THE HAEMOPHILIA SOCIETY

P.O. Box 9
16 Trinity Street
London SE1 1DE
Telephone: 01-407 1010

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Dr.B.T.Colvin. M.R.C.P., M.R.C.Path,
Department of Haematology
The London Hospital
Whitechapel Road
London
E.1 1BB

Dear Brian,

Thank you for your letter of 22nd February, a copy of which has been passed to me as the author of the discussion paper. I am pleased it has provoked some comment, and I hope you will not mind me following up some of the matters you raise in your letter.

Regarding the future need for Factor VIII, I am sure you are right that 145 million units will not be needed in 1985. My purpose in including the "Josephson Calculation" was simply to make the point that all previous estimates of demand have been too low and that it is possible to perform a not too unreasonable calculation to give a requirement much above 100 million units.

The "ultimate" requirement, of course, supposing enough good quality (i.e. hepatitis free ,etc) Factor VIII were available, would be , I guess, enough Factor VIII to keep all haemophiliacs on permanent prophylaxis. I don't know how much that would be, but I imagine 300 million units per year would be a conservative estimate.

Regarding my paragraph 10(a); Yes, fair point - we don't know whether any U.S. Factor VIII originates in Mexico (or even further south,I suppose!).

Concerning price (paragraph 10(b)), I did refer to "competition" with the NBTS as a reason why commercial prices were reasonable here. I am not sure that this is a valid reason, though. As best I remember my economics course, the existence of a competitor restrains prices only if that competitor can supply enough to meet the demand. In the case of Factor VIII, if we have to obtain more than the NBTS can supply then there is no price - restraining effort on commercial companies. Apart from the effect of competition between companies, I suspect that the companies know that funds for purchasing Factor VIII are very limited, and will charge what the market will bear in the light of that knowledge, thus giving them a reasonable profit (if not as large as they would like).

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I think the existence of the NBTS supply would affect their prices only if they believed we could survive with NBTS material alone - and I can't imagine they believe any such thing. I take the point that prices are rising,however. We have over the years found information on prices, and how Haemophilia Centres and RHA Budgets operate, rather difficult to come by, and we would welcome more information on this: I also accept that other blood products enter the equation. Dr.Lane's explaination to us, however, is that demand for these products can be satisfied much more easily than the demand for Factor VIII and that consequently the marginal cost of obtaining the extra Factor VIII needed is very high.

I should probably not have referred to a possible greater hepatitis risk from NBTS concentrate - this was a subjective view mentioned to me by a Centre Director, and is probably not supported statistically.

I appreciate that we can not rely on synthetic concentrate within the next ten years. Nevertheless, 10 years is not all that long a period in terms of public expenditure planning, and I think we must bear in mind the possibility that not long after the present investment programme at Elstree is complete we may be requiring major new investment in different technology.

Finally, I certainly have no wish to criticise NHS concentrate or the plans for Elstree or even to change our long-term policy. My view is simply that we should for the time being place rather less emphasis on this problem, for example at the meetings with the Minister of Health.

Thanking you again for your comments,

Warmest regards,

GRO-C

Ken Milne

Personally dictated by Mr.Milne but sent in his absence.