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FROM THE BARONESS MANZOOR CBE
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Dear James,

25 February 2019

During questions on Tuesday 22 January, you asked about using the powers in the Health Service Medical Supplies (Costs) Act 2017 (the Act) to impose prices where we think inappropriate pricing may be occurring. I am sorry that I was unable to respond to you at the time and I promised to write to you.

As am sure you are aware, we do not control prices of generic medicines but rely on competition to drive prices down. This normally works well and has led to some of the lowest prices in Europe.

It is true that there are isolated cases of high cost generics. This appears to be where there is no competition or competition is not working well and some suppliers have increased their prices to what appear to be unwarranted levels. Since the Act entered into force in 2017, the Department of Health and Social Care has continued its work with the Competition and Markets Authority on the cases they are taking forward and has made the Health Service Products (Provision and Disclosure of Information) Regulations 2018 that support its price setting powers and enable the Secretary of State for Health to require the provision of information about costs related to a medicine. This includes the costs of manufacture and research and development and would enable the Department to assess whether a process of a medicine bears a relations with the costs of that medicine. However, to implement our price setting power the NHS Act 2006 requires us to consult the relevant industry bodies.

The Department is therefore preparing a consultation with industry representative bodies on proposals for implementation of the price setting powers. Informal discussion with the industry bodies about these proposals have already taken place.

I hope you find this letter helpful. I will also send a copy to those Peers who spoke to the question and will place a copy in the House library.

*with all good wishes,
Yours ever,*

BARONESS MANZOOR CBE

Lord O'Shaughnessy
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Zahida