

Pharmaceutical Rebates – An Anglo-French Comparison

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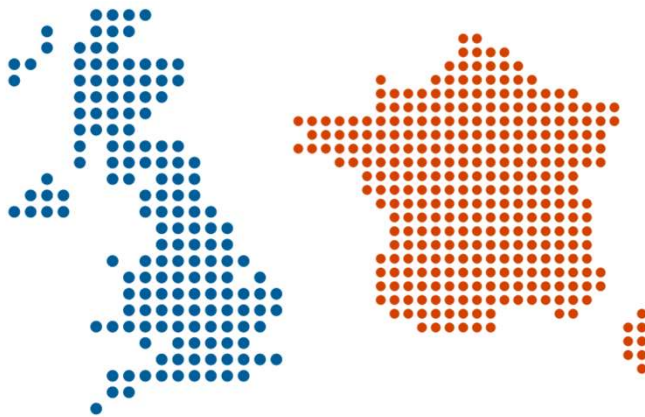
Introduction

- The 2019 Voluntary Scheme for branded medicines Pricing and Access (VPAS) was an agreement between the DHSC, NHS England and the ABPI that aimed to 1) improve patient access to medicines, 2) keep the branded medicine bill affordable, 3) support innovation and a successful life sciences industry
- However, following the COVID-19 crisis, annual rebate rates have risen to unprecedented levels, stimulating intensive debate and backlash from industry. The 2019 VPAS is due to expire at the end of 2023 and renewal negotiations are underway.
- This research informs this discussion by comparing the UK VPAS with the French drug rebate scheme.

Methods

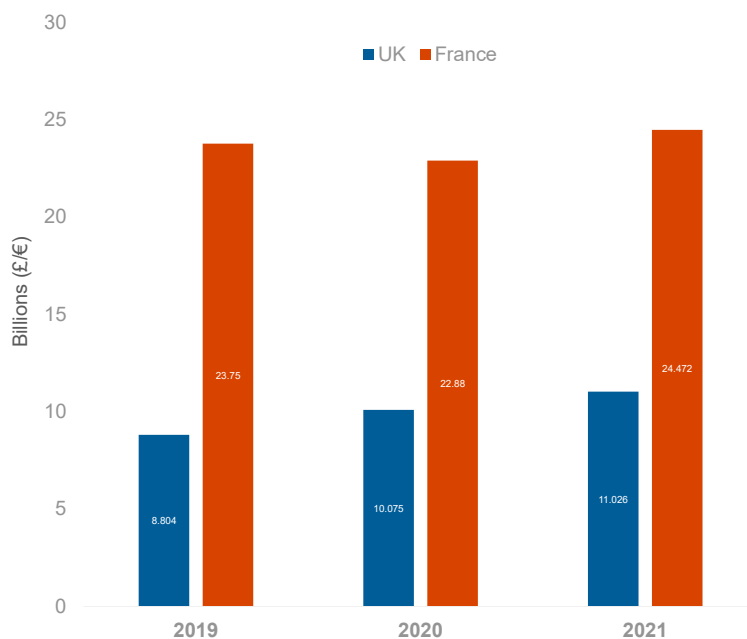
- Expenditure data was identified from VPAS (<https://www.gov.uk/government/publications/voluntary-scheme-aggregate-net-sales-and-payment-information-february-2023>) and GERS via LEEM report (<https://www.leem.org/sites/default/files/2023-02/BilanEco2022.pdf> page 15) (28-JUNE-2023)

Results

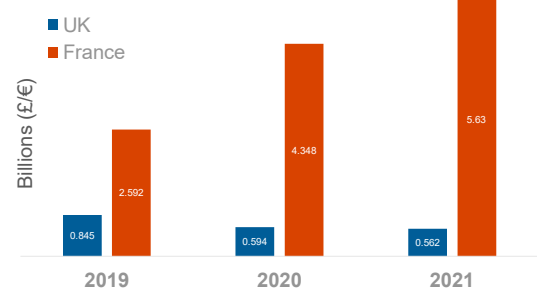


- Audited aggregated VPAS branded medicines expenditure was £8.804 billion, £10.075 billion, and £11.026 billion in 2019, 2020, and 2021, respectively.
- Subsequent rebate payments were £845 million, £594 million, and £562 million, representing 9.6%, 5.9%, and 5.1% of total branded medicines expenditure. In 2022, the rebate rate has been capped at 15% and it is predicted to rise to 26% in 2023.
- Comparatively in France, total drug expenditure was €23.75 billion, €22.88 billion, and €24.472 billion in 2019, 2020 and 2021, respectively.
- Payments ('reversals'), comprising of product rebates and ATU, safeguard clauses W and L, were €2.592 billion, €4.348 billion and €5.630 billion, which represents 11%, 19%, and 23% of total drug expenditure.

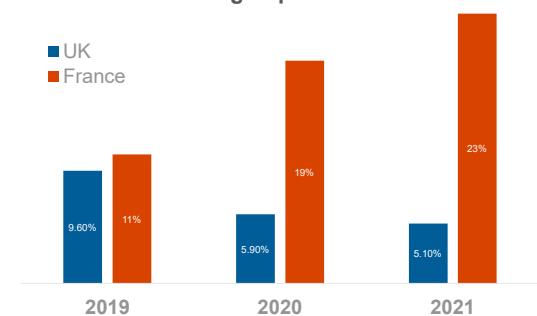
Annual Drug Expenditure 2019-2021



Annual Rebates 2019-2021



% of Total Drug Expenditure 2019-2021



Conclusions

- Rebate payments under the French scheme have also been increasing in recent years, potentially highlighting similar challenges for industry across both sides of the channel
- Nevertheless, the driver of the increase in rebates in France has been attributed by LEEM not to COVID-19 but to the transfer of ATU 2019 discounts to 2020 (€700 million) as well as the increase in number of innovative products and their indication expansions.

Abbreviations: ABPI: Association of British Pharmaceutical Industry; ATU: Autorisation Temporaire d'Utilisation; DHSC: Department of Health and Social Care; GERS: Groupement pour L'elaboration et la Realisation de Statistiques; LEEM: Les Entreprises du Médicament; VPAS: Voluntary Scheme for branded medicines Pricing and Access