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Groupement Pharmaceutique de l'Union Européenne*



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Pharmacy, Europe and the Future

John Chave, Secretary General



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Pharmaceutical Group of European Union

Members: Professional Bodies & Pharmacists' Associations



2012: 31 Countries

- | | | | |
|---|------------|---|----------------|
|  | Austria |  | Netherlands |
|  | Belgium |  | Poland |
|  | Bulgaria |  | Portugal |
|  | Cyprus |  | Romania |
|  | Czech Rep |  | Slovakia |
|  | Denmark |  | Slovenia |
|  | Estonia |  | Spain |
|  | Finland |  | Sweden |
|  | France |  | United Kingdom |
|  | Germany |  | Croatia |
|  | Greece |  | FYR Macedonia |
|  | Hungary |  | Norway |
|  | Ireland |  | Serbia |
|  | Italy |  | Switzerland |
|  | Luxembourg |  | Turkey |
|  | Malta | | |

A vision of the future

‘The future will not permit the use of the full-trained pharmacist in procedures and tasks that do not require the level of his knowledge and skill.’

‘Pharmacy must become more efficient in its efforts and must take advantage of every opportunity for the use of automation to perform routine, non-professional tasks.’

*Source: The Mills Study Commission on Pharmacy **1975***

Push to End Job Barriers Rattles Greece and Economy



Angelos Tzortzinis for The New York Times


Long-existing regulations have made pharmacies a lucrative trade in Greece.


By SUZANNE DALEY

Published: October 14, 2010

ATHENS — Antonios Avgerinos, 59, a retired army pharmacist, always wanted his own pharmacy here. And why not? Greek law ensures that pharmacists get a 35 percent profit on all drugs sold, even over-the-counter medications.

 RECOMMEND

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 PRINT

A Vision of the Present



Economic Governance

Examples of ongoing health systems reform

- Greater use of information technology
- Use of clinical guidelines
- Savings in pharmaceuticals budget
- Centralised purchasing / procurement
- Reinforcement of primary care services



Three Currents of Change

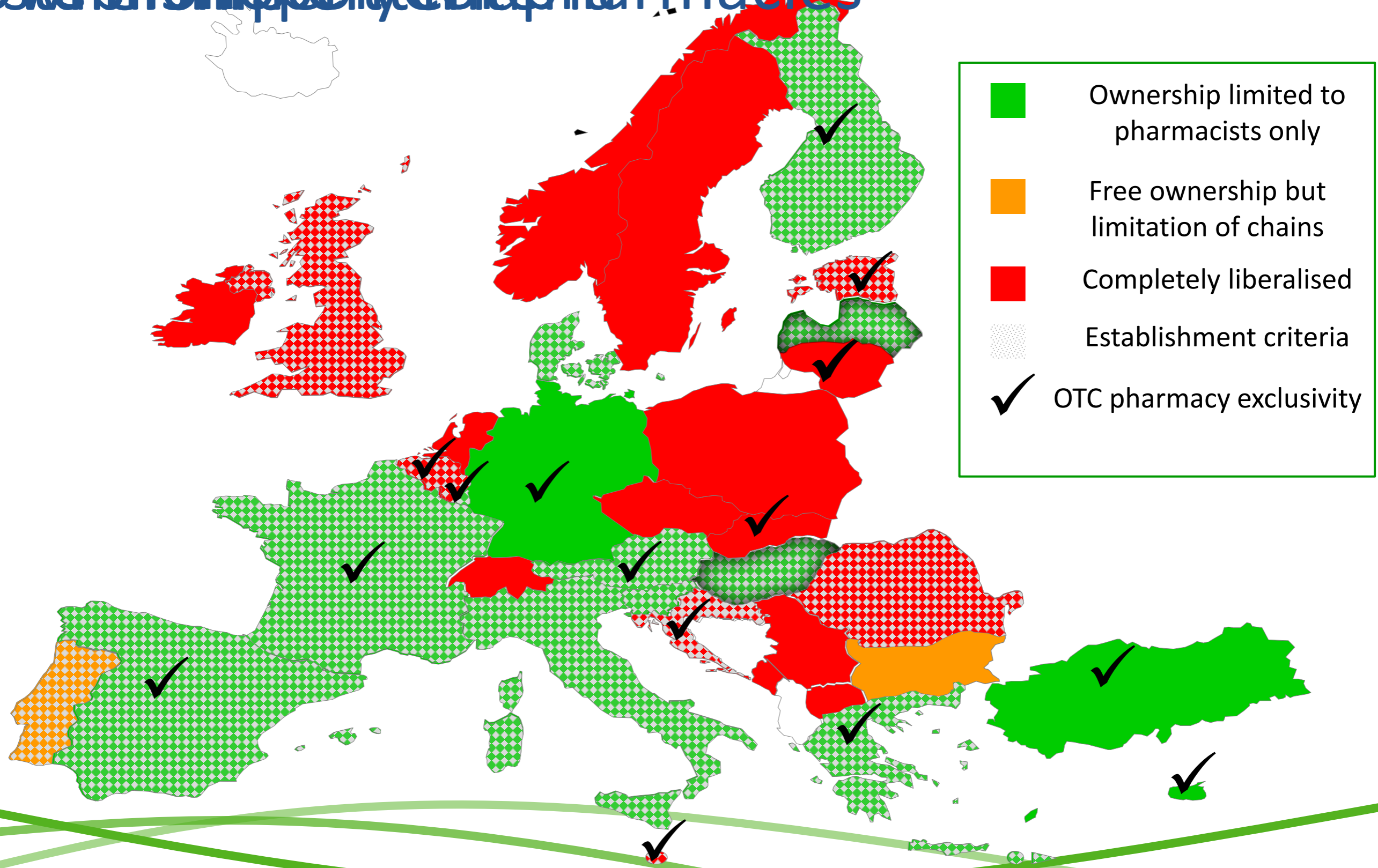
- Liberalisation
- Economic Change
- Professional Change



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Establishment criteria for pharmacies



Does Internet Pharmacy/Mail Order have a future in Europe?



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Does Internet Pharmacy have a future in Europe?

- Internet sale of prescription medicines currently prohibited in vast majority of EU states;
- Even if legalised tomorrow, internet pharmacy faces three significant challenges:
 - Depends on the ability to offer discounts;

→ Almost certainly higher co-payments and more private prescriptions in the future

- Depends on the ability to get prescriptions;

→ E –prescription likely to become the norm in EU in next 10 -20 years

- Depends on the ability of offer advice resource;

→ Technologically possible now, but rise of repeat prescribed chronic patients may increase pressure to make this an optional add on



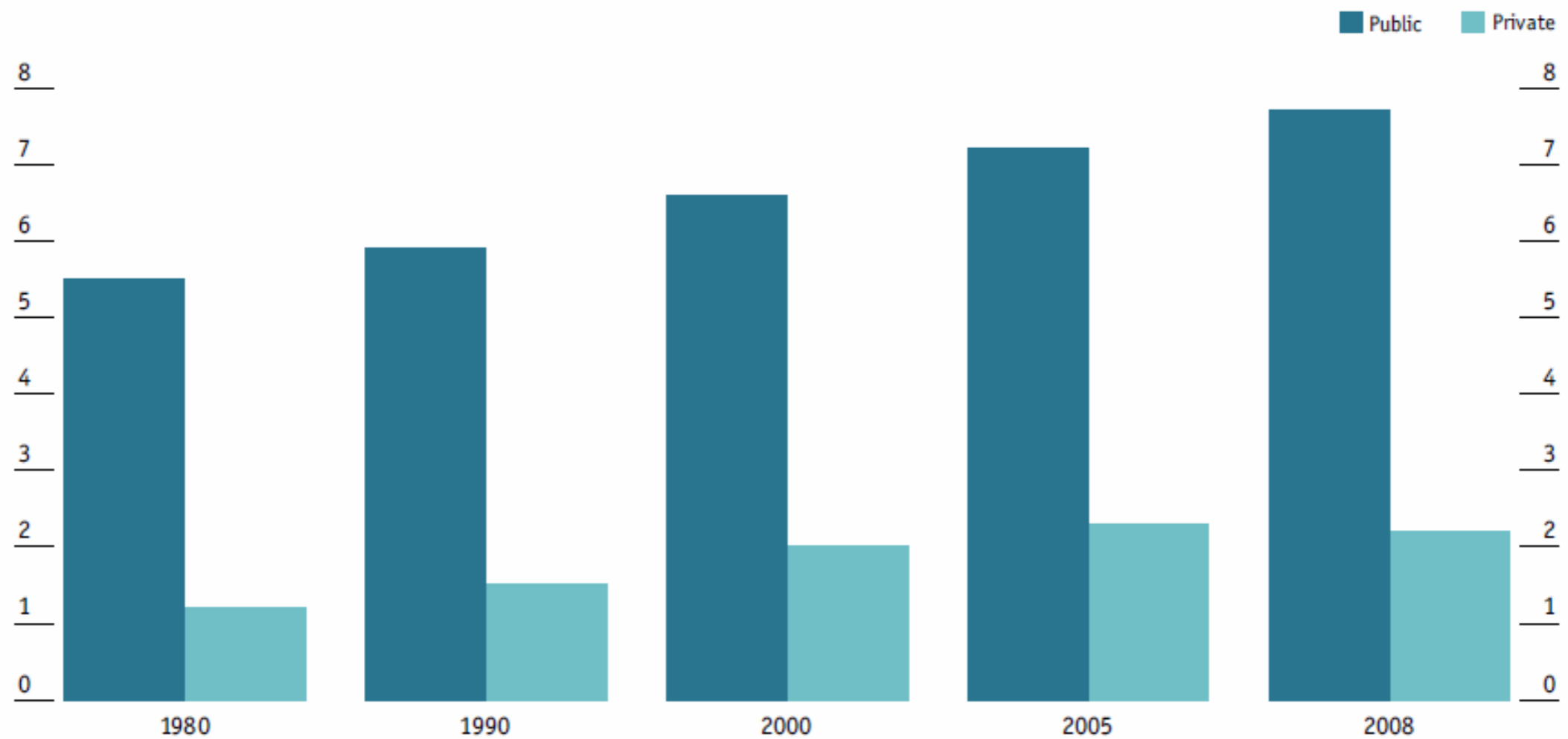
Some thoughts on liberalisation

- European Pharmacy is still an overwhelmingly independent profession, and will remain so for the foreseeable future;
- The debate now in Europe is not about legality of restrictions; it is about whether liberalised systems reduce costs.
- Independent pharmacies will need to develop strategies to improve economies of scale if they are going to survive;



Economic Change

Chart 6: Health expenditure as a share of GDP, EU 27
(% of GDP)



Source: Eurostat.



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A crisis in pharmacy remuneration?

- The following countries report reductions in regulated remuneration levels since 2008:
 - Italy
 - Greece
 - Portugal
 - Ireland
 - Romania
 - Slovenia
 - Spain
 - The Netherlands
 - Switzerland
 - Turkey
 - Northern Ireland
 - Denmark
 - Poland



A crisis in pharmacy remuneration...?

- Others report declines in turnover as a result of falling prices:

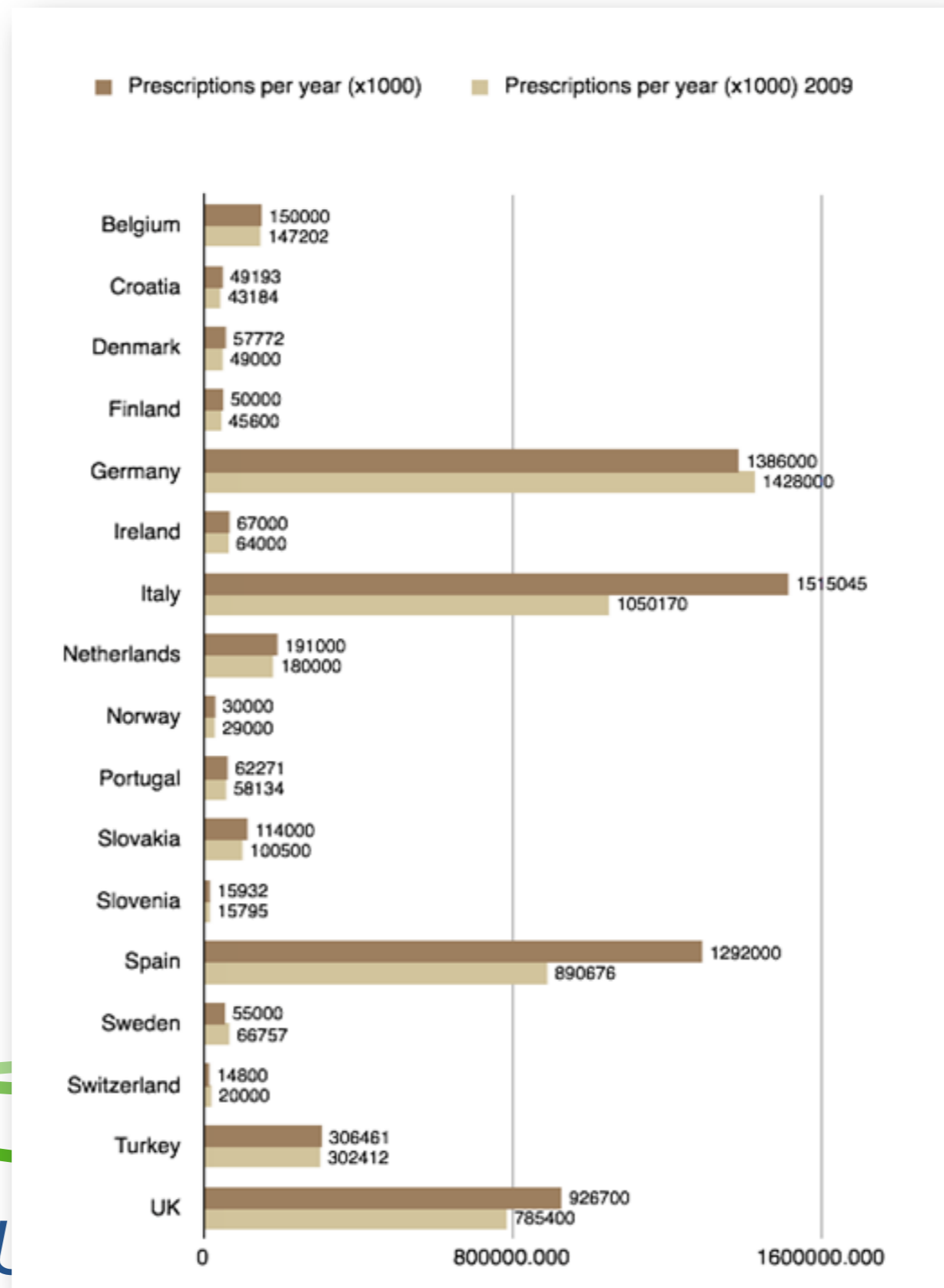
- Belgium
- Bulgaria
- Czech Republic
- France
- The Netherlands
- Slovakia
- Spain



- Switzerland
- Greece
- Turkey
- Ireland
- Italy
- Hungary
- Slovenia



Meanwhile workload increases....



The Impact of Generics

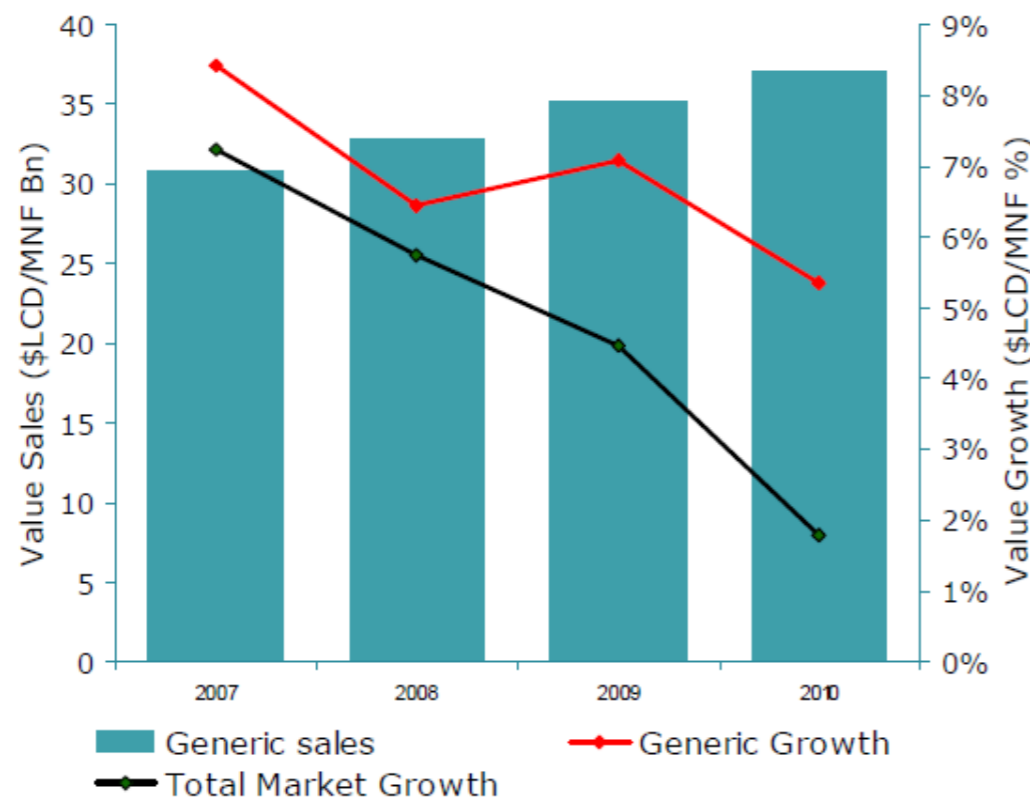
- Procompetitive Generics Policies (e.g. INN prescription/tendering) and/or Mandatory Substitution **e.g.**
 - Netherlands
 - Slovakia,
 - Lithuania,
 - Germany,
 - Denmark,
 - Portugal,
 - France,
 - Sweden,
 - Finland,
 - Czech Republic
 - now Greece (INN prescribing)
 - now Belgium (sub for the moment is just for some products such as antibiotics)
 - now Italy,
 - and Spain.
 - Ireland under discussion...
- Patent Cliff issue accelerates generic impact...



European generics growing at over twice total pharma* in 2010

However, generic value still under 20%

Generic Value Sales and Growth (LCUS\$-ex man)

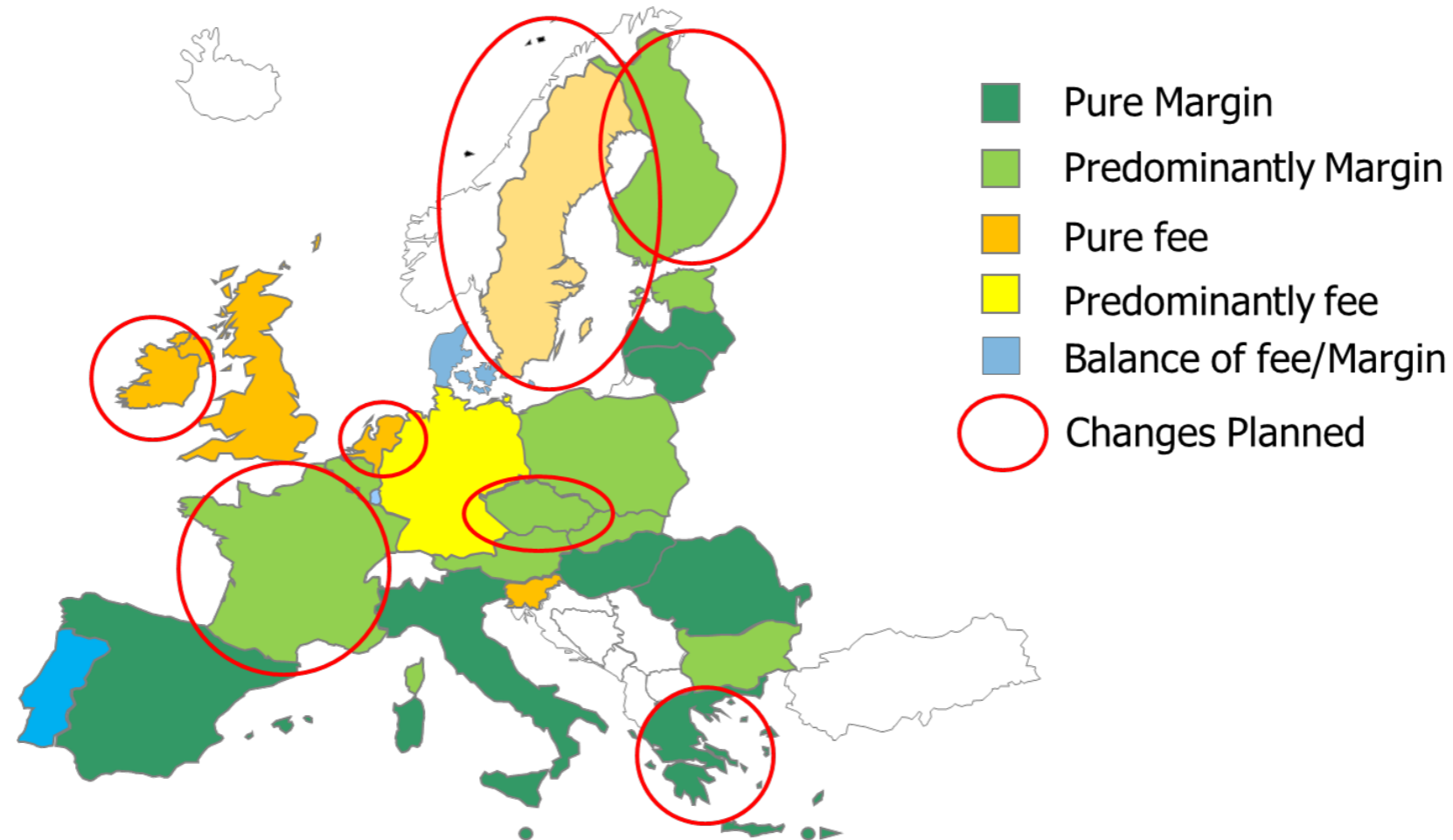


2010 Top 10 countries	% share of global generics LCUS\$*-2004	% share of global generics LCUS\$*-2010
Germany	24%	18%
France	13%	16%
UK	16%	12%
Turkey	6%	10%
Italy	9%	9%
Spain	7%	8%
Poland	7%	6%
Portugal	3%	2%
Greece	2%	2%
Czech	2%	2%
2010 Top 10 markets	88%	86%

Source: IMS Health, MIDAS, Market Segmentation countries, MAT Dec 2010, *Rx only. Rankings determined by 2010 Value Sales (LCUS\$)

The Margin Trap

- The majority of countries remunerate pharmacists through margin or predominantly margin payments:

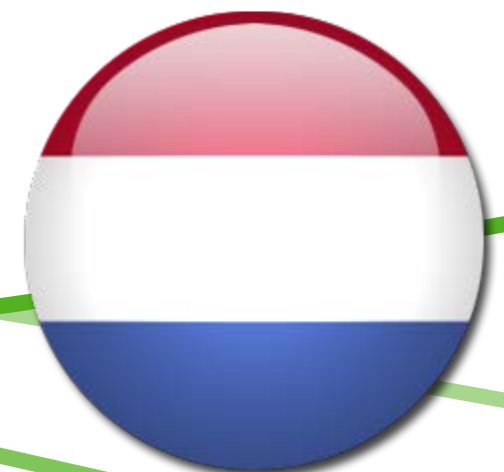


- These countries have been particularly hard hit by proactive generic policies.



A Case Study from Holland

- In some respects the most professionally advanced pharmacy system in Europe;
- Liberalised system but around half pharmacies independent;
- Traditionally highly profitable, despite strong OTC competition – high customer loyalty, low pharmacy density.
- Fee based remuneration, heavy dependence on rebates.



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The Dutch Generic Tendering System



Table 2 The effects of tendering on prices in the Netherlands (Top 10 packs by sales, May-June 2008)

Pharmaceutical Product	Preferred supplier	Pharmacy purchase price (Euros)		Change
		May 2008	June 2008	
1. Omeprazole tablets/capsules, 20mg	Ratiopharm	€ 0.36	€ 0.05	-88%
2. Alendroninezuur tableś, 70mg	Centrafarm	€ 4.99	€ 0.36	-93%
3. Omeprazole tablets/capsules, 40mg	Centrafarm	€ 0.65	€ 0.09	-86%
4. Paroxetine tablets, 20mg	Ratiopharm	€ 0.37	€ 0.07	-82%
5. Simvastatin tablets, 40mg	Actavis	€ 0.27	€ 0.04	-84%
6. Pravastatin tablets, 40mg	Focus Farma	€ 0.54	€ 0.13	-76%
7. Simvastatin tablets, 20mg	Ratiopharm/Actavis	€ 0.17	€ 0.03	-85%
8. Tamsulozine tablets/capsules, 0.4mg	Centrafarm	€ 0.34	€ 0.07	-80%
9. Amlodipine tablets, 5mg	Ratiopharm	€ 0.19	€ 0.03	-85%
10. Citalopram tablets, 20mg	Ratiopharm	€ 0.34	€ 0.04	-88%

Source: Stichting Farmaceutische Kengetallen (SFK), quoted in Kanavos, Seeley and Vandoros, 2009.

Since the first wave of tenders the Dutch generics market decreased 66% - Off Patent prices fall on average 85%

ZORG 8 OKTOBER 2009

Kamer heeft begrip voor apothekers

De apothekers, die protesteren tegen de te lage prijzen waarvoor ze medicijnen moeten leveren, vonden donderdag gehoor bij de Tweede Kamer. Een Kamermeerderheid vindt dat het beleid van de zorgverzekeraars om alleen nog de goedkoopste middelen te vergoeden, aan het doorschieten is.



Met spandoeken voeren apothekers actie in Den Haag. © ANP



HART VAN NEDERLAND PIET PAULUSMA SHOWNIEUWS

HOME
PROGRAMMA GEMIST
NIEUWS UIT DE PROVINCIE
TIPS
OVER ONS
SBS 6

DAGELIJKS OM 19.00 EN 22.30 UUR

VOLG HVNL

DEBENTHE FLEVOLAND FRIESLAND GELDERLAND CRONINGEN LIMBURG
NOORD-BRABANT NOORD-HOLLAND OVERIJSEL UTRECHT ZEELAND ZUID-HOLLAND

LAATSTE NIEUWS

- Loeds in Reijmerstok uitgebrand
- Gewonden bij ongeval Pijnacker
- Billenfotograaf niet vervolgd
- Onderzoek justitie geen verrassing voor ziekenhuis
- Apothekers voeren actie tegen nieuw beleid

MEER

UIT DE PROVINCIE

- Loeds in Reijmerstok uitgebrand
- Gewonden bij ongeval Pijnacker
- Billenfotograaf niet vervolgd

NEDERLAND 10:25 uur

Apothekers voeren actie tegen nieuw beleid

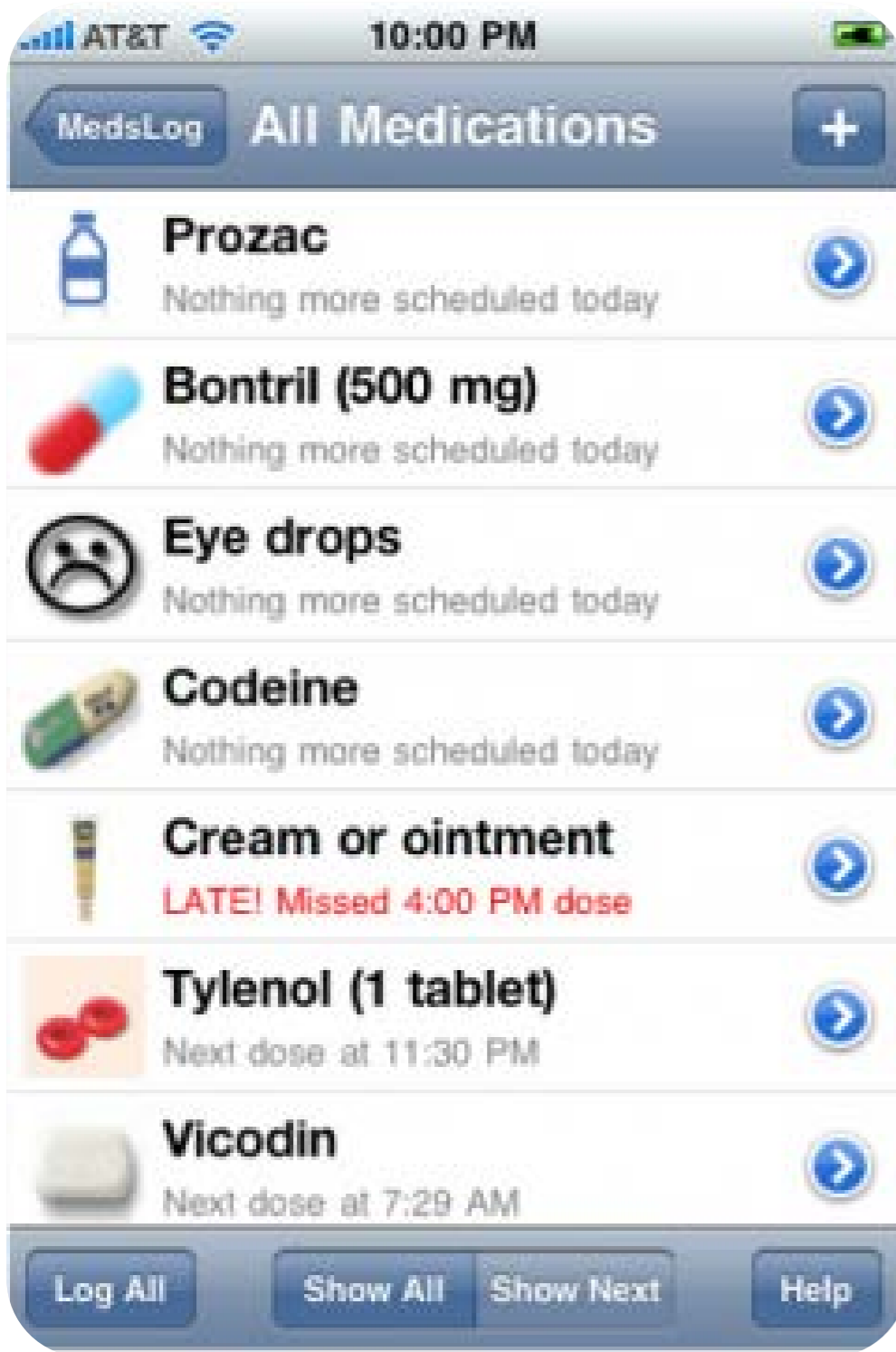
Een paar honderd apothekers hebben donderdag gedemonstreerd in Den Haag. Ze riepen de Tweede Kamer op een eind te maken aan nieuw beleid waarbij apothekers veel minder geld krijgen voor de medicijnen die ze aan patiënten leveren.

Professional Change



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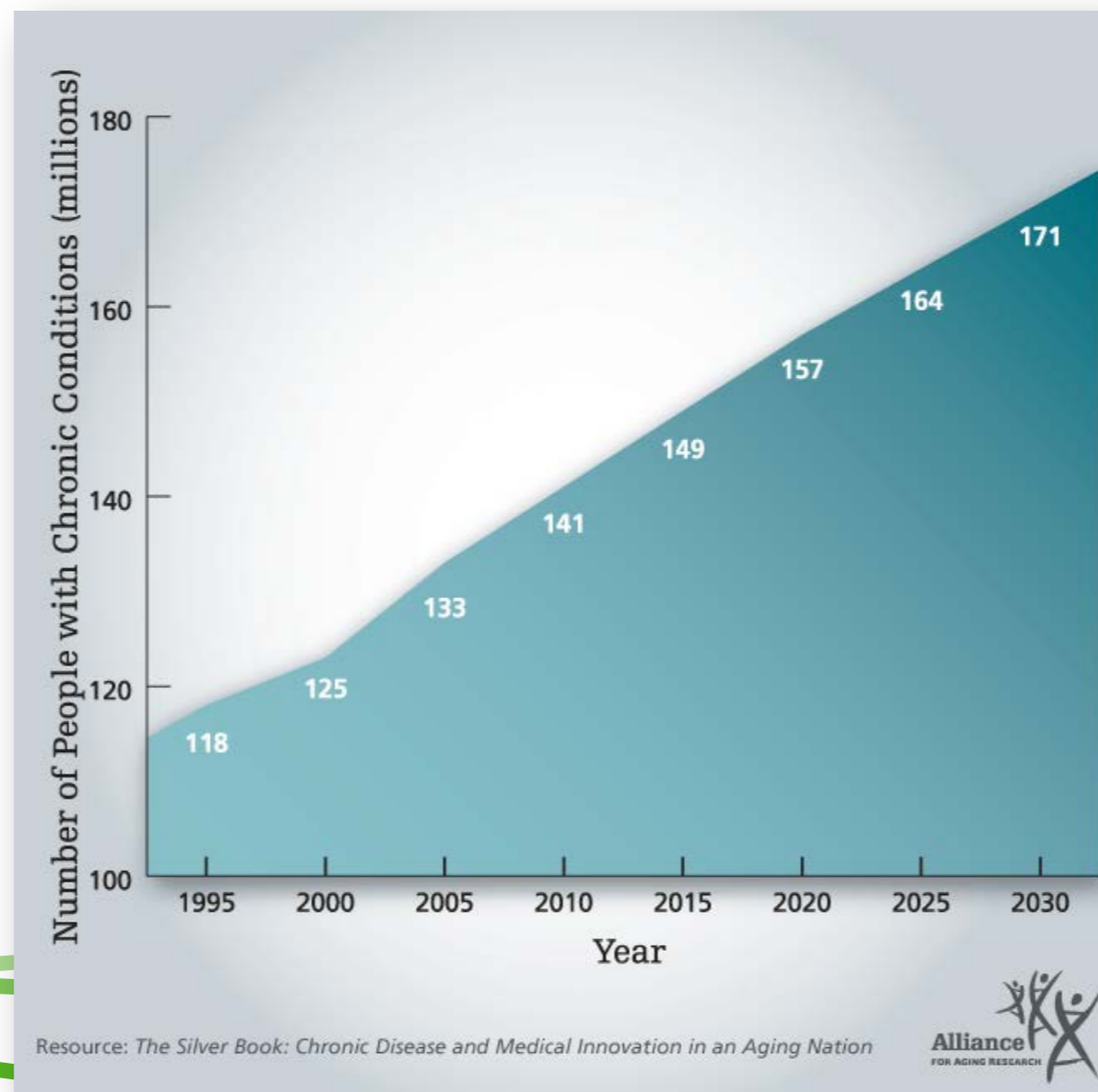
What we know about the future of European Health Systems

- The rational and appropriate use of medication will become a central concern of health systems as the populations ages, both for economic and health reasons
- 65% of people over 60 have two or more chronic conditions,
- Patients over 65 take on average 2 to 6 prescribed medications and 1-3.4 non prescribed medications, with 13 prescribed medications at higher end of the range.
- A higher prevalence of certain diseases, such as Alzheimer, Parkinson, glaucoma, osteoarthritis, and congestive heart.
- Adherence rates in this age group are 60% or less.
- Up to 50% of cardiovascular disease admissions may be due to poor adherence.



What we know about the future of European Health Systems

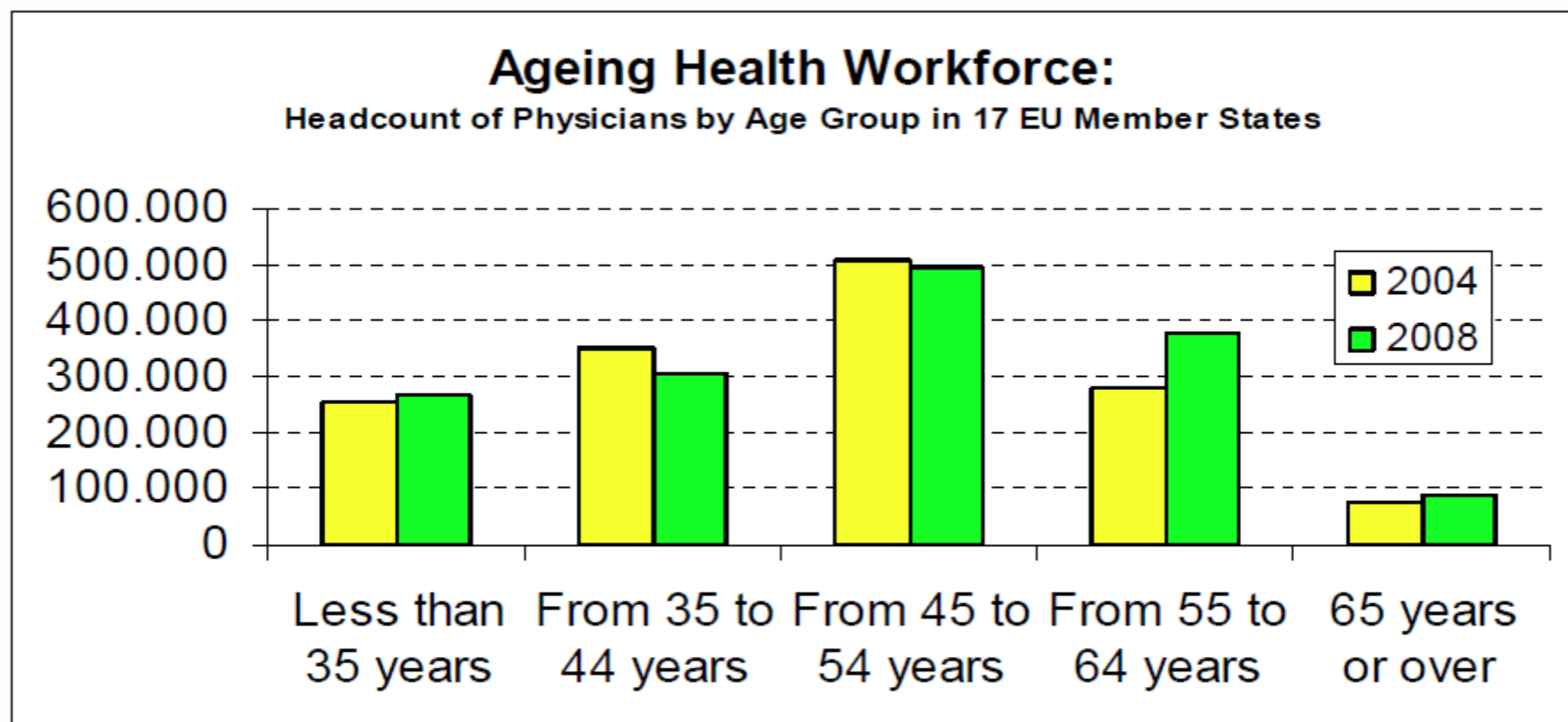
- Effective early detection and management of chronic disease will be essential if costs are to be contained



What we know about the future of European Health Systems

- Primary Care Services/the Health Care team will have to undertake new roles

Figure 2: Number of physicians by age group in 17 EU member States in 2004 and 2008



Source: Eurostat, 2011. Absolute numbers. Data available from 17 MS: AT, BE, CZ, DK, DE, ES, FI, FR, HU, IT, LV, LT, NL, RO, SK, SE, UK – note that for F, NL and IT data refers to professionally active doctors who may or may not have direct contact with a patient.



What we know about the future of European Health Systems

- Lifestyle advice and self care will be an essential part of healthcare



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Where does this lead?



Looking Forward



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Pharmacy and New Services

- Standard models for pharmacy interventions are undeveloped;
- Patient appetite for certain interventions uncertain;
- To really make a difference services need to be scalable;
- Services unlikely to be sustainable on a large scale without funder support;
- Opposition from medical profession is an underestimated problem,
- Opposition from pharmacists is an underestimated problem.

New Services and the Business of Pharmacy

- New services require new costs and new risks;
- It is very unlikely that new services can provide an adequate return in themselves;
- **However** the logic of a wider range of services and more complex interventions at pharmacy level is **irrefutable.....**



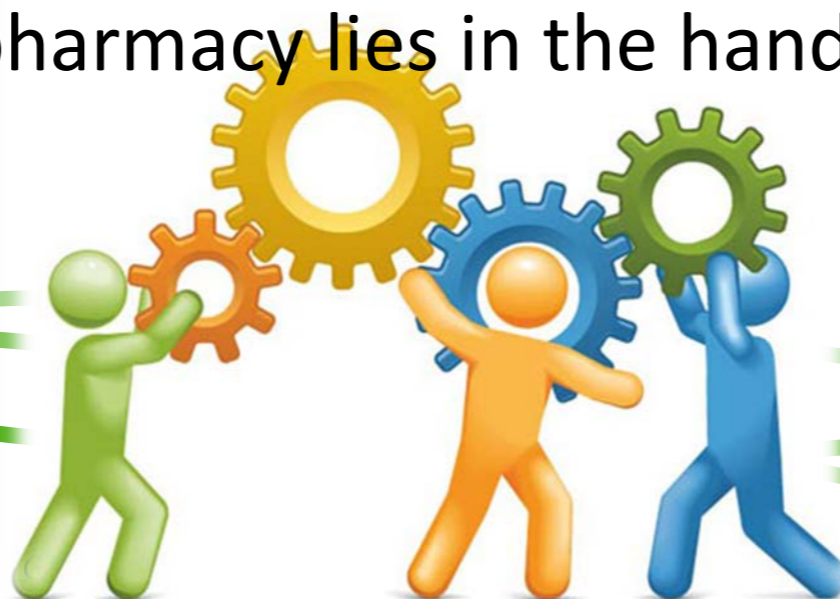


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A Prescription for the Future

- It is essential that pharmacy maintains its key strengths: independence, trust value, network/accessability and reliability;
- Remuneration systems need to move away from margins towards fees;
- The opportunities offered by eHealth must be taken, particularly with regard to patient medication records;
- New services should not be seen as replacing the traditional pharmacy model, but supporting it.
- The future of pharmacy lies in the hands of today's practitioners.





THANK YOU

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