BRITISH GENERIC MANUFACTURERS ASSOCIATION

Draft of speech delivered by Government Health minister Lord Howe at the AGM of the British Generic Manufacturers Association (BGMA) on May 23, 2012, announcing a new programme exploring the long-term sustainability of the generics industry in the UK.

Lord Howe

"Thank you for inviting me to your AGM today. It is a pleasure to be here.

I sometimes think that the generic medicines industry is very much the unsung hero of the NHS. Every day, millions of people benefit from the medicines that you produce and the use of your products have saved the NHS literally billions over the years.

I would like to assure you that we are very much aware of the valuable contribution that you make to the UK pharmaceutical industry and to the NHS and I am grateful to you for this. You have much to be proud of.

Generic medicines are now central to many people's care - especially the growing number of people diagnosed with a long-term condition such as diabetes, cardiovascular conditions and mental illness.

Low cost generic statins have been especially effective in terms of generating efficiencies in the NHS and in terms of improving patient outcomes amongst those with cardio-vascular disease. In May 2008, the National Institute for Health and Clinical Excellence recommended statin therapy as part of the management strategy for the primary prevention of cardio-vascular disease in adults aged 40–74 with a 20% or greater 10-year risk of developing the disease. It is uncertain whether treatment of a wider group of patients such as this would have been sustainable were it not for the lower prices of generic statins.

The benefits of generic medicines are clear. Reducing the cost of medicines through generic prescribing and dispensing has been pivotal in controlling the NHS drugs bill. And of course reducing the cost of medicines allows more patients to be treated and frees up resources which are in turn invested in new and innovative treatments for patients.

When you consider the severe economic challenges we are all facing, coupled with the pressures of an increasingly ageing population and the need to keep up with the rapid advances being made in healthcare technologies, the NHS should continue to improve the way that it utilises resources. This will help optimise the value and beneficial outcomes that patients and the NHS get from medicines.

More generally, the NHS needs to achieve £20 billion of efficiency savings by 2015 through a focus on quality, innovation, productivity and prevention (known as QIPP). Every saving made is being reinvested in patient care by supporting frontline staff, funding innovative treatments and giving patients more choice.

I am sure you will all recognise that it is not an easy place to be.

Cost effective prescribing has been the cornerstone of the QIPP Medicines and Procurement work stream. Encouraging prescribing of the most cost-effective, clinically appropriate drugs can free up funds in the NHS, which can be used to treat other patients. It is an ideal scenario where genuine savings can be made, without compromising patient's care. Prescribing low cost generic medicines is an integral part of this work.

We have an efficient, innovative and vibrant pharmaceutical industry in this country and the Government is keen to support both the branded and generic sectors given the benefits that both bring to patients, the NHS and the wider economy.

I am pleased that you recognise that the environment in the UK is much more conducive to the operation of the generics market compared to most markets in the developed world and the rest of Europe in particular. My officials have worked hard to develop such a system. In particular, with the BGMA, on Scheme M, which supports the operation of the competitive market and avoids the heavy hand of price regulation. I believe that this has worked well, and I would like to take this opportunity to thank you for your support in providing the data, through Scheme M, that in turn supports the Category M reimbursement mechanism.

That is not to say that things cannot be improved further.

I am very grateful for your action plan, Sustainability: Generics and the NHS. It is clear that a lot of thought has gone into this. I understand your concerns about the long term sustainability of your industry and in particular about exclusivity, patent law and the intellectual property regime. On regulation, I think we all agree that some degree of regulation is necessary to protect patients and ensure appropriate practice and we are working with the MHRA and other international regulators to ensure that regulation keeps pace with innovation. The development of more complex medicines such as biosimilars will pose its own challenges. And clearly pricing and reimbursement is – and always will be - a key issue.

These are all areas of great complexity and some of the areas are beyond the remit of the Department of Health, and even the UK government. Some of the issues will take some time to progress, but that is no reason not to begin thinking about them now.

That is why I am pleased to announce today that we will work with the BGMA to explore the potential challenges to the generic pharmaceutical industry. As I said, not all of these challenges fall within the remit of my Department so we will work with you to facilitate discussions with the rest of Whitehall."

ENDS