



Department of Health

15/05/2014

DE00000856103

Dear Mr Funk,

Thank you for your request of 15 April 2014 under the Freedom of Information Act (2000). Your exact request was:

"You wrote that "[t]he price of medicines is controlled through competition in the market between several manufacturers"; could you list the names of the competing suppliers for melatonin in the UK?"

I can confirm that the Department of Health holds information relevant to your request.

I am sorry that our reply to you of 14 April (our ref: DE00000854601) was misleading, as it implied that the prices of all medicines are controlled through competition. This is only the case for generic medicines.

In the case of melatonin, there is only one licensed product in the UK and this is a branded product, Circadin (manufactured by Flynn Pharma Ltd).

Unlike generic medicines, the prices of branded medicines are controlled by the Pharmaceutical Price Regulation Scheme (PPRS), which regulates the profits that pharmaceutical companies can make on their NHS sales. Further information on the 2014 PPRS is available at:

www.gov.uk/government/publications/pharmaceutical-price-regulation-scheme-2014

However, we are aware that unlicensed melatonin products are also dispensed in primary care as 'specials'. New arrangements were introduced in November 2011 to create a more transparent system for reimbursing specials, linking the cost of reimbursement to the cost of the product, while providing value for money for the NHS. The Department does not set the selling prices of specials, but for some of the most common specials it does set the price pharmacy contractors will be reimbursed for dispensing the product. Having a Drug Tariff price, similar to the approach used for generic medicines, uses competition to encourage lower prices and creates an

incentive for pharmacy contractors to procure in a manner that is cost-effective for the NHS. The reimbursement price of some unlicensed melatonin products has been established. Where they have not, the pharmacy contractor will need to provide information as to the source and cost of the product in order to be reimbursed. For example, some of the melatonin products dispensed may have been imported.

For the majority of licenced medicines, mechanisms are in place to ensure the NHS gets value through either the PPRS or competition in the market. However, due to the diversity of what may be prescribed, the specific needs of patients and the sources of supply there are potentially tens of thousands of products that be prescribed in primary care on the NHS and it not feasible to manage drug prices for all these products on a product-by-product basis.

If you have any queries about this email, please contact me. Please remember to quote the reference number above in any future communications.

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of the response to your original letter and should be addressed to:

Head of the Freedom of Information Team
Department of Health
Room 520
Richmond House
79 Whitehall,
London
SW1A 2NS

Email: freedomofinformation@dh.gsi.gov.uk

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner (ICO) for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the Department. The ICO can be contacted at:

The Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Yours sincerely,

Danny Lamond

Freedom of Information Officer
Department of Health

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