

NORTHERN REGIONAL HAEMOPHILIA SERVICE

NEWCASTLE HAEMOPHILIA CENTRE

THE ROYAL VICTORIA INFIRMARY

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Ref: PJ/LM

27th November, 1984

Mr. B. Dowdeswell,
Administration Department,
RVI.

Dear Barry:

Firstly, thank you so much for your great help and very positive response within the past 10 days. We appreciate it.

In answer to your questions:

In an average year we use about 5 million units of factor VIII, of which some 60% is imported commercial material. The remainder is NHS. Using these figures our prediction for the four months until the end of the financial year is that we will need around 1.7 million factor VIII units in total. The present cost of this, at 9p a unit, disregarding the NHS material, is £153,000. At an average price increase for heat treated material of 12.6p the price will be £214,200, i.e. a cost increase of £61,200. This figure is worked on the following assumptions:

1. It is a maximum figure disregarding the use of NHS material which would of course be "free". I have done this because we may be forced to use only heat treated material by patient pressure. Our latest information is that the NHS material will not be heat treated until April 1985.

My present clinical decision is to continue to use NHS material because I consider its potential infectivity to be considerably less than even that of the heat treated American product. Given a further four months treatment with NHS in addition to the commercial concentrate, the increase of £61,200 can be reduced by between 30% and 40%.

2. I have asked Mrs. Saunders to order from 3 manufacturers because our patients have become accustomed to their products in the past. The manufacturers concerned are Alpha Therapeutic, who supply us with Profilate and who have quoted 14p per unit heat treated; Cutter Laboratories who supply us with Koate and have quoted 12p per heat treated unit; and Armour Pharmaceutical who supply us with Factorate and have quoted 12p per unit. I have averaged these out in order to arrive at the final figure.
3. There is a possibility that other firms may undercut these prices. I am thinking in particular of Travenol, who may come in with a heat treated Hemofil and Immuno with heat treated Kryobulin. There are other firms, particularly in West Germany, who, depending on their stocks, might make a bid for the British market.

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Conversely, prices could rise if demand outstrips supply.

4. The assumption is for total usage, including home therapy, prophylaxis and surgery. We have 3 major orthopaedic procedures scheduled before 31st March, together with some minor operations (dental extractions, vasectomy etc.). Two of these operations are on patients who have had antibodies in the past. This complication could go for us or against us. If I am forced to use an alternative product we could get Porcine material free provided the antibody level is low enough, but if I am dealing with high titre antibodies at the time of surgery or in the post-operative period, I will be forced to use high dosage factor VIII thereby increasing the total expenditure.
5. Apart from the surgery, the figures do take into account our usual run of complications and antibodies.
6. Finally, in these figures I have not made any estimate of patient resistance. When AIDS became a problem in the United States there was a 15% - 20% fall off in patient usage, i.e. they voted with their feet and we could see this here.

Following our conversation I re-checked with the representatives of the 3 companies. They have all agreed to take back their present stocks of non-heat treated material without any financial forfeit to the Health Authority. They are putting this in writing to me and I will pass their statements on to you.

Finally, you asked about a forward look to 1985/86. I am sure you will appreciate that this is very difficult in circumstances which, as Mike Rawlins pointed out so succinctly in his letter, change literally from day to day. Our colleagues at Elstree think there is a 10% - 15% loss of yield in factor VIII with heat treatment but I know that some of the commercial companies are claiming a greater loss depending on the method of manufacture. Bearing this in mind, the price increase already in force seems a reasonable one but so much depends on the supply and demand situation. The present world scene is that only 20% of the haemophilic population's needs are being met from all sources so the companies could have us by the throat. Elstree is in the final phases of building but nowhere near collecting sufficient plasma from the regions in order to meet a target of self sufficiency. "Best estimate" has been given as end of 1986/87.

As far as Newcastle is concerned we have certainly had a heavy year with orthopaedic surgery, especially joint replacement, and with two patients who have had to be operated on because of complications of treatment which were possibly pre-AIDS. Apart from these hiccups I do not foresee any increased usage of factor VIII over the 1985/86 period.

The country is still self-sufficient in factor IX concentrate which is supplied from Elstree and I doubt that its lack of heat treatment will affect the market because there is a paucity of AIDS cases following conventional factor IX therapy in the United States.

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Finally, I am in regular contact with my colleagues both in this country and abroad and I will keep you updated with any changes that are predicted. The next meeting of the Reference Centre Directors at Elstree to discuss future policy is on Monday, 10th December.

I hope that you will find these projections helpful. Once again many thanks for your continued support.

Kind regards,

Yours sincerely,

GRO-C

PETER JONES
Director

cc. Mr. C. Spry
Professor M. Rawlins