



LETTERS

GENERIC DRUG PRICING

The scandal of generic drug pricing: drug regulation policies need review

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We welcome the news that the Competitions and Market Authority is now taking drug companies such as GlaxoSmithKline, Pfizer, and Flynn Pharma to task for overcharging the NHS for generic drugs.¹ In December, the authority announced that it was investigating Actavis for inflating the price of hydrocortisone, a WHO essential medicine used to treat adrenal insufficiency.²

The price of hydrocortisone has risen by 12 000% since 2008 in the UK, though not in the rest of Europe, costing the NHS an estimated additional £69.5m (€82m; \$86m) a year. Hydrocortisone costs £93.98 for a month's supply in the UK, but only €3.12 in Spain.

Newly developed and patented drugs are sold at higher prices to recoup the costs of research and development incurred by the innovating company. Such innovation should be protected. However, after the companies have recouped their investment, such high prices are unjustified. The cost of generic drugs should be subject to market forces; why only one company in the UK is importing, manufacturing, and distributing hydrocortisone is unclear. This apparent monopoly has been a problem since 2008 and was identified in the media as early as 2010.³

We must protect the NHS from these market failures. One option would be to develop an arm's length NHS organisation to

manufacture essential drugs. This would enable the NHS itself to set the market price for generic drugs. Such a company could be run as a non-profit making NHS Trust with the aim of making generic drugs at cost prices, setting prices to ensure solvency, and ploughing profits back to getting approval for other generics. It would be subject to all the normal regulatory processes of the Medicines and Healthcare Products Regulation Agency to maintain the excellent safety standards in the UK, but would not have a profit motive. Innovation of new drugs would remain protected by patents, but generic drugs prices would fall.

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Full response at: <http://www.bmj.com/content/355/bmj.i5849/rr>.

- 1 Hawkes N. Competition authority will investigate price hikes of generic drugs. *BMJ* 2016;356:i5849. doi:10.1136/bmj.i5849 PMID:27802935.
- 2 Competitions and Markets Authority. Hydrocortisone tablets: suspected excessive and unfair pricing. <https://www.gov.uk/cma-cases/pharmaceutical-sector-anti-competitive-practices>.
- 3 Lewis J. "NHS doesn't care about cost of medicine": drugs firms accused of profiteering by raising prices by one thousand per cent. *Daily Mail* 2010 Jul 18. <http://www.dailymail.co.uk/news/article-1295610/NHS-doesnt-care-cost-medicine-Drugs-firms-accused-profiteering-raising-prices-ONE-THOUSAND-cent.html#ixzz4B10gUIRR>.

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