



BRITISH GENERIC MANUFACTURERS ASSOCIATION

Wednesday, November 12th, 2014

Branded Generics Need Statutory Exemption

- **Competition already delivers bigger reduction than Government intervention.**
- **Current proposals threaten sustainability of some products**

Price cuts for branded generic medicines as part of proposed Government changes to the statutory scheme to control the prices of branded health service medicines will undermine innovation, create uncertainty, reduce competition and ultimately undermine patient benefits, according to the British Generic Manufacturers Association (BGMA).

In its response to the Department of Health's consultation, the BGMA - which represents 90% of the UK supply market - said that 40% of its members had not joined the PPRS and prices of their branded products were potentially subject to the statutory scheme.

The association is concerned that the consultation does not recognise the importance for patient care of branded generic medicines and the competitive marketplace in which many of these products operate.

Warwick Smith, Director General of the BGMA, said: "The majority of branded generic and biosimilar medicines are identified by brand either because it is a requirement of the regulator in patients' interests or because the product has a patient benefit beyond the common pharmacological effect of the active ingredient and the manufacturer wishes to differentiate the product so that prescribers may choose to access that additional patient benefit.

"Our research shows that a branded generic medicine costs the NHS on average around 20% less than the originator or reference product. This is on top of the reduction in the price of the originator product that generic competition will have already created.

"Branded generic medicines within the statutory scheme have already faced a price cut of 15%. An additional price cut of a further 10% will be unsustainable for some of these medicines, and will not support the investment in incremental innovation that the generic medicines industry provides. Patients will be denied the additional benefit that these medicines provide.

"Competition has already delivered more than government intervention. The current proposals are in no-one's interests."

To see the full consultation response visit www.britishgenerics.co.uk.

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For further information contact:

Jeremy Durrant, 020 7866 7883 / 07792 918648

Jeremy.durrant@britishgenerics.co.uk

Notes for Editors:

The British Generic Manufacturers Association represents the interests of UK-based manufacturers and suppliers of generic medicines and promotes the development and understanding of the generic medicines industry in the United Kingdom.

Generic medicines contain the same active ingredient and are as effective as the equivalent brand and cost much less, making the NHS drugs bill affordable. More than two thirds of all medicines dispensed by the NHS are generics yet they cost only around 29% of the NHS drugs bill, a saving of more than £12.5billion in England & Wales alone. Without generics, the NHS drugs bill would be approximately twice its current level.

We represent the views and interests of our members and industry to the UK government, the devolved administrations, regulators, other relevant third parties, including where appropriate the Institutions of the European Union.