

The UK pharmaceuticals market and VPAS in figures

Of the £13bn spent on branded medicines, the vast majority (£12.125bn) was payable through VPAS, with the Innovative Medicines Fund making up the remainder. In actual fact, NHS branded medicines spending was £1.819bn more than this £12.125bn figure, but the VPAS agreement – capping branded medicines sales growth at 2% – meant that branded medicines suppliers returned £1.819bn to central government (row 6 in the table below). This table, compiled by BGMA, shows the volume and value of on- and off-patent NHS medicine sales in 2022. (Note that the Drug Tariff price, the price of medicines that the government uses to reimburse pharmacies, is on average around double the value that the medicines are sold for.) The table shows that the level of sales growth that the off-patent sector is responsible for (row 4) is far less as a proportion than the contribution it paid to the VPAS last year (rows 7 and 8). In contrast, the growth of patented medicine sales as a proportion of total growth was far higher than its VPAS contribution.

Row	Characteristics of market	Patented	Off-patent sector		
			Branded generic	Biosimilar	Legacy originator
1	Number of medicine packs ¹¹	152.41m	215.51m	7.44m	201.3m
			Total: £424.25m		
2	Percentage of medicine packs	26.43%	37.37%	1.29%	34.91%
3	Drug Tariff price cost of medicine packs sold to NHS ¹²	£14.95bn	£2.32bn	£1.84bn	5.96bn
			Total: £10.12bn		
4	Actual year-on-year sales growth rate from 2021 to 2022	15.8%	0.83%		
5	VPAS rate	15%	15%		
6	VPAS payment across industry ¹³	1.819bn			
7	Share of VPAS payment	£1.085bn	£0.168bn	£0.134bn	£0.432bn
8	Share of VPAS payment across on- and off-patent sectors	£1.085bn	£0.734bn		

All biosimilars and some generics are required to be branded by the MHRA... those products cannot “de-brand” and have no choice but to pay this levy.

The growth of patented medicine sales as a proportion of total growth **was far higher than its VPAS contribution**