

UK medicine prices amongst lowest in Europe

The UK has dropped to the bottom of an official league table which compares the prices of medicines across Europe, a Government report has revealed⁽¹⁾. For the first time since the inception of the report, the costs of medicines in the UK are cheaper than those in Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Spain and Sweden.

The figures were published in the Department of Health's Pharmaceutical Price Regulation Scheme's (PPRS) tenth annual report to Parliament which compared the 2008 prices paid by the NHS for the leading 150 branded medicines supplied in the UK with the equivalents of those supplied in the 11 European countries stated above, as well as USA and Australia. The UK ranks 12th out of the 13 countries included with only Australia being cheaper. Comparative figures for medicines prices in the other 16 EU member states were either not available or have not been published.

It is anticipated that the UK will post a similar if not even lower ranking when next year's report is published. This is because since 2008, Sterling has fallen markedly against the Euro and the prices of branded medicines prices in the UK have dropped further due to a 3.9 per cent cut in February 2009. Another price cut of 1.9 per cent is due to be introduced in January 2010. Each percentage point cut saves the NHS roughly £80m.

All of this appears to be good news for the Great British tax payer and bad news for large pharmaceutical manufacturers, whose profit margins have been adversely affected by the tough stance taken by the NHS during price negotiations.

However, it follows that any significant differences in medicines prices between European countries will increase parallel trade. The prevailing parallel trade trend for medicines is the relatively new phenomenon of export from the UK. Due to the allegedly high level of export activity by holders of pharmaceutical wholesale dealers' licences the UK supply chain has been unable to meet demand for certain medicines, which has in turn led to patients and patient groups complaining vociferously in the press that they have been unable to obtain the medicines they need.

Nonetheless, the Government should be applauded for looking after the interests of the UK tax payer by ensuring that the prices at which the NHS buys its leading branded drugs from the 205 pharmaceutical manufacturers which are subject to the PPRS scheme are kept low. This should in theory mean that patients will have access to a greater variety of more innovative drugs at a fair price to the NHS. However, this tough bargaining allied to a combination of weak Sterling relative to the Euro and poor regulation and enforcement of the current legislative provisions against the activities of exporting wholesalers, has led to medicines shortages in the UK.

All in all, this means that in the absence of stricter regulation or enforcement of the current laws and the continued weakness of Sterling against the Euro, medicines shortages are to be here to stay and there is no sign that this problem will go away any time soon.

(1)http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_110003.pdf

For pharmacy legal services, contact **Richard Hough**, a solicitor and pharmacist, at our Liverpool offices on 0151 600 3302 or at richard.hough@brabnerscs.com.