



BRITISH GENERIC MANUFACTURERS ASSOCIATION

Delivering Value but also access

By Warwick Smith

In the generics industry where fine margins can make big commercial differences there is often a tendency to place too much emphasis on the end result without focussing on the wider impact.

This is perfectly natural as the over-riding objective of the UK market is cost reduction driven by competition. And we are good at what we do. The latest set of figures from the Health and Social Care Information Centre (HSCIC) underlined this very point. Their data showed that the total number of items dispensed in England and Wales 2013 was just over one billion which was a slight increase on the previous 12 months.

Of that total generic products increased to 75.2 per cent in 2013 from 72.7 in 2012 mainly as a result of the use of generic alternative products which have become available recently for several leading medicines.

Using this data, we can calculate that if all prescriptions were reimbursed at the average brand cost then the medicines bill would be over £20.1billion meaning that annually our industry saves more than £12billion to the NHS.

These are impressive figures and validate the UK model which produces both savings and encourages innovation from the originator sector through competition.

However, what can be forgotten in the focus on figures is that generic medicines also widen patient access. As a result of the savings we generate, more patients get access to vitally important medicines. Interestingly, this point was emphasised in the latest HSCIC data around Atorvastatin.

Atorvastatin - previously marketed by Pfizer as Lipitor before losing patent protection - is a drug which helps to reduce the likelihood of heart attacks and strokes. Figures show it had the greatest decrease in cost of any drug over the last year, a £124.2 million decrease from £166.6 million in 2012 to £42.4 million in 2013. As a result, it also had the greatest increase in the number of items dispensed, from 12.8 million in 2012 to 18.3 million in 2013, an increase of 5.5 million items.

So generic competition allowed more than 40% of additional patients to receive this medicine whilst reducing the cost to the NHS by almost 70%.

This is the perfect example of generic competition in practice. Large savings to the NHS coupled with more patients being able to access high quality, life-enhancing drugs. In addition, we drive innovation as our savings provide the platform for further research and development into the next generation of critical, life-saving medicines.

So for our industry it is critically important to remember that generic competition isn't just about helping balance the books but in a number of ways it is ultimately about getting the right medicines, to the right people at the right time.