

Sartans show importance of good pricing

Recent introductions of sartans in the UK have demonstrated similar approaches to launch prices across the different ingredients. These approaches have subsequently been proved to be correct in some instances, but not in others. First onto the market back in March 2010 was losartan. As we noted at the time (*Generics bulletin*, 26 March 2010, page 23), the discounts for ‘day-one’ launches varied between 50% and 80% of the Cozaar brand’s trade price of £12.80 (US\$20.10). Soon, however, discounts topped 90%, although the the average discount during the first month was more like 75% (see Figure 1).

The Drug Tariff pharmacy reimbursement price started tracking more closely the average market price of 28-tablet packs of losartan 50mg about two years ago. It offered independent pharmacists and dispensing doctors average margins for dispensing the product of about 50% on average on prices that had sunk to about 5% of the original brand price. Supply issues about 12 months ago caused the Drug Tariff to be raised, but this has been falling again in recent months to reach £1.50 in January of this year, compared with an average actual market price for the product of about £0.80 last month.

When Novartis’ Diovan supplementary protection certificate (SPC) expired in November 2011, 28-capsule packs of valsartan 80mg came onto the market at £4.80, offering a two-thirds discount on the brand’s trade price. The average price of the generic briefly rose a month later, before falling to £3.78 in January 2012 (see Figure 2). This was the start of a steady decline that has seen the average trade price fall to £1.87 over the past year, representing a discount to the brand of 87%. December’s Drug Tariff price in category M – based on market prices – was £2.86, which offered pharmacists a dispensing margin of 35%.

Candesartan was launched in May last year with a 75% discount to Takeda’s Amias brand. Packs containing 28 candesartan 8mg tablets were offered at an average launch price of £2.41, compared with a brand price of £9.89 (see Figure 3). However, average prices rose in the subsequent months, peaking at £4.27 in August. This points to supply problems, notes WaveData’s managing director Charles Joynson, as manufacturers increased their prices and perhaps withdrew from the market. Meanwhile, the authorities insisted upon transferring candesartan to category M of the Drug Tariff in October, which virtually removed any dispensing margin, just as prices were returning to those at launch. Nevertheless, average trade prices for candesartan offer a 75% discount to the brand, in stark contrast to the much greater discounts provided, in particular, by losartan.

Launch prices for irbesartan last August also offered 75% discounts to Sanofi’s Aprovel. This seemed to strike the right note as prices have remained remarkably stable in the few months since launch. Packs containing 28 irbesartan 300mg tablets had an average price at launch of £3.72, while the brand’s trade price was £15.93 (see Figure 4).

December saw the reimbursement price in category A – based on trade price lists – drift down to £14.20, but this still offered pharmacists a handsome dispensing margin. However, irbesartan was transferred to category M in January, giving the 300mg product a reimbursement price of £4.05. This would have offered pharmacists a dispensing margin of about 20% on December’s average price of £3.20.

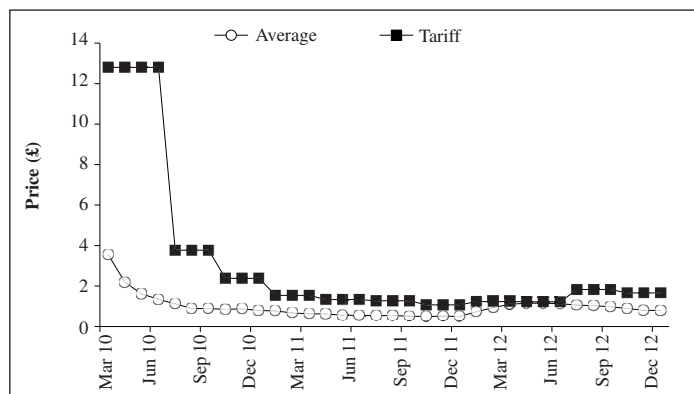


Figure 1: Average trade and Drug Tariff prices since launch for 28-tablet packs of losartan 50mg (Source – WaveData)

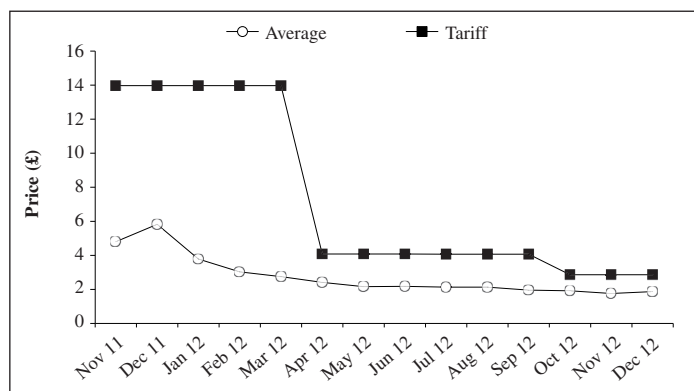


Figure 2: Average trade and Drug Tariff prices since launch for 28-capsule packs of valsartan 80mg (Source – WaveData)

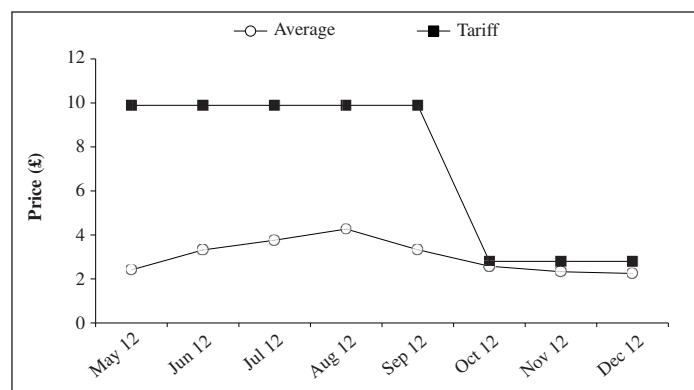


Figure 3: Average trade and Drug Tariff prices since launch for 28-tablet packs of candesartan 8mg (Source – WaveData)

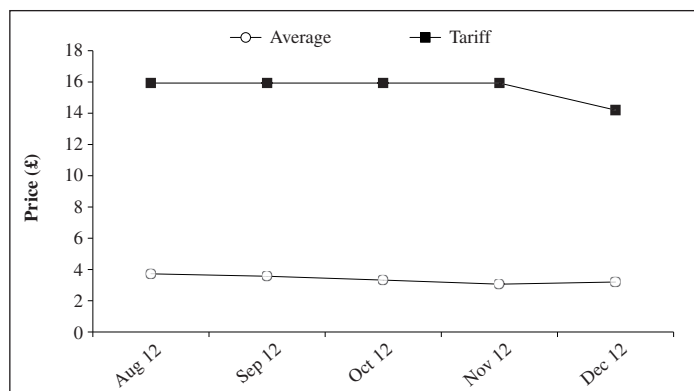


Figure 4: Average trade and Drug Tariff prices since launch for 28-tablet packs of irbesartan 300mg (Source – WaveData)

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