



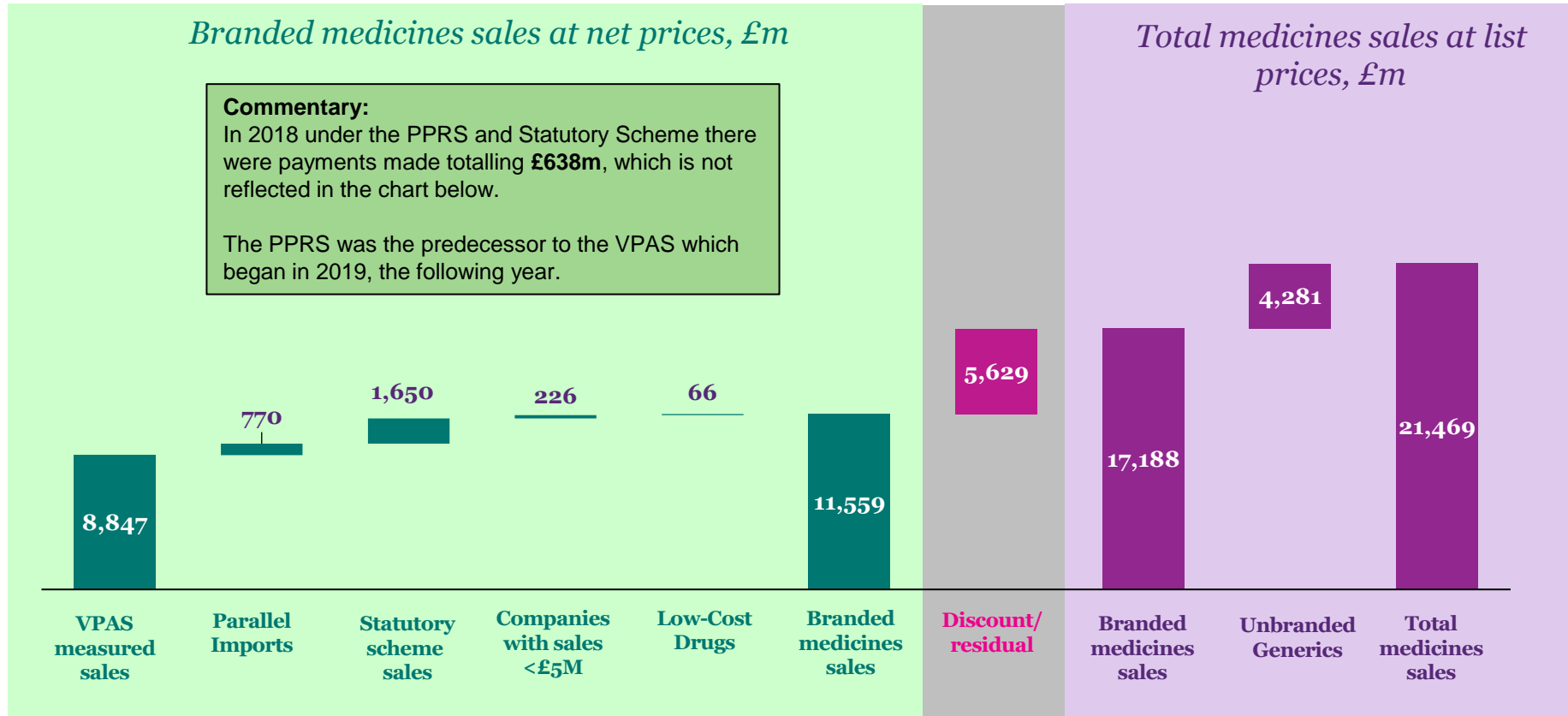
Analysis of UK medicines sales – overview

- This ‘waterfall’ analysis is conducted jointly with DHSC/ABPI in order to have an agreed view of the difference between list price sales of UK branded medicines and ‘net’ price sales paid by the NHS.
- This analysis illustrates that actual branded medicine sales and growth are lower than what is reported at list price levels in part due to discounts offered by companies to the NHS.
- Companies also pay rebates back to the NHS as part of the Voluntary scheme for branded medicines pricing and access (VPAS). One of the notional aims of the VPAS is that UK net branded medicines sales will not grow by more than an average of 2% annually over the 5 years of the scheme. This is operationalised through payments made by VPAS scheme members to DHSC based on observed and forecast growth.
- The **right-hand side of the chart** shows branded medicines sales at list price (IQVIA data) for medicines supplied to the NHS across the UK
- The **left-hand side of the chart** shows sales of branded medicines *net of discounts*, but not including the payment made by industry through the VPAS or Statutory Scheme (SS) in 2019. The net sales data comes directly from VPAS company returns or adjusted IQVIA parallel import data, and will not include VAT, excluded centrally procured vaccine sales or supply chain margin elements. This data is subject to data revisions from re-submitted company data.
- The **‘discount/ residual’** contains the effect of discounts given in any form, including those achieved through commercial access agreements and patient access schemes. The ‘discount/ residual’ also reflects discounts to wholesalers and pharmacies, generics and products subject to brand equalization deals. It also includes some sales on centrally procured vaccines or sales relating to Exceptional Central Procurements.



Analysis of UK medicines sales 2018

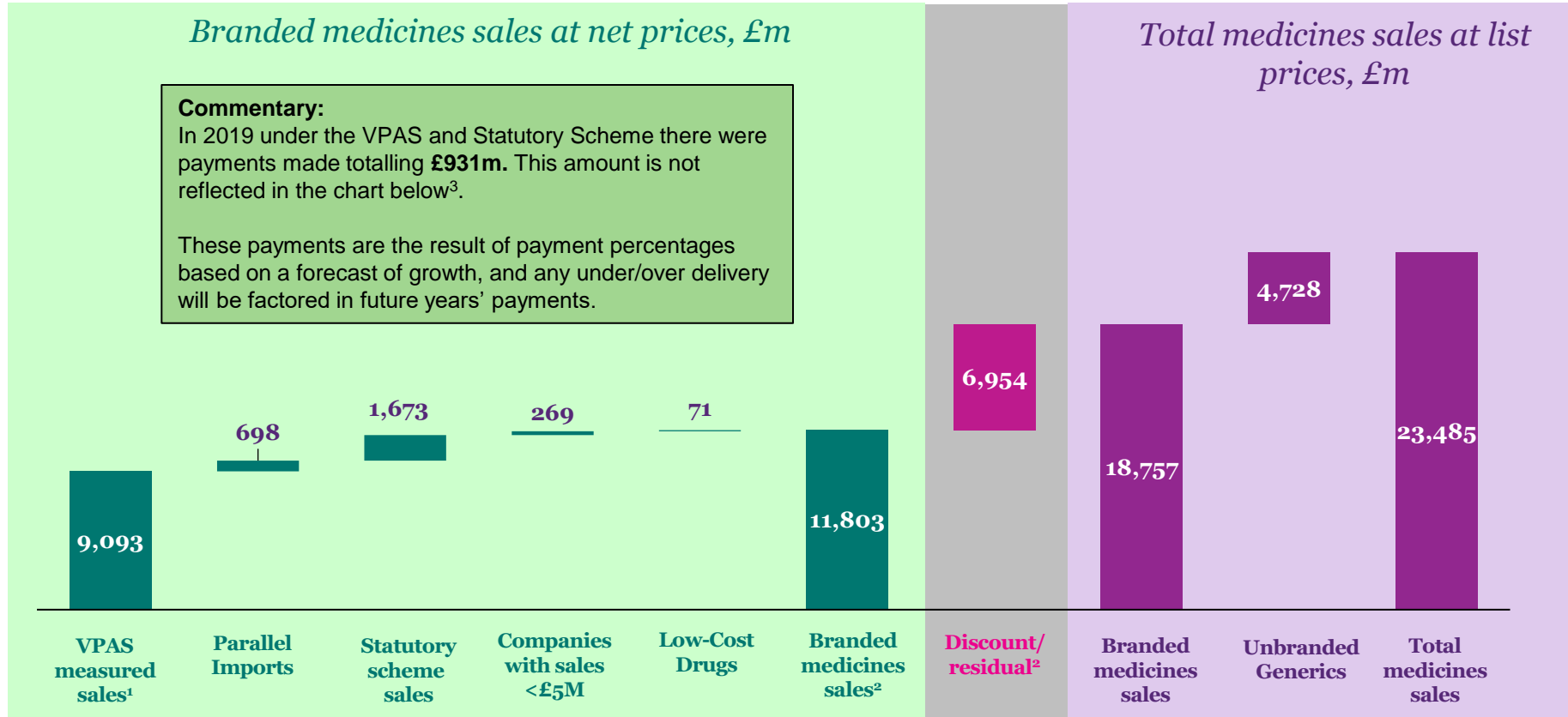
(based on baseline VPAS data)



Notes: VPAS and statutory scheme sales based on company returns (Q3 2022 data). Medicines sales at list prices based on Aug 2022 IQVIA data (BPI "primary" & HPAI "hospital"); classes ATC K and T are excluded as not medicines included in the scope of VPAS returns. Centrally procured vaccines list price sales included in the discount/ residual column (~£111m). Branded medicine sales at net price are subject to VPAS/SS payment. PPRS and Statutory scheme income based on November 2020 published data.



Analysis of UK medicines sales 2019



Observed growth 2018 to 2019



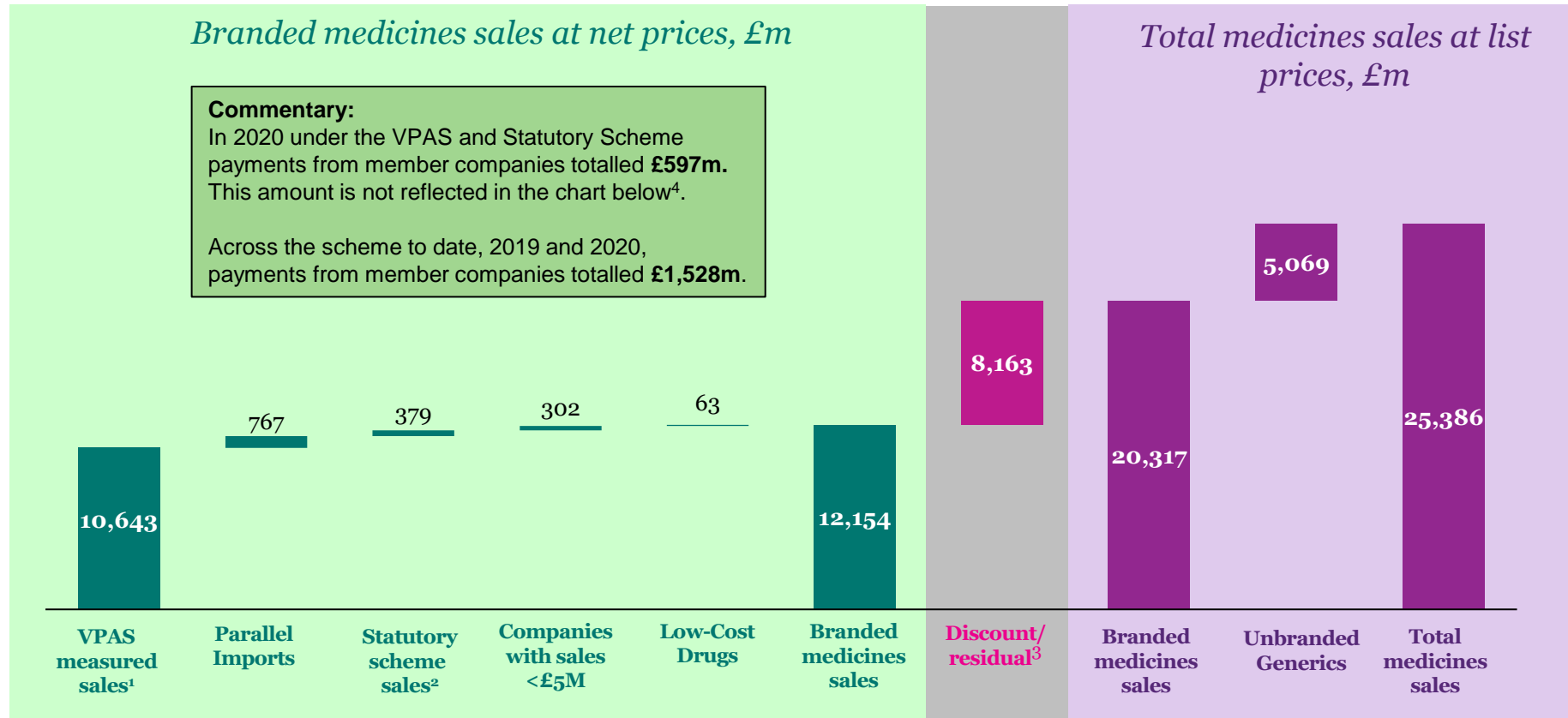
1 **Observed** growth in the VPAS at 2.8% is calculated from the absolute VPAS measured sales. It is identical to the **published modelled** VPAS growth ([Q3 2022 publication](#))

2 Centrally procured vaccines list price sales included in the discount/ residual column (~£114m)

3 VPAS payments are the result of payment percentages based on observed and forecast growth, and any under/over delivery will be factored in future years' payments.



Analysis of UK medicines sales 2020



Observed growth 2019 to 2020



1 **Observed** growth in the VPAS at 17.0% is calculated from the absolute VPAS measured sales. It differs from the **published modelled** VPAS growth of 15.97% ([Q3 2022 publication](#)) as in accordance with the scheme documentation, companies whose sales exceed (or fall below) £5m between and so are included/excluded from measured sales of subsequent years, are excluded from the growth calculations.

2 The large decline in Observed Statutory scheme growth is due companies switching to the VPAS. Sales from these companies are captured in VPAS and will account for a portion of VPAS growth.

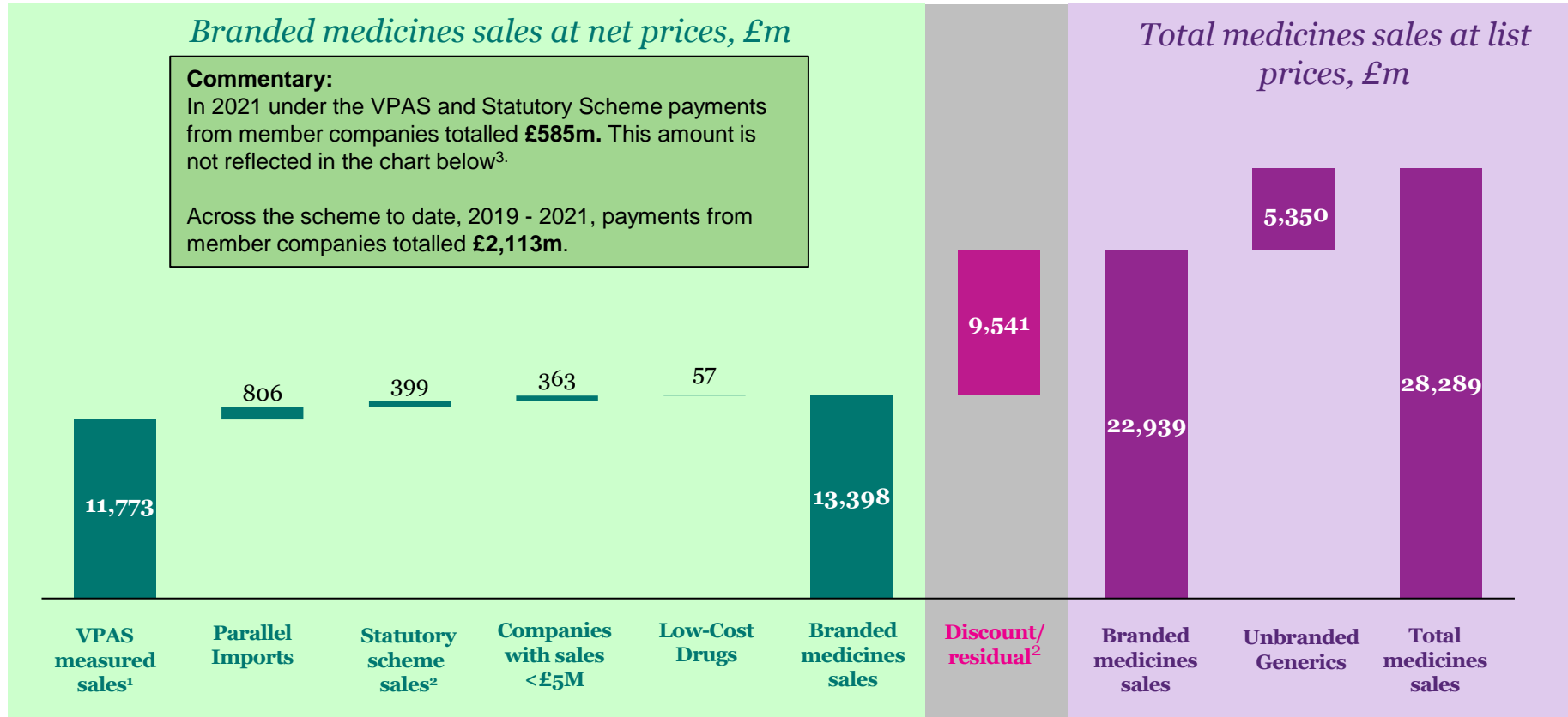
3 Centrally procured vaccines list price sales included in the discount/ residual column (~£98m). This does not include centrally procured spend on COVID-19 vaccines or therapeutics.

4 VPAS payments are the result of payment percentages based on observed and forecast growth, and any under/over delivery will be factored in future years' payments.

Notes: VPAS and statutory scheme sales and income based on company returns (Q3 2022 data). Medicines sales at list prices based on Aug 2022 IQVIA data (BPI (Primary) & HPAI (Hospital)); classes ATC K Hospital Solutions and T Tests are excluded as not medicines included in the scope of VPAS returns. Branded medicine sales at net price are subject to VPAS/SS payment.



Analysis of UK medicines sales 2021



Observed growth 2020 to 2021



1 **Observed** growth in the VPAS at 10.6% is calculated from the absolute VPAS measured sales. It differs from the **published modelled** VPAS growth of 9.90% ([Q3 2022 publication](#)) as in accordance with the scheme documentation, companies whose sales exceed (or fall below) £5m between and so are included/excluded from measured sales of subsequent years, are excluded from the growth calculations.

2 Centrally procured vaccines list price sales included in the discount/ residual column (~£101m). This does not include centrally procured spend on COVID-19 vaccines or therapeutics.

3 VPAS payments are the result of payment percentages based on observed and forecast growth, and any under/over delivery will be factored in future years' payments.



Analysis of UK medicines sales – Data elements

Element	Description
VPAS Measured Sales	Measured Sales made by Voluntary Scheme Members
Parallel Imports	Sales of Presentations in respect of which a Parallel Import Licence has been granted and Sales of any parallel distributed presentation (as defined in the Statutory Scheme).
Statutory Scheme	Measured Sales made by manufacturers or suppliers subject to the Statutory Scheme.
Companies with sales <£5m	Sales of Scheme Members whose total Sales of Scheme Products are less than £5m in the calendar year preceding the relevant calendar year.
Low cost drugs	Sales of any Scheme Products by a Scheme Member where the NHS list price of such Scheme Product is less than £2.
Total medicines sales	Medicines sales at list prices based on August 2022 IQVIA data (BPI & HPAI), excluding tests and hospital solutions (ATC1 classes K and T) and OTC classes
Unbranded Generics	Unbranded Generic sales at list prices based on August 2022 IQVIA data (BPI & HPAI), excluding tests and hospital solutions (ATC1 classes K and T) and OTC classes