



FACTSHEET

Key facts

- The overall NHS expenditure on medicines in 2012 was £13.3 billion.
- In 2012 hospital use accounted for 36.5 per cent of the total cost, up from 33.3 per cent in 2011.
- The cost of medicines rose by 1.5 per cent overall but by 11.1 per cent in hospitals.
- Of the drugs positively appraised by NICE, the greatest overall cost was for adalimumab (Humira), which also incurred the greatest cost in hospitals.

NHS England Drug Expenditure

When the NHS was launched in 1948 it had a budget of £437million (roughly £9billion at today's value). For 2011/12 it was around £106 billion. This equates to an average rise in spending over the full 60-year period of about 4% a year once inflation has been taken into account. However, in recent years investment levels have been double that to fund a major modernisation programme.

Some 60% of the NHS budget is used to pay staff. A further 20% pays for drugs and other supplies, with the remaining 20% split between buildings, equipment, training, medical equipment, catering and cleaning. Nearly 80% of the total budget is distributed by local trusts in line with the particular health priorities in their areas.

The money to pay for the NHS comes directly from taxation. According to independent bodies such as the King's Fund, this remains the "cheapest and fairest" way of funding health care when compared with other systems.

Overall, drug expenditure represents about 10% of NHS drug expenditure. Following the 2010 General Election, the coalition government agreed that all NICE approved drugs should be made readily available to all NHS England patients, irrespective of where they live, and as a direct consequence there has been a steady increase in the value of drugs issued in hospitals (secondary care). This equates closely with the fact that the newer drugs positively appraised by NICE tend to be very expensive in terms of acquisition cost (i.e. trade price to the NHS).

Primary Care

1,000.5 million prescription items were dispensed overall, a 4.1 per cent increase (39.0 million items) on the previous year and a 62.2 per cent increase (383.5 million items) on 2002. This equates to approximately 2.7 million items every day, or over 1,900 every minute. The average number of prescription items per head of the population in 2012 is 18.7, compared to 18.1 items in the previous year and 12.4 in 2002.

The total Net Ingredient Cost (NIC) of prescriptions dispensed was £8.5 billion, similar to the total cost of prescriptions in 2009 and a 3.2 per cent fall (£281.9 million) on the previous year. In 2002 this figure was £6.8 billion. The average cost per head of the population has fallen to £159.33, from a peak of £167.80 in 2010. In 2002 the average cost per head was £137.80. The average net ingredient cost per prescription item has fallen from £9.16 in 2011 to £8.52 in 2012. In 2002 this figure was £11.10.

The fall in cost is partly due to the expiry of patents for several leading medicines and the use of less expensive generic alternatives. For example, the cardiovascular drug Atorvastatin

where costs fell by £144 million between 2011 and 2012, from £310.9 million to £166.6 million.

The leading BNF Section in terms of net ingredient cost, now for the sixth year in succession, is *Drugs used in Diabetes*. Costs increased for this section by 2.2 per cent (£16.2 million) from 2011 to £767.9 million in 2012. The number of prescription items dispensed rose by 5.4 per cent (2.2 million) from 2011 to 42.2 million in 2012.

The BNF Section with the largest increase in cost between 2011 and 2012 was *Antibacterial Drugs*, where costs rose by £25.1 million (14.8 per cent) to £195.4 million. The number of items dispensed increased by 2.5 million, (6.1 per cent) to 43.3 million.

A new collection of data on prescriptions dispensed free of charge shows that over 90.6 per cent of all prescriptions were dispensed free of charge. Sixty per cent of items were dispensed free to patients exempt from the prescription charge because of old age (aged 60 and over) and five per cent went to the young (aged under 16 or 16-18 and in full-time education) who are also exempt from the charge

Table 1. Top Drugs By Cost Prescribed In Primary Care 2012

RANK	DRUG	AVAILABLE AS BRAND ONLY	NET INGREDIENT COST £ (thousands)
1	Fluticasone /Salmeterol (Seretide, GSK)	Y	377,379
2	Pregabalin (Lyrica, Pfizer)	Y	181,431
3	Tiotropium (Spiriva, Boehringer Ingelheim)	Y	169,351
4	Atorvastatin	N	166,393
5	Budesonide/Formoterol (Symbicort, Astra Zeneca)	Y	159,567
6	Metformin	N	84,007
7	Quetiapine	N	79,920
8	Co-codamol	N	78,691
9	Insulin Glargine (Lantus, Sanofi-Aventis)	Y	77,979
10	Paracetamol	N	71,658
11	Levothyroxine	N	70,325
12	Candesartan	N	69,483
13	Influenza Vaccine (various)	Y	69,418
14	Buprenorphine inc Naloxone preps	N	68,730
15	Insulin Aspart (Novorapid, Novo Nordisk)	Y	66,661
16	Omeprazole	N	65,692
17	Ezetimibe (Ezetrol, MSD – Schering Plough)	Y	62,071
18	Solifenacin (Vesicare, Astellas)	Y	59,615
19	Sitagliptin (Januvia, MSD)	Y	59,488
20	Simvastatin	N	56,406
21	Fentanyl	N	56,070
22	Bispasic Insulin Aspart (Novomix, Novo Nordisk)	Y	55,850
23	Goserelin (Zoladex, Astra Zeneca)	Y	53,158
24	Monteleukast (Singulair, MSD) *	Y	51,715
25	Rosuvastatin (Crestor, Astra Zeneca)*	Y	49,906

26	Fortisip Enteral Nutrition (Nutricia)	Y	47,990
27	Donepezil	N	44,542
28	Oxycodone	N	44,196
29	Salbutamol	N	43,084
30	Insulin Detemir (Levemir, Novo Nordisk)	Y	41,726
31	Ensure Enteral Nutrition (Abbott)	Y	41,148
32	Aviva Testing Strips (Roche Diagnostics)	Y	38,530
33	Insulin Lispro (Humalog, Lilly)	Y	37,925
34	Liraglutide (Victoza, Novo Nordisk)	Y	33,153
35	Morphine	N	27,328
36	Gabapentin	N	25,334
37	Methadone	N	24,059
38	Exenatide (Byetta, Lilly)	Y	21,083
39	Olanzapine	N	16,705

Note:

(*) The patents for these medicines will expire in the following year, so NHS spending on these brands will be significantly lower.

Net Ingredient Cost (NIC) refers to the cost of the drug before discounts and does not include any dispensing costs or fees. **A dispensing contractor (eg. a Pharmacy) will typically have 9-10% of the NHS reimbursement price (trade price) clawed back by the Department of Health, as it is assumed that the contractor will have negotiated a discount with their pharmaceutical wholesaler.**

It does not include any adjustment for income obtained where a prescription charge is paid at the time the prescription is dispensed or where the patient has purchased a pre-payment certificate.

Table 2. Top 10 medicines by cost for medicines positively appraised by NICE issued in hospital in 2012

DRUG NAME	NHS Cost £ (thousands)
Adalimumab (Humira, AbbVie)	251,716.20
Etanercept (Enbrel, Pfizer)	202,720.60
Ranibizumab (Lucentis, Novartis)	193,525.30
Rituximab (MabThera, Roche)	121,740
Infliximab (Remicade, MSD)	121,653.20
Trastuzumab (Herceptin, Roche)	110,522.50
Lenalidomide (Revlimid, Celgene)	83,367.80
Imatinib (Glivec, Novartis)	59,906.80
Docetaxel (Taxotere, Sanofi-Aventis)	57,367.40
Oxaliplatin (various generic)	46,403.50

Sources:

The NHS Information Centre <http://www.ic.nhs.uk/>

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