more than matched by the decline in the basket's trade price to £1,898.43.

As a result, the monthly Price Watch Index fell by 5.0 percentage-points to 89.2, representing a more than 10% decline in generics trade prices over the past year. Only in November 2016 was the Index lower, when it dropped to 87.6. The March Pharmacy Profit Index moved up by a similar 5.0 percentage-points to 75.8, held back by the shortfall in reimbursement prices. Pharmacists were thus making only three-quarters of the profit they were making a year ago on our basket of 20 popular generics. **G**

Basket Price	Reimbursement Price	Pharmacy Profit
£1,898.43	£3,174.93	£1,276.50

**March 2017**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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**7 April 2017**

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>77.1</b>	<b>Pharmacy Profit Index</b>	<b>86.7</b>
<b>Monthly change</b>	<b>-12.1</b>	<b>Monthly change</b>	<b>+10.9</b>
April 2017		April 2017	

More than £400 (US\$520) has been wiped off the value of our typical basket of generics over the past three months, cutting the Price Watch Index to below 80 for the first time since it was started at 100 in March 2016. A monthly drop of 12.1 in the Index to 77.1 in April saw over £250 sliced off the basket's value during the month to £1,640.61. In January 2017, the trade price of the basket was £2,091.06 and the Price Watch Index stood at 98.2.

Independent pharmacists benefitted from almost all of the price cut in April, although the Department of Health shaved another £75 off the reimbursement price of the basket to £3,099.70. Pharmacists' dispensing profit margin rose to £1,459.09, better than at any time since May 2016 when the Pharmacy Profit Index stood at 99.1. April 2017's figure of 86.7 represented a double-digit improvement over the March Index of just 75.8. **G**

Basket Price	Reimbursement Price	Pharmacy Profit
£1,640.61	£3,099.70	£1,459.09

**April 2017**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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**12 May 2017**

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>77.6</b>	<b>Pharmacy Profit Index</b>	<b>82.0</b>
<b>Monthly change</b>	<b>+0.5</b>	<b>Monthly change</b>	<b>-4.7</b>
May 2017		May 2017	

A monthly rise of 0.5 in the Price Watch Index to 77.6 in May reversed a declining trend since the start of 2017, but still left the value of our typical basket of generics almost £500 (US\$644) lower than when the Index was started at 100 in March 2016. The Index value of 77.6 was lower than any previous month except April 2017, when the basket price was £1,640.61 (**Generics bulletin**, 12 May 2017, page 9).

Independent pharmacists saw the reimbursement price of the basket fall to £3,032.22, reflecting a monthly drop of 4.7 to 82.0 in May 2017's Pharmacy Profit Index.

Pharmacists' dispensing profit margin fell to £1,380.46, reversing the rise that had been seen since the start of the year, when the Pharmacy Profit Index hit a low of 65.7. **G**

Basket Price	Reimbursement Price	Pharmacy Profit
£1,651.76	£3,032.22	£1,380.46

**May 2017**

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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**9 June 2017**

# PRICE WATCH UK

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<b>Price Watch Index</b>	<b>66.9</b>	<b>Pharmacy Profit Index</b>	<b>95.5</b>
<b>Monthly change</b>	<b>-10.7</b>	<b>Monthly change</b>	<b>+13.5</b>
<b>June 2017</b>		<b>June 2017</b>	
<p><b>F</b>or the first time since we started the Price Watch Index in March 2016, independent pharmacists made more in profit last month than they paid out for their stock, judging by our representative basket of 20 popular generics.</p> <p>Put another way, they would have made a dispensing profit margin of 53% on the typical basket, based on a profit figure of £1,607.41 (US\$2,086.22) and a trade price of £1,424.81. In every other month since last March, pharmacists earned less, sometimes much less, than a 50% margin through dispensing.</p> <p>The change was the result of a double-digit decline in the Price Watch Index for June to just 66.9, making the trade price of our typical basket more than 30% cheaper than it had been 15 months ago. The Pharmacy Profit Index, meanwhile, grew by 13.5 as a direct result of the lower prices. A reimbursement price of £3,032.22 for the basket was exactly the same as it had been a month earlier in May. A June Profit Index of 95.5, however, was still almost 5% less than pharmacists were earning in March 2016. <span style="color: red;">G</span></p>			
Basket Price	Reimbursement Price	Pharmacy Profit	
£1,424.81	£3,032.22	£1,607.41	
<b>June 2017</b>			
<p>The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.</p>			
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**7 July 2017**

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>65.0</b>	<b>Pharmacy Profit Index</b>	<b>96.5</b>
<b>Monthly change</b>	<b>-1.9</b>	<b>Monthly change</b>	<b>+1.0</b>
<b>July 2017</b>		<b>July 2017</b>	
<p><b>J</b>uly saw a new low for our Price Watch Index, which fell by 1.9 points to just 65.0. This was less than two-thirds of the trade price that our representative basket of generic products commanded in March 2016, when the Index was set at 100. In monetary terms, the basket could have been bought by independent pharmacists for £1,383.86 (US\$1,814.75) last month instead of the £2,128.87 it would have cost them about 15 months ago.</p> <p>Independent pharmacists were the main beneficiaries of the continuing price fall, although the authorities clawed back a little by reducing the basket's reimbursement price from £3,032.22 in June to £3,009.10 in July. Nevertheless, the Pharmacy Profit Index rose by a point to 96.5. At £1,625.24, pharmacists' profit was still 3.5% less than it had been in March 2016, but the July change also lifted their dispensing profit margin by a point to 54%, the highest achieved to date. Until the recent price falls, their margin had consistently been around 40%. <span style="color: red;">G</span></p>			
Basket Price	Reimbursement Price	Pharmacy Profit	
£1,383.86	£3,009.10	£1,625.24	
<b>July 2017</b>			
<p>The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.</p>			
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**11 August 2017**

## PRICE WATCH ..... UK

<b>Price Watch Index</b>	<b>71.9</b>	<b>Pharmacy Profit Index</b>	<b>56.5</b>
<b>Monthly change</b>	<b>+6.9</b>	<b>Monthly change</b>	<b>-40.0</b>

August 2017

August 2017

More than £500 (US\$650) was slashed off the reimbursement paid to pharmacists last month for dispensing our representative basket of 20 popular generics. As a result, their official payment shrank to under £3,000 for the first time since the Price Watch Index was launched in March 2016, when it was over £3,800.

Having achieved their highest-ever dispensing margin of 54% in July (*Generics bulletin*, 11 August 2017, page 17), the margin made by pharmacists in August was down to 38% – the third-lowest after the 35% and 37% in January and February 2017 – thanks to price rises as well as reimbursement cuts.

The Price Watch Index based on the basket's trade price recovered by 6.9 points to 71.9 during the month. WaveData's managing director, Charles Joynson, commented that the price increases might have been the result of summer holidays "when key staff are away and low price offers aren't made to independent pharmacists". Nevertheless, the Index shows that trade prices have fallen by nearly 30% since March 2016.

More significant for pharmacists' bottom line was August's 17.5% drop in the basket's reimbursement price compared with July. In cash terms, pharmacists made a dispensing profit of only £951.58 in August, the first time their profit had fallen through the £1,000 barrier. In July, it had been £1,625.24. 

<b>Basket Price</b>	<b>Reimbursement Price</b>	<b>Pharmacy Profit</b>
<b>£1,531.44</b>	<b>£2,483.02</b>	<b>£951.58</b>

August 2017

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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8 September 2017

## PRICE WATCH ..... UK

<b>Price Watch Index</b>	<b>78.8</b>	<b>Pharmacy Profit Index</b>	<b>47.8</b>
<b>Monthly change</b>	<b>+6.9</b>	<b>Monthly change</b>	<b>-8.7</b>

September 2017

September 2017

Pharmacies' dispensing profit for our typical basket of 20 popular generics plumbed new depths in September. With trade prices rising and reimbursement prices remaining the same for a second month, the Pharmacy Profit Index fell below 50 for the first time since the Index was set at 100 in March 2016.

Pharmacists made less than half the profit they were getting just 18 months ago at £804.74 (US\$1,067.71) after a monthly 8.7-point fall in the Pharmacy Profit Index. Generics prices were not to blame for the shortfall. Despite a monthly 6.9-point rise to 78.8 in the Price Watch Index of average trade prices for the typical basket, the basket's September price was still more than 20% lower than it had been in March 2016. At that time, the basket cost £2,128.87 on average, but last month the price was down to £1,678.28. Pharmacies' reimbursement for dispensing the basket, meanwhile, has fallen from £3,812.38 to just £2,483.02. 

<b>Basket Price</b>	<b>Reimbursement Price</b>	<b>Pharmacy Profit</b>
<b>£1,678.28</b>	<b>£2,483.02</b>	<b>£804.74</b>

September 2017

The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.

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6 October 2017

# PRICE WATCH UK

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>78.8</b>	<b>Pharmacy Profit Index</b>	<b>41.4</b>
Monthly change	±0.0	Monthly change	-6.4
<b>October 2017</b>		<b>October 2017</b>	
<p><b>D</b>ispensing profit enjoyed by UK pharmacies for our typical basket of 20 popular generics fell to a new low in October, continuing the downward trend observed in September.</p> <p>A profit of just £696.42 (US\$912.88) meant that pharmacists were making barely two-fifths – 41.4% – of the profit they were making a year and a half ago when the Index was set at 100 in March 2016, and represented a 6.4-point decline from the previous month (<i>Generics bulletin</i>, 6 October 2017, page 8).</p> <p>With a basket purchase price that was virtually unchanged – at £1,677.15 compared to September’s £1,678.28 – the Price Watch Index remained static at 78.8. Meanwhile, the reimbursement value falling to a new low since the Index was set of £2,373.57 – from £2,483.02 in September – drove down the profit available to pharmacies.</p> <p>These declines came against a backdrop of increasing pressures caused by generic supply issues, including both shortages and pricing issues (<i>Generics bulletin</i>, 20 October 2017, page 12). <b>G</b></p>			
Basket Price	Reimbursement Price	Pharmacy Profit	
£1,677.15	£2,373.57	£696.42	
<b>October 2017</b>			
<p>The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.</p>			
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10 November 2017

PRICE WATCH ..... UK			
<b>Price Watch Index</b>	<b>75.1</b>	<b>Pharmacy Profit Index</b>	<b>46.0</b>
Monthly change	-3.7	Monthly change	+4.6
<b>November 2017</b>		<b>November 2017</b>	
<p><b>U</b>K pharmacies saw an uplift in the dispensing profit that they enjoyed for our typical basket of 20 popular generics in November, reversing a trend that had been observed for several months in the second half of 2017.</p> <p>After a downward trend observed in September and October that saw the Pharmacy Profit Index fall to a low of 41.4 in October (<i>Generics bulletin</i>, 10 November 2017, page 14), November saw the profit figure climb to £774.56 (US\$1,041.53). However, this was still less than half the profit enjoyed when the Index was set at 100 in March 2016.</p> <p>With a basket purchase price that fell from £1,677.15 in October to £1,599.01 in November, the Price Watch Index fell by 3.7 points to 75.1. Meanwhile, the reimbursement price held fast at £2,373.57, lifting the profit enjoyed by pharmacies as the Pharmacy Profit Index rose by 4.6 points to 46.0. <b>G</b></p>			
Basket Price	Reimbursement Price	Pharmacy Profit	
£1,599.01	£2,373.57	£774.56	
<b>November 2017</b>			
<p>The Price Watch Index is based on the actual average trade price according to WaveData of a representative basket of 20 popular generic products in March 2016, when the Index was 100. The basket reflects recent official prescribing data for England and Wales and represents what an average pharmacy would pay for the products, which were selected as being the top cash generators within pharmacy. The Pharmacy Profit Index is calculated on the same basis by applying Drug Tariff reimbursement prices to the basket.</p>			
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8 December 2017