Sustainability of healthcare systems in the wake of COVID-19: The UK VPAS case study

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Introduction

- The 2019 Voluntary Scheme for Branded Medicines Pricing and Access (VPAS) is a 5-year voluntary agreement between the United Kingdom's Department of Health and Social Care (DHSC) and the Association of the British Pharmaceutical Industry (ABPI) that aims to support pharmaceutical industry innovation alongside ensuring affordability
- One key aspect is a cap limiting the growth of the branded medicines bill to a maximum of 2% per annum, which is rebated back by VPAS members if exceeded
- The COVID-19 pandemic placed unprecedented pressure on healthcare systems' expenditure and this research reviews its impact in relation to this medicines expenditure cap

Methods

- Publicly-available DHSC VPAS documentation was screened for forecasted and actual repayment percentages/amounts (on 09-May-2022)

Results

- Annually, the DHSC set the repayment percentage for that year and forecast it for the upcoming year
  - The forecast rebate and actual repayment percentage are compared and summarized in Table 1

Table 1: Forecast vs. actual annual repayment %s as part of the VPAS cap limiting the growth of the UK branded medicines bill

	Forecast	Actual	Magnitude
2019	N/A[1]	9.6%	£845m
2020	14.2%	5.9%	£594m
2021	9.0%	5.1%	£564m
2022	5.8%	19.1%[2]	TBC
2023	26.0%	TBC	TBC

[1] The repayment percentage for 2019 was set at 9.6% as part of the VPAS agreement

[2] In January 2022 the DHSC and ABPI announced a one-off amendment to VPAS capping the repayment percentage to 15% for 2022

Conclusions

- Repayments under VPAS have totaled over £2bn during its first 3 years
- Whilst this represent significant savings for the DHSC, this may not be sustainable for industry; a forecast 26% rebate in 2023 could, if realized, amount to over £2 billion in repayments for that year alone
- The VPAS expires at the end of 2023 and balancing the post-COVID healthcare budgetary pressures alongside financial implications for industry may pose for some very challenging negotiations

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