

# France continues to grow but recent launches falter

Sales of reference brands listed in France's *répertoire* of generics are growing faster than those of their equivalents, as David Wallace reports.

France's generics industry can be proud of its "extreme success", according to the country's industry association Gemme. Penetration rates have risen over the past ten years to the extent that one in four medicines dispensed is now a generic, and the value of France's generics market reached around €2.7 billion (US\$3.8 billion) in 2010. This increase in generics usage has produced savings for France's healthcare budget that have expanded "exponentially" to €1.7 billion last year, Gemme said.

Figures published by market research organisation GERS corroborate Gemme's boasts of strong growth in the generics market. Sales of reimbursable generics listed in France's *répertoire* of equivalents continued to rise in the 12 months ending 31 January 2011, increasing by more than a tenth to €2.59 billion (**Generics bulletin**, 18 March 2011, page 12).

However, the turnover of reference brands grew at more than double the generics rate. It increased by 21.0% to €1.89 billion, representing more than two-fifths of the market available to generics (see Figure 1). Volumes reflected a similar trend. Sales of reimbursable generics rose by 7.1% to 635 million units, or 70% of sales within the *répertoire*. Again, however, sales of reference brands grew faster, rising by 17.7% to 274 million units.

The large number of high-value brands appearing for the first time in the *répertoire* over the past 12 months could help to explain the faster growth rate of reference products. As soon as generics are listed against a brand, the whole of the original's sales are included as part of the total for reference products, regardless of the level of penetration achieved by generic versions.

This means generics that displace brands at a slower than average rate will fail to maintain the progress already made by generics in the *répertoire*.

And generics launched recently – including rivals to Eli Lilly's Zyprexa (olanzapine) in July 2009 (**Generics bulletin**, 1 August 2009, page 21); Sanofi-Aventis' Plavix (clopidogrel) in October 2009 (**Generics bulletin**, 13 November 2009, page 19); and Merck & Co's Cozaar (losartan) in March 2010 (**Generics bulletin**, 26 March 2010, page 17) – seem to have found it more difficult to establish a foothold than in previous years.

As Figure 2 shows, generics launched in 2006 and 2007 had captured an average share of 60% of their available market by the end of the year after their launch. However, products introduced in 2008 took an extra

12 months to reach that level, whilst generics launched in 2009 and 2010 have gained ground at an even slower rate. This has contributed to the average generic penetration of the available market declining over the past year by around two percentage points to 70%.

Philippe Besnard, vice-president of economic affairs for Gemme, acknowledged that substitution rates had been increasing at a slower rate, especially when it came to recently-launched products. Newer molecules were sometimes in specialist sectors where substitution was less common, he observed, and some of them had only managed to achieve penetration of around 40% or 50% – or between 20 and 30 percentage points below the overall average.

Gemme also pointed out that doctors tended to 'trade up' to newer patented products as older brands lost their protection, resulting in a smaller market for new generics to penetrate.

## Restrict ability to bar substitution

Restricting doctors' ability to mark prescriptions as non-substitutable could help to bolster substitution rates, Gemme said. The association also urged France's government to promote more widely an existing scheme that allows prescription costs for generics to be paid directly by health insurers, rather than paid by the patient and reclaimed (**Generics bulletin**, 1 December 2010, page 13). This would support substitution by restricting consumers' ability to choose a brand alternative.

However, government measures to promote generic substitution were only one way in which generics could further contribute to savings in France's healthcare budget, Gemme insisted. Implementing measures to keep pricing competitive was another way to ensure savings, the association acknowledged.

But it was even more important to promote higher levels of prescribing within the 'perimeter' of the overall market defined by the *répertoire*, thereby ensuring generic volumes continued to rise.

The market figures provided by GERS indicate that total *répertoire* sales were €4.47 billion for the 12 months ended 31 January 2011, meaning that this 'perimeter' was limited to a mere 23% of France's reimbursable medicines market worth €19.5 billion.

Moreover, generics prices in France were already competitive, Gemme stressed. Although severe price cuts had not happened "overnight", government measures had lowered the launch price of a new generic from 70% of the brand price in 2002 to just 45% in 2011.

	Unit sales (millions)	Change (%)	Proportion of total (%)	Value sales (€ millions)	Change (%)	Proportion of total (%)
Generics within <i>répertoire</i>	635	+7.1	70	2,587	+10.1	58
Reference products within <i>répertoire</i>	274	+17.7	30	1,887	+21.0	42
<b>Total <i>répertoire</i></b>	<b>909</b>	<b>+10.1</b>	<b>100</b>	<b>4,474</b>	<b>+14.5</b>	<b>100</b>

Figure 1: Pharmacy sales of reimbursable generics and reference products within France's *répertoire* for the 12 months ended January 2011 (Source – Gemme/GERS)

And this price drops seven percentage points further – to 38% – for older generics 18 months after launch.

Reference prices also applied to some generics, Gemme pointed out. These reference prices – or *tarifs forfaitaires de responsabilité* (TFRs) – align the reimbursement prices for certain brand products with generics listed in the same *répertoire* group, and are applied where generics are failing to achieve target penetration rates. Around 20% of generics by volume and around 15% by value are subject to these reference prices. France’s economic committee for healthcare products (CEPS) imposed TFRs on further products – including benazepril, fosinopril and trandolapril – from January (**Generics bulletin**, 3 December 2010, page 20).

Furthermore, Gemme claimed, a new study of generic pricing across Europe had confirmed that French prices were competitive when compared with neighbouring countries. Conducted by Philippe Février, director of the industrial economic laboratory at research organisation CREST, the study was based on a basket of 74 molecules that together comprised more than four-fifths of France’s reimbursable generics market by value.

The study used IMS Health data from July 2010 to arrive at its conclusion that France’s national average ex-manufacturer unit price on a pre-tax basis was €0.45. This was 4% lower than the overall average price per single unit – such as a tablet or a capsule – across 10 countries: Austria, Belgium, Finland, France, and Germany, along with Italy, Poland, Portugal, Spain and the UK.

More than 450 presentations were compared in what Gemme called the “first robust study” of like-for-like price comparisons between France and other European countries. The study placed France as the fifth-cheapest after Finland, Italy, Poland and Spain. If the cost of living in each country were factored into the results, Gemme claimed, France also benefitted from relatively low generic prices.

Splitting the products into two groups – those launched before 2005 and those launched since that year – the study found that France was the fourth-most expensive of the 10 countries for the older generics.

However, its national average price was still 3% lower than the older products’ overall 10-country average. And France was the fourth-cheapest for generics launched since 2005. The average price of €0.56 in France was 15% lower than the overall average for the 10 countries studied.

**French prices 14% below average**

When the study examined the 37 top-selling products included in the survey – representing 68% of the total value of the basket of 74, and more than three-quarters by volume – France’s average price of €0.18 was 14% lower than the average across all 10 countries. This placed the country as the second-cheapest of the 10. And for the bottom 37 products, France was again 14% lower than the overall average. Its national average was €0.68, making it the fourth-cheapest.

“Several models have been created, all of which indicate that France is around the European average,” Gemme said. The variation in prices within the French basket was also narrower than in certain other countries, the organisation observed, stating that the disparities were quite marked between the lowest and highest prices in some countries, such as Germany and the UK.

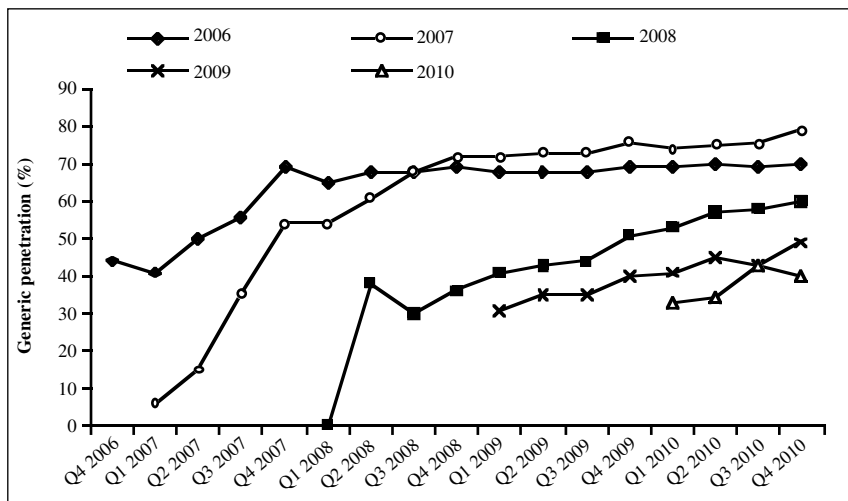


Figure 2: Average generic penetration by volume of the available market defined by France’s *répertoire* for generics launched between 2006 and 2010 (Source – Gemme/GERS)

However, Gemme acknowledged the difficulties of conducting studies that directly compared prices internationally. Different healthcare systems, variable standards of living and differences in the popularity of certain products in different countries all affected pricing and purchasing trends, the organisation noted. It could also be difficult to establish an equivalent point in the supply chain across all countries at which prices could be measured, Gemme added.

However, Gemme said pricing should be just one part of a wider political approach to generics. Achieving higher volume sales was key if the sustainability of the generics industry was to be maintained. Higher volumes offered the greatest chance of remaining profitable against the backdrop of reduced prices.

**Promote prescribing within perimeter**

Increasing the rate of prescribing within the ‘perimeter’ of prescriptions that were eligible for substitution as defined by the *répertoire* – rather than ‘trading up’ to original brands that were not substitutable – was therefore “imperative” if the economic efficiency of generics was to be improved, Gemme claimed.

Illustrating this argument, Besnard noted that if the government reduced the price of generics relative to brands by 1%, it would save a further €27 million from France’s annual healthcare budget. A single percentage-point increase in generic substitution, meanwhile, would save €26 million. But increasing the level of prescribing within the *répertoire* by the same proportion would save more than €100 million.

Doctors had to be encouraged to prescribe within the ‘perimeter’, Gemme’s president Pascal Brière stated, as no generic substitution was available for prescriptions outside of the *répertoire*. If a doctor prescribed within the *répertoire*, however, a generic would be dispensed in seven out of 10 cases at current substitution rates.

However, Brière acknowledged that it was often difficult to change the minds of prescribing doctors, and said Gemme and its members “simply don’t have the means” to put certain initiatives into motion.

Advertising would be particularly costly, Brière noted. He insisted, however, that Gemme would be active through other channels, such as promoting incentives for doctors to achieve target levels of prescribing within the *répertoire*.

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