ABPI
UK NHS Medicines Bill Projection 2012 – 2015.
Results – Four Nations.

The Office of Health Economics
for the ABPI
October 2012

Research OHE Consulting
Office of Health Economics

Outline

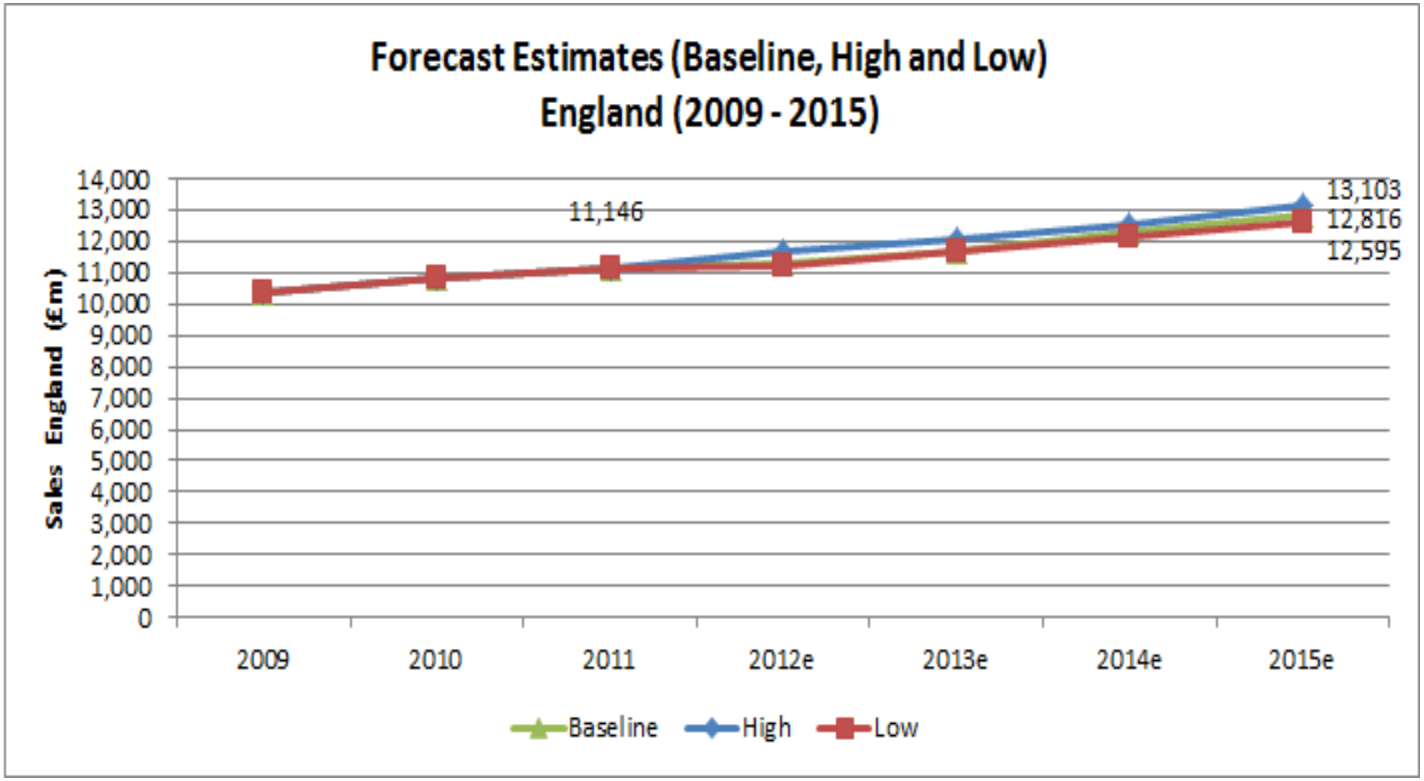
- **Key Results: England, Scotland, Wales and Northern Ireland**
- Methodology
- Appendix: Data

England – Key Results

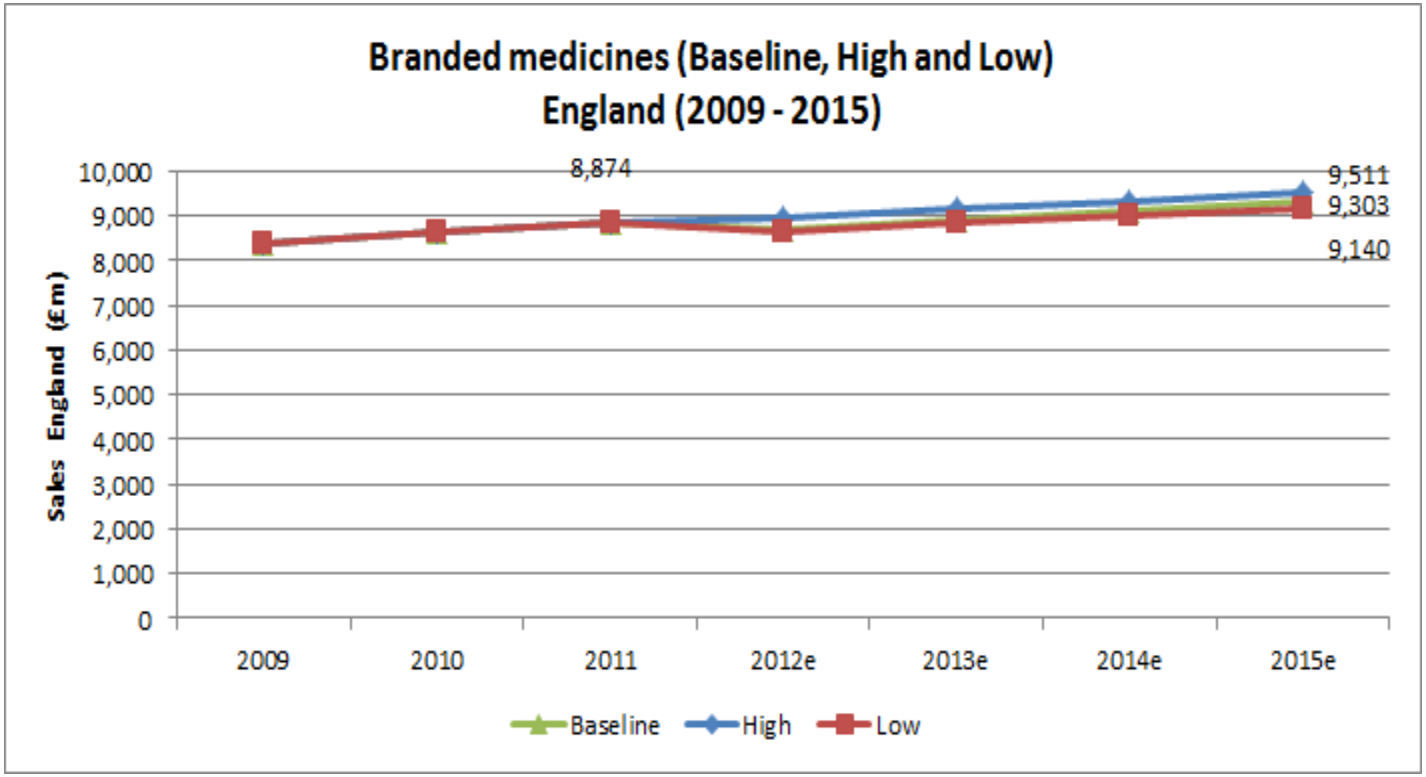
- **2011 to 2015 – GROSS (at list prices)**
  - **Total England NHS medicines bill** projected to increase by 3.1 – 4.1% CAGR [baseline: 3.6%] to between £13.1 – 12.6bn [baseline: £12.8bn] (2009-11 was 3.6% CAGR)
    - Primary care by 1.2 – 2.0% p.a. [baseline: 1.5%] (2009-11 was 1.7% CAGR)
    - Secondary care by 6.3 – 7.5% p.a. [baseline: 7.0%] (2009-11 was 7.2% CAGR)
  - **Branded medicines bill** projected to increase by 0.7% - 1.7% CAGR [baseline: 1.2%] to between £9.1 – 9.5bn [baseline: £9.3bn] (2009-11 was 3.0% CAGR)
    - Primary care by -1.9% to -1.1% p.a. [baseline: -1.6%] (2009-11 was 1.4% CAGR)
    - Secondary care by 4.8% to 6.0% p.a. [baseline: 5.5%] (2009-11 was 5.9% CAGR)
- Loss of exclusivity of some major brands is projected to yield £2.8bn **cumulative** savings to the NHS between 2012 and 2015 with £4.4bn **cumulative** lost revenue to industry

The medicines bill is under control and already delivering substantial efficiencies

Estimated Medicines Bill in England (2009 – 2015) [At list prices]

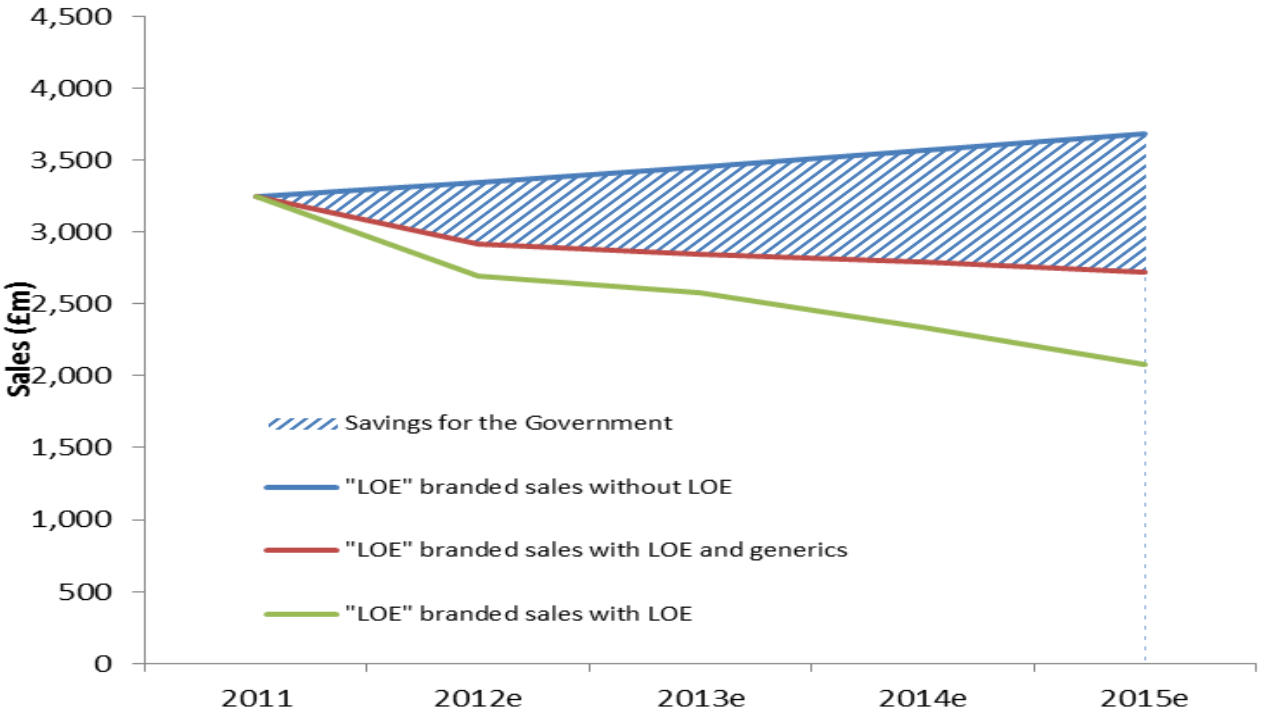


Estimated Branded Medicines Bill in England (2009 – 2015) [At list prices]



Estimated cumulative savings for Government in England 2012 – 2015 due to loss of exclusivity (Baseline) ≈ £2.8bn

This represents a loss of ≈ £4.4bn to the branded industry in England

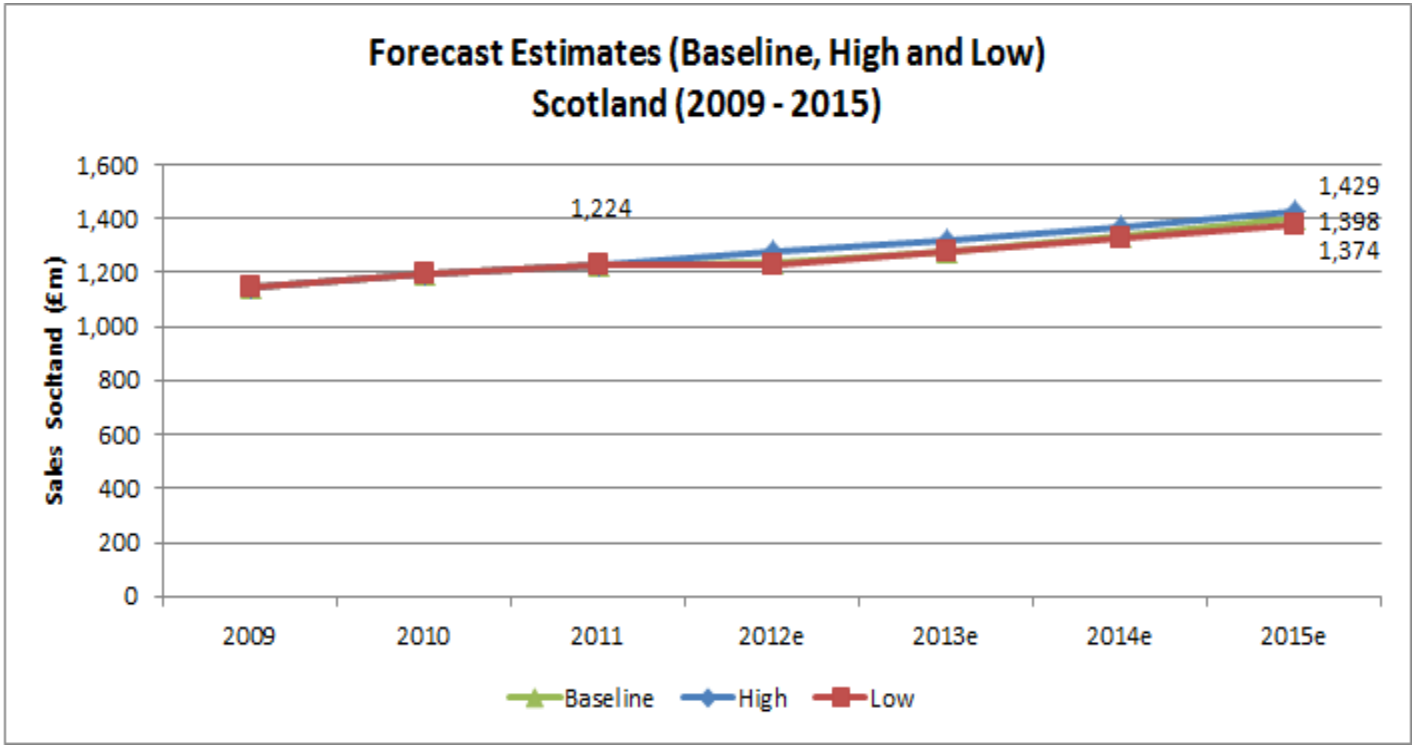


Scotland – Key Results

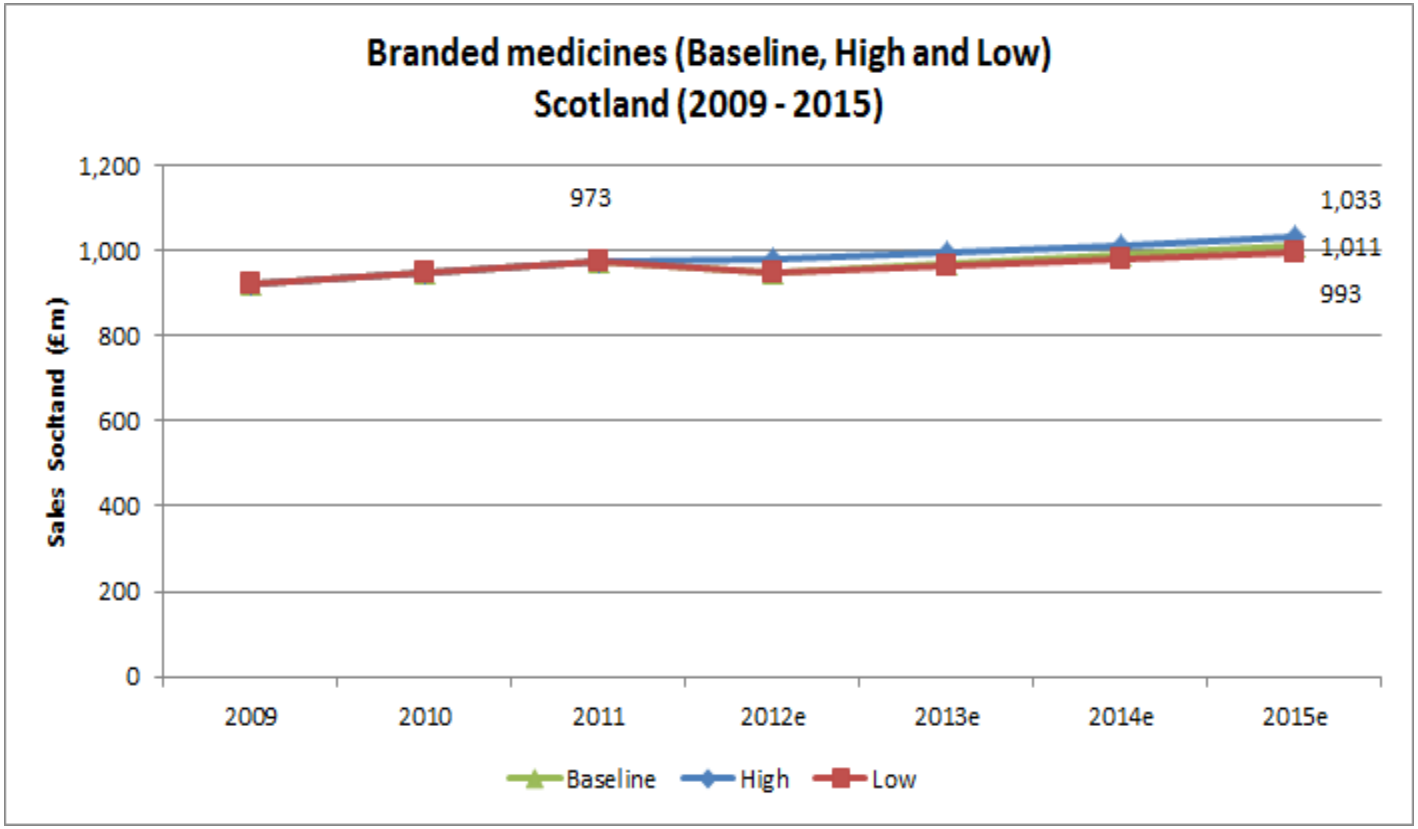
- **2011 to 2015 – GROSS (at list prices)**
  - **Total Scotland NHS medicines bill** projected to increase by 2.9 – 3.9% CAGR [baseline: 3.4%] to between £1.43 – 1.37bn [baseline: £1.40bn] (2009-11 was 3.4% CAGR)
    - Primary care by 1.2 – 2.0% p.a. [baseline: 1.5%] (2009-11 was 1.7% CAGR)
    - Secondary care by 6.3 – 7.5% p.a. [baseline: 7.0%] (2009-11 was 7.2% CAGR)
  - **Branded medicines bill** projected to increase by 0.5% - 1.5% CAGR [baseline: 0.9%] to between £0.99 – 1.03bn [baseline: £1.01bn] (2009-11 was 2.9% CAGR)
    - Primary care by -1.9% to -1.1% p.a. [baseline: -1.6%] (2009-11 was 1.4% CAGR)
    - Secondary care by 4.8% to 6.0% p.a. [baseline: 5.5%] (2009-11 was 5.9% CAGR)
- Loss of exclusivity of some major brands is projected to yield £316m **cumulative** savings to the NHS between 2012 and 2015 with £493m **cumulative** lost revenue to industry

The medicines bill is under control and already delivering substantial efficiencies

Estimated Medicines Bill in Scotland (2009 – 2015) [At list prices]

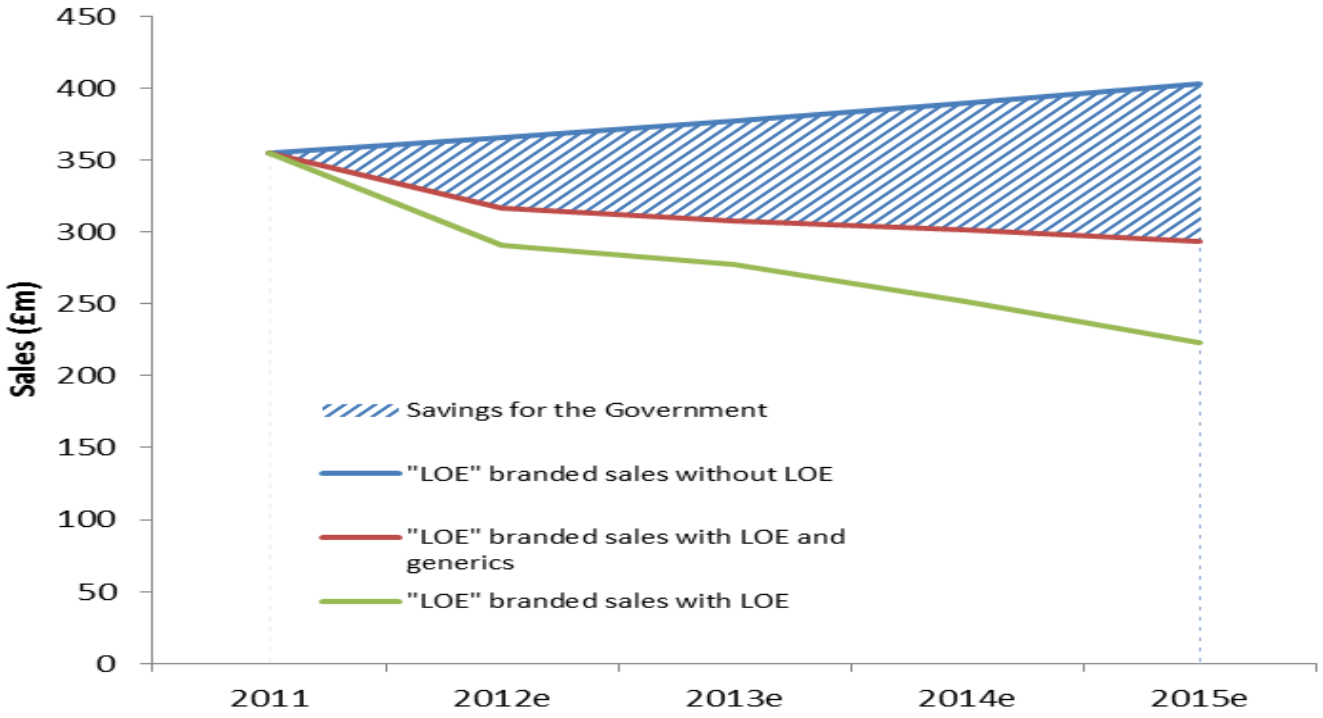


Estimated Branded Medicines Bill in Scotland (2009 – 2015) [At list prices]



Estimated cumulative savings for Government in Scotland 2012 – 2015 due to loss of exclusivity (Baseline) ≈ £316m

This represents a loss of ≈ £493m to the branded industry in Scotland

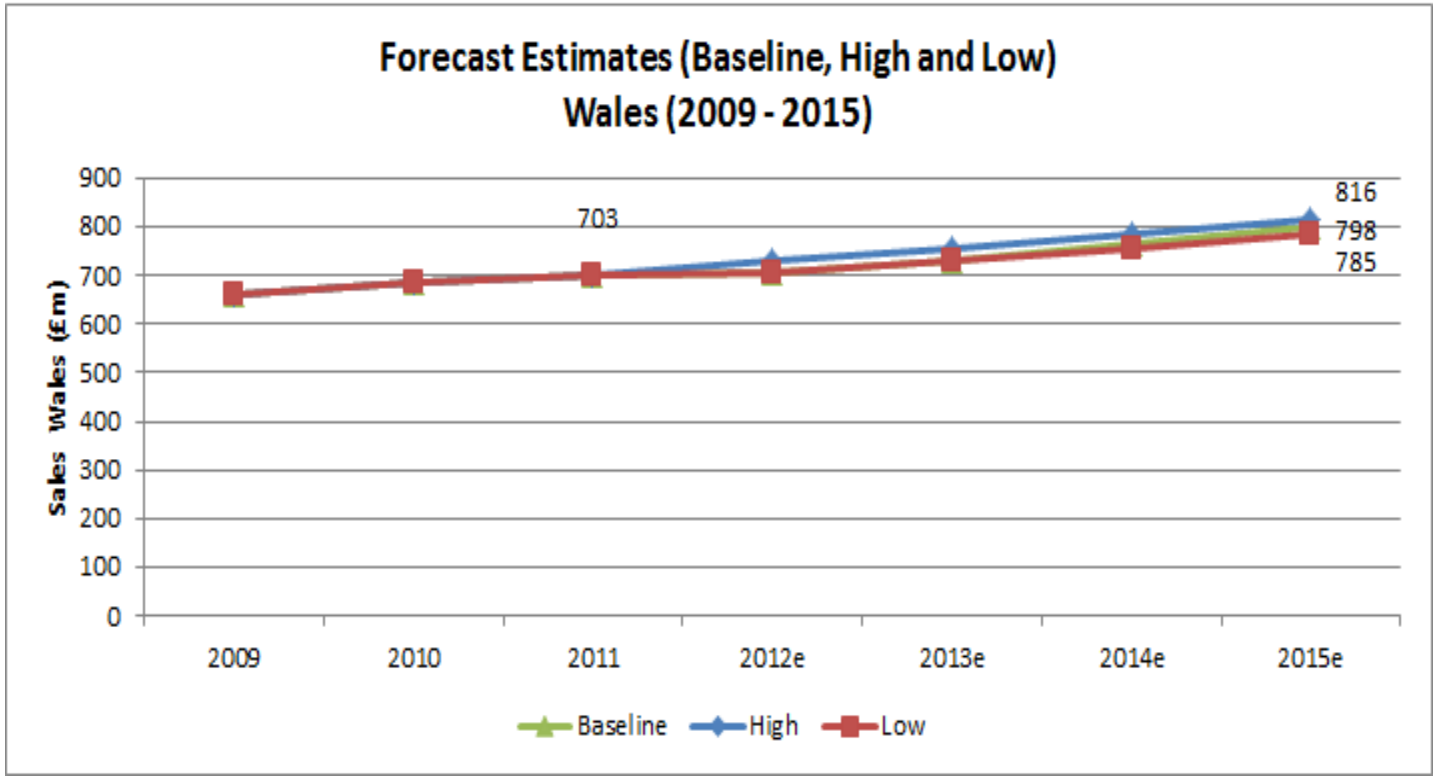


Wales – Key Results

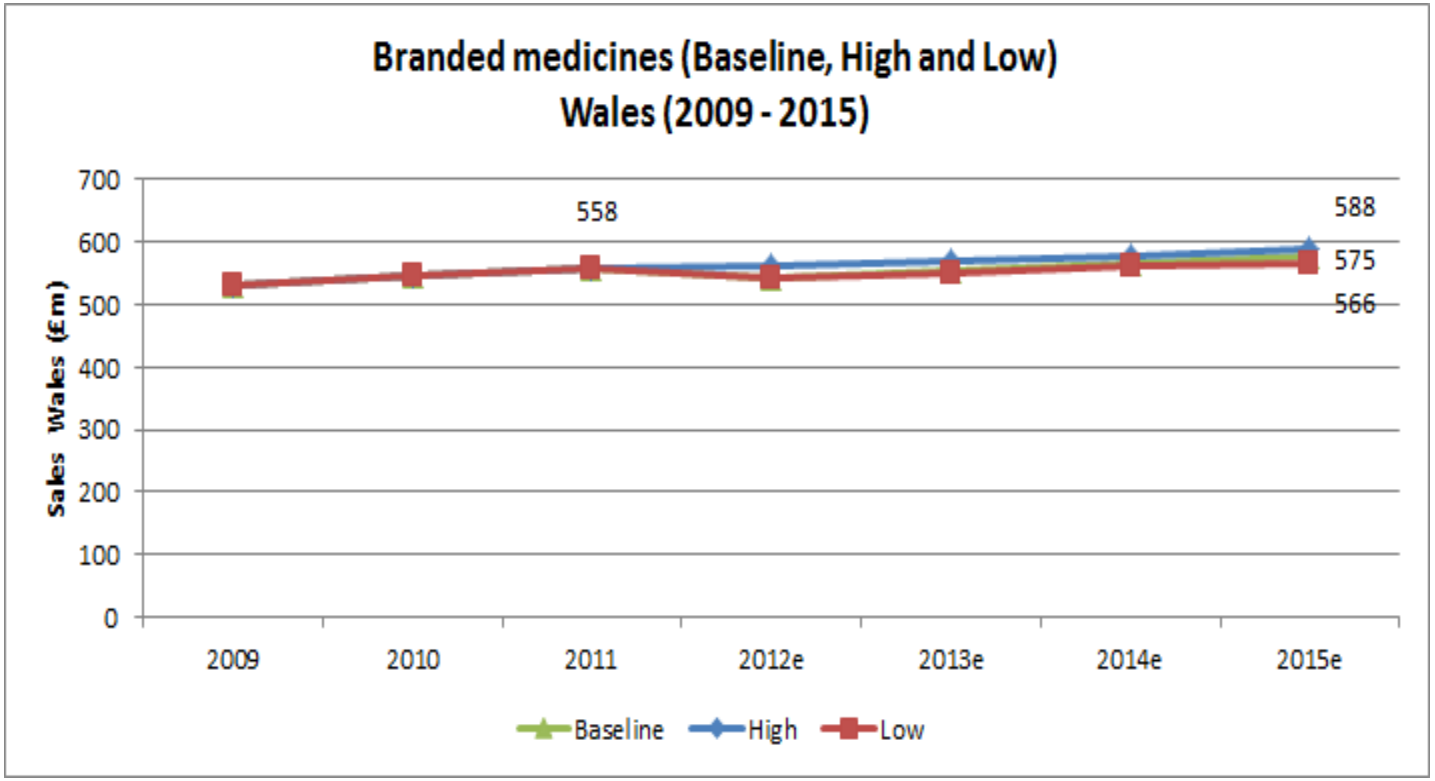
- **2011 to 2015 – GROSS (at list prices)**
  - **Total Wales NHS medicines bill** projected to increase by 2.8 – 3.8% CAGR [baseline: 3.2%] to between £816 – 785m [baseline: £798m] (2009-11 was 3.3% CAGR)
    - Primary care by 1.2 – 2.0% p.a. [baseline: 1.5%] (2009-11 was 1.7% CAGR)
    - Secondary care by 6.3 – 7.5% p.a. [baseline: 7.0%] (2009-11 was 7.2% CAGR)
  - **Branded medicines bill** projected to increase by 0.3% - 1.3% CAGR [baseline: 0.8%] to between £566 – 588m [baseline: £575m] (2009-11 was 2.9% CAGR)
    - Primary care by -1.9% to -1.1% p.a. [baseline: -1.6%] (2009-11 was 1.4% CAGR)
    - Secondary care by 4.8% to 6.0% p.a. [baseline: 5.5%] (2009-11 was 5.9% CAGR)
- Loss of exclusivity of some major brands is projected to yield £186m **cumulative** savings to the NHS between 2012 and 2015 with £289m **cumulative** lost revenue to industry

The medicines bill is under control and already delivering substantial efficiencies

Estimated Medicines Bill in Wales (2009 – 2015) [At list prices]

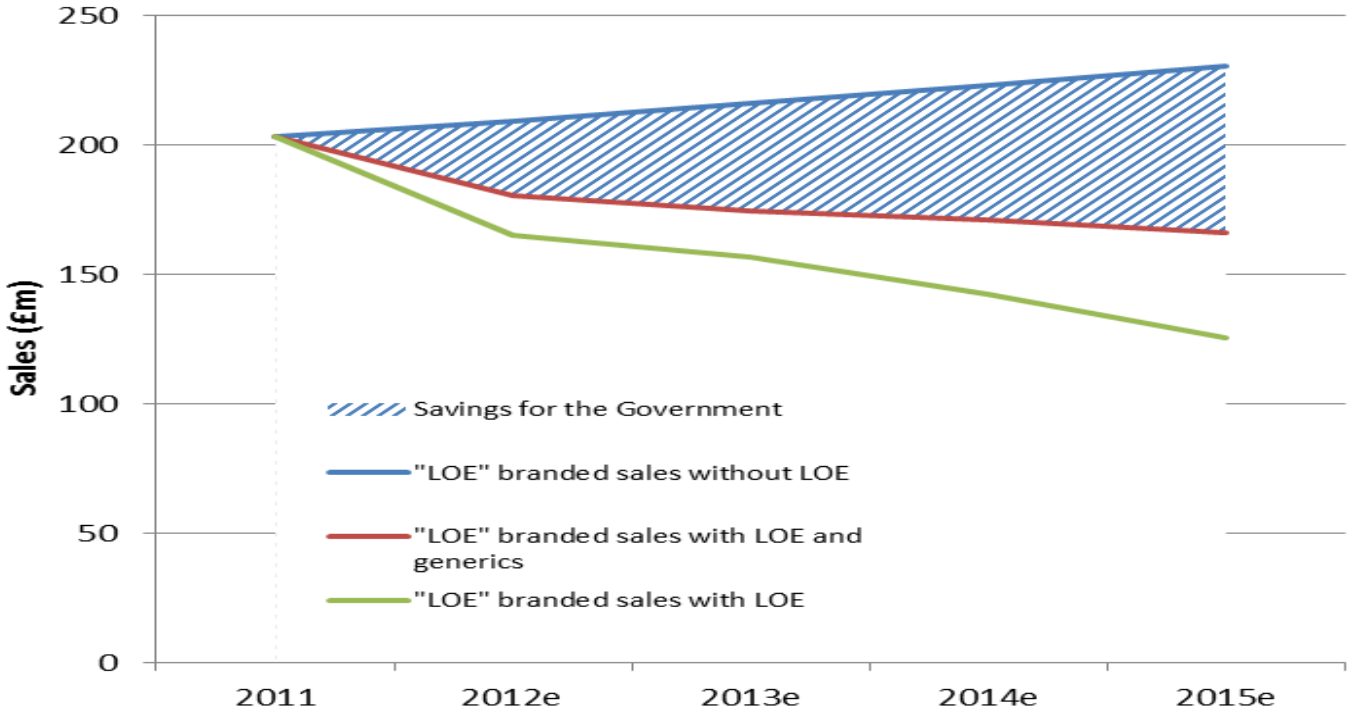


Estimated Branded Medicines Bill in Wales (2009 – 2015) [At list prices]



Estimated cumulative savings for Government in Wales 2012 – 2015 due to loss of exclusivity (Baseline) ≈ £186m

This represents a loss of ≈ £289m to the branded industry in Wales

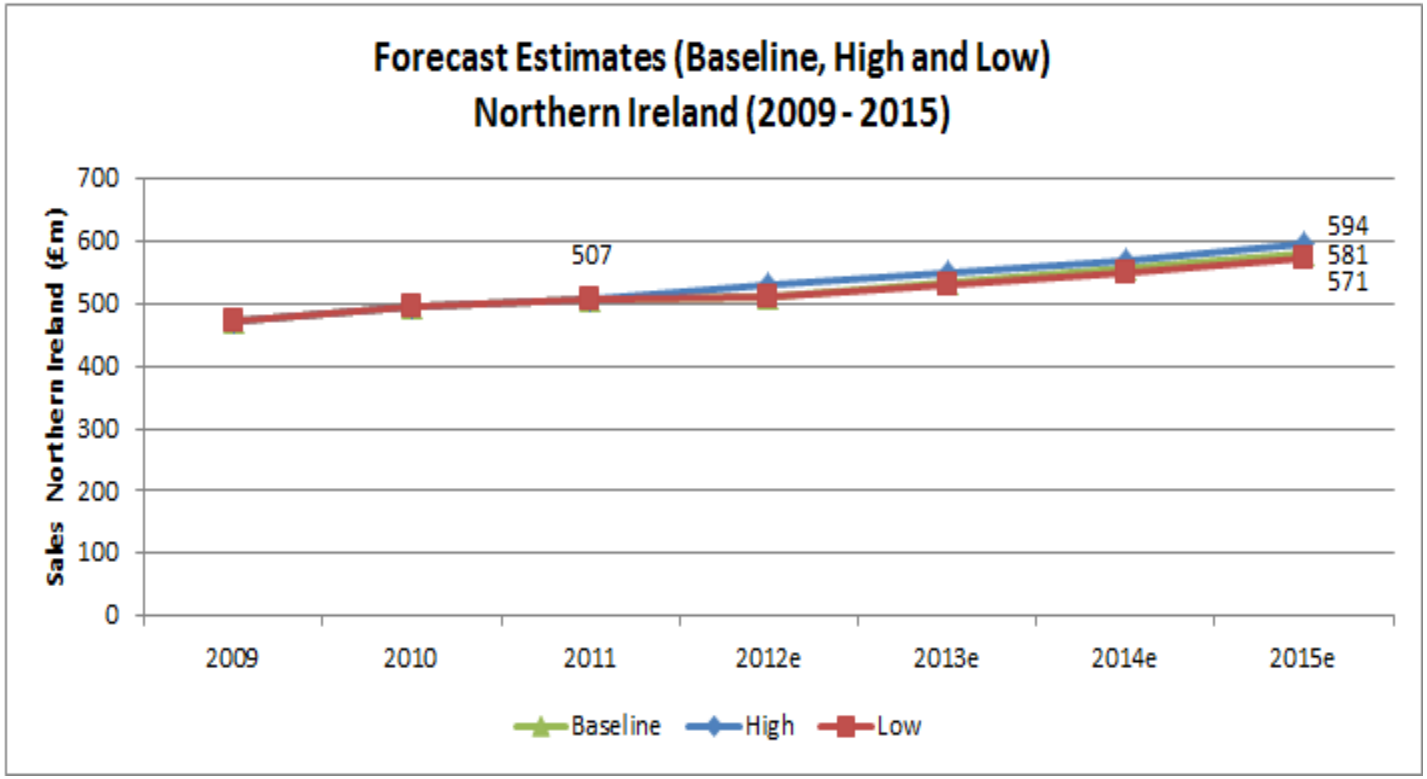


Northern Ireland – Key Results

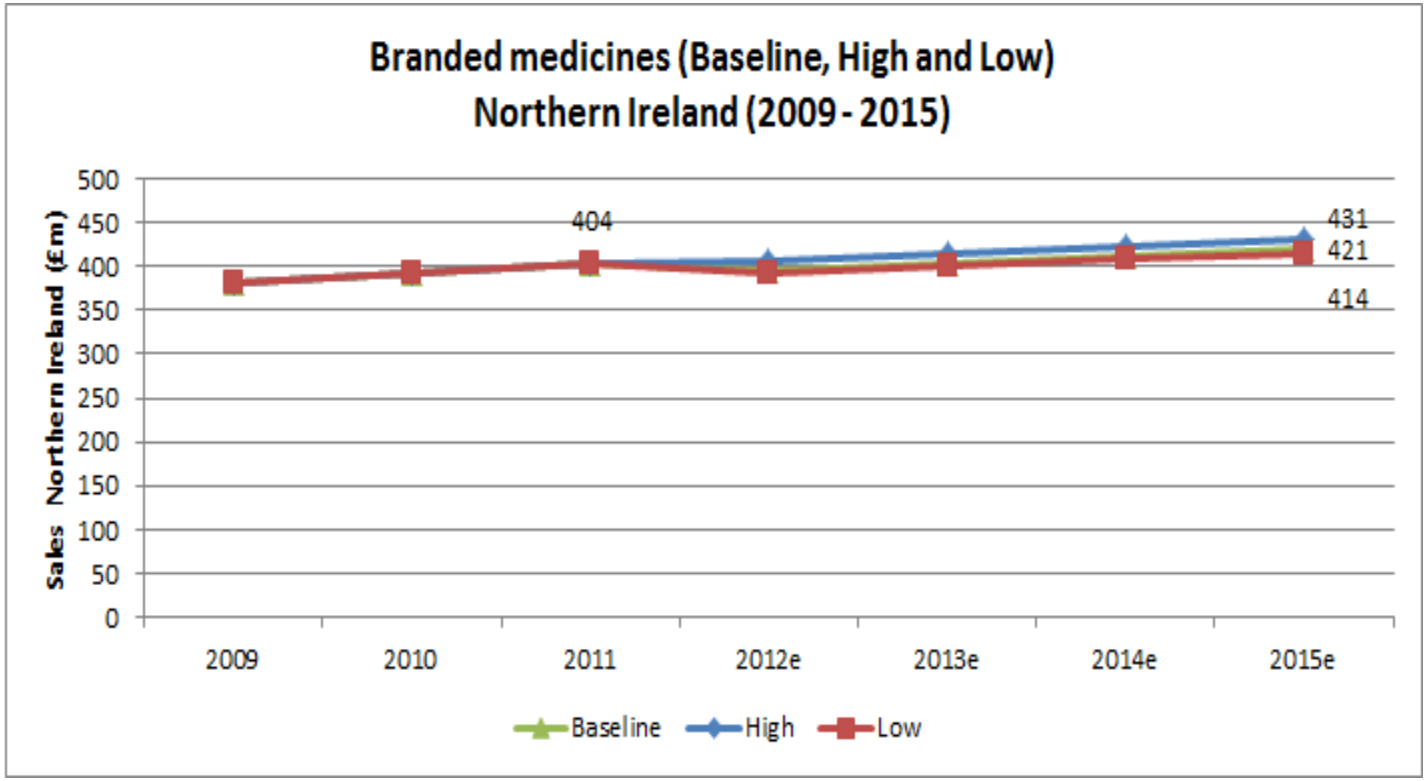
- **2011 to 2015 – GROSS (at list prices)**
  - **Total Northern Ireland NHS medicines bill** projected to increase by 3.0 – 4.0% CAGR [baseline: 3.5%] to between £571 – 594m [baseline: £581m] (2009-11 was 3.5% CAGR)
    - Primary care by 1.2 – 2.0% p.a. [baseline: 1.5%] (2009-11 was 1.7% CAGR)
    - Secondary care by 6.3 – 7.5% p.a. [baseline: 7.0%] (2009-11 was 7.2% CAGR)
  - **Branded medicines bill** projected to increase by 0.6% - 1.6% CAGR [baseline: 1.1%] to between £414 – 431m [baseline: £421m] (2009-11 was 2.9% CAGR)
    - Primary care by -1.9% to -1.1% p.a. [baseline: -1.6%] (2009-11 was 1.4% CAGR)
    - Secondary care by 4.8% to 6.0% p.a. [baseline: 5.5%] (2009-11 was 5.9% CAGR)
- Loss of exclusivity of some major brands is projected to yield £129m **cumulative** savings to the NHS between 2012 and 2015 with £202m **cumulative** lost revenue to industry

The medicines bill is under control and already delivering substantial efficiencies

Estimated Medicines Bill in Northern Ireland (2009 – 2015) [At list prices]

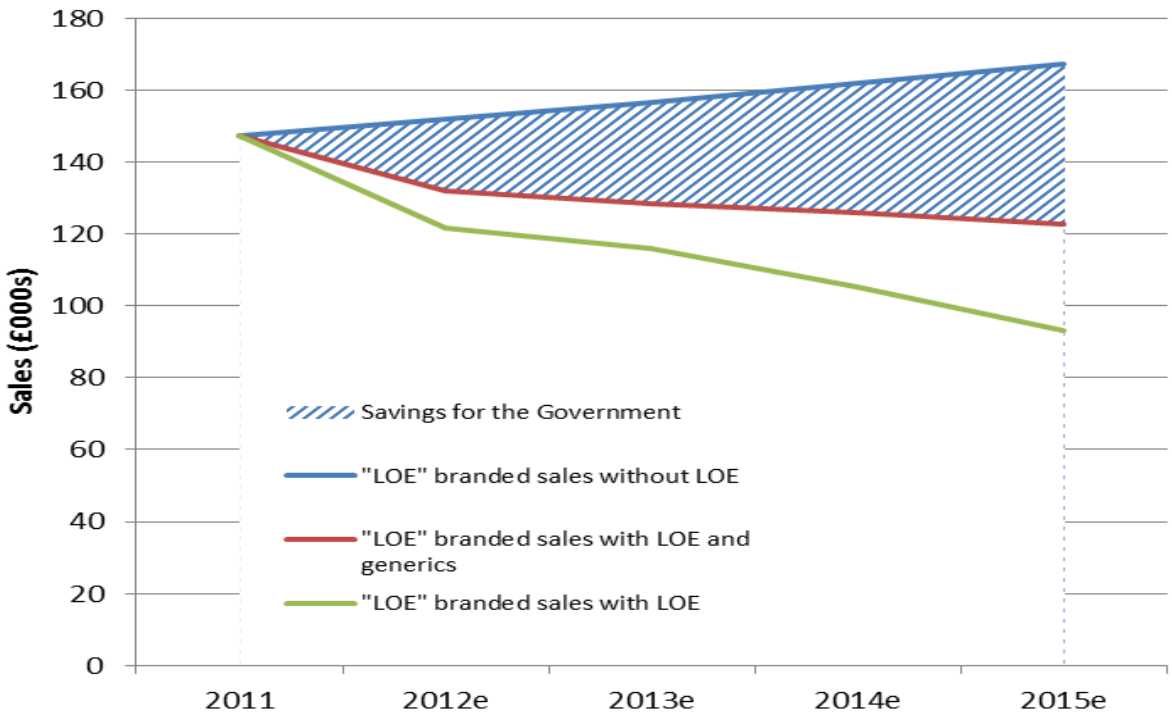


Estimated Branded Medicines Bill in Northern Ireland (2009 – 2015) [At list prices]



Estimated cumulative savings for Government in Northern Ireland 2012 – 2015 due to loss of exclusivity (Baseline) ≈ £129m

This represents a loss of ≈ £202m to the branded industry in NI ≈ £202m



Outline

- Key Results: England, Scotland, Wales and Northern Ireland
- **Methodology**
- Appendix: Data

4-Nation Split: Methodology

- Analyses based on OHE/ABPI Projection Model (2012) (see for more information: http://www.abpi.org.uk/our-work/library/industry/Documents/OHE%20ABPI%20Medicines%20Bill%20Forecast.pdf)
- UK actual 2011 sales and forecasts (2012-2015) are apportioned to each of the four nations (Source: IMS Sales in 2011)
- We distinguish between primary care and hospital/homecare segment. **Growth rates within each of these two segments will be identical across the UK and the four nations**
- **For total sales** (Primary + Hospital/Homecare)**, growth rates across the four nations are (slightly) different**
  - This is because each nation has different market shares for primary and hospital/homecare segment respectively

4-Nation Split: Methodology

Primary care	Share of UK sales
ENGLAND	81.2%
SCOTLAND	9.4%
WALES	5.6%
NORTHERN IRELAND	3.8%
UK	100.0%

Secondary	Share of UK sales
ENGLAND	83.6%
SCOTLAND	8.3%
WALES	4.4%
NORTHERN IRELAND	3.6%
UK	100.0%

Source: OHE calculations from IMS, based on 2011 sales

For branded medicines: use share of branded medicines for the UK in primary and secondary care respectively

Revised Scenarios

Estimate range	New product launches – Attrition rates	New product launches - Uptake curves	New product launches – Year 1 sales	Cannibalisation of sales for future launches	LOE - Generics	LOE – Biosimilars (Cancer and TNFs)	Non-core areas/all therapy area growth	Genericisation of established products
Baseline	Match count of future launches to launches during 2003 -2010	Current uptake curves per therapy area (TA)	Current year 1 sales per TA	25% of sales of future launches are additive. For oncology: 75% of sales of future launches are additive	Use current erosion curves	TNFs and Cancer: less aggressive than difficult 2ry care. Cancer less aggressive than TNFs (for earlier years)		
Low	10% fewer launches relative to 2003-2010	Use 'average' uptake curves for TA with higher than average uptake curves	Current year 1 sales per TA - 10%	10% of sales of future launches are additive. For oncology: 50% of sales of future launches are additive	For TA with less than aggressive erosion curves, use 'average'	10 percentage points more aggressive than baseline for all LOE products	Both core and non-core areas growth reduced from trend by 2% p.a.	Additional 1% reduction in 'recent' branded growth for key ATC4 with generics (Diabetes, CV, SSRI/SNRI)
High	10% more launches relative to 2003-2010	Use 'average' uptake curves for TA with lower than average uptake curves	Current year 1 sales per TA + 10%	40% of sales of future launches are additive. For oncology: 100% of sales of future launches are additive	For TA with more than aggressive erosion curves, use 'average'	Cancer: 10 percentage points less aggressive than baseline		

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- Key Results: England, Scotland, Wales and Northern Ireland
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4-Nation Split: Results: Total

Total NHS spend on medicines: Actual and Forecast (Baseline) (£m)

TOTAL (£m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	82.0%	10,387	10,836	11,146	11,269	11,713	12,261	12,816	3.6%
SCOTLAND	9.0%	1,145	1,193	1,224	1,234	1,281	1,339	1,398	3.4%
WALES	5.2%	659	686	703	707	733	765	798	3.2%
NORTHERN IRELAND	3.7%	474	494	507	512	532	556	581	3.5%
UK	100.0%	12,664	13,208	13,581	13,723	14,259	14,922	15,592	3.5%

Total NHS spend on branded medicines: Actual and Forecast (Baseline) (£m)

TOTAL (£m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	82.0%	8,362	8,629	8,874	8,681	8,893	9,111	9,303	1.2%
SCOTLAND	9.0%	920	948	973	948	969	991	1,011	0.9%
WALES	5.2%	529	544	558	542	553	565	575	0.8%
NORTHERN IRELAND	3.7%	381	393	404	394	403	413	421	1.1%
UK	100.0%	10,192	10,513	10,810	10,564	10,818	11,079	11,310	1.1%

4-Nation Split: Results: Primary Care

Total NHS spend on medicines: Actual and Forecast (Baseline) (£m)

Primary care £m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	81.2%	6,875	7,058	7,110	6,972	7,122	7,313	7,533	1.5%
SCOTLAND	9.4%	795	816	822	806	823	845	871	1.5%
WALES	5.6%	473	486	489	480	490	503	518	1.5%
NORTHERN IRELAND	3.8%	322	330	333	326	333	342	352	1.5%
UK	100.0%	8,465	8,689	8,754	8,584	8,768	9,003	9,275	1.5%

Total NHS spend on branded medicines: Actual and Forecast (Baseline) (£m)

Primary care (£m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	81.2%	5,426	5,495	5,578	5,168	5,169	5,201	5,223	-1.6%
SCOTLAND	9.4%	627	635	645	597	597	601	604	-1.6%
WALES	5.6%	373	378	384	356	356	358	359	-1.6%
NORTHERN IRELAND	3.8%	254	257	261	242	242	243	244	-1.6%
UK	100.0%	6,680	6,765	6,868	6,362	6,364	6,403	6,430	-1.6%

4-Nation Split: Results: Secondary Care

Total NHS spend on medicines: Actual and Forecast (Baseline) (£m)

Secondary (£m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	83.6%	3,511	3,778	4,036	4,297	4,591	4,948	5,282	7.0%
SCOTLAND	8.3%	350	377	403	429	458	494	527	7.0%
WALES	4.4%	186	200	214	228	243	262	280	7.0%
NORTHERN IRELAND	3.6%	152	164	175	186	199	214	229	7.0%
UK	100.0%	4,199	4,519	4,827	5,140	5,491	5,918	6,318	7.0%

Total NHS spend on branded medicines: Actual and Forecast (Baseline) (£m)

Secondary (£m)	Share of UK sales	2009	2010	2011	2012e	2013e	2014e	2015e	CAGR 2011 - 2015
ENGLAND	83.6%	2,937	3,133	3,296	3,514	3,724	3,910	4,080	5.5%
SCOTLAND	8.3%	293	313	329	351	372	390	407	5.5%
WALES	4.4%	156	166	175	186	197	207	216	5.5%
NORTHERN IRELAND	3.6%	127	136	143	152	161	169	177	5.5%
UK	100.0%	3,512	3,747	3,942	4,203	4,454	4,676	4,880	5.5%

Value of Adjustments

Value of adjustments (£m)	2009	2010	2011	2012e	2013e	2014e	2015e
Primary Care UK	205	208	211	236	238	244	253
Secondary Care UK	444	510	564	572	562	510	495
England share PC	167	169	171	191	193	198	206
England share SC	371	426	472	478	470	426	414
Scotland share PC	19	20	20	22	22	23	24
Scotland share SC	37	43	47	48	47	43	41
Wales share PC	11	12	12	13	13	14	14
Wales share SC	20	23	25	25	25	23	22
NI share PC	8	8	8	9	9	9	10
NI share SC	16	18	20	21	20	18	18

Key: PC = primary care; SC = secondary care

Methodology to apportion total value of adjustments to the four nations: for PC and SC respectively, we used the relevant share of UK sales for each nation (see slide 21). These adjustments are assumed the same across the 3 scenarios