

Information in English

Association of Danish Pharmacies

The Association of Danish Pharmacies is the employer and professional organisation of the pharmacies in Denmark. The 214 members of the association are all proprietor pharmacists in Denmark. The association's Executive Board has the overall responsibility for the association's activities and political work.

Subsidiaries

The Association of Danish Pharmacies owns 100 per cent of the shares in D.A. Invest og Udvikling a/s. This company is the parent company and sole owner of Pharmakon and DataPharm.

DataPharm's task is to sell, develop and maintain computer equipment, primarily for the pharmacies.

Pharmakon is the education and training centre of the pharmacies. Pharmakon is specialised in training, developing and counselling on pharmaceutical practice in pharmacies and in the pharmaceutical industry. www.pharmakon.dk

The pharmacy sector in Denmark

The pharmacy sector is an important part of the primary health system and is in this capacity subject to in-depth state regulation. It is the state (the Ministry of Health and the Medicines Agency) that control and administer the sector through a licensing system - in contrast to other parts of the health system, which is primarily operated by the counties. At the same time it is a liberal profession, and the proprietor pharmacist owns his/her pharmacy. This means that the proprietor pharmacist is economically responsible for the financing of the pharmacy and its operation.

The authorities has in 2015 introduced a new regulation of the pharmacy legislation. The biggest changes have the main objective to introduce better accessibility through enhanced competition among the pharmacies. The enhanced competition is due to a flexible establishment regulation. The authorities still determine the number of pharmacies as well as their approximate location (by the postal code). But the proprietor pharmacist determines now the number of branch pharmacies (up to seven) as well as their location (up to 75 km from main Pharmacy).

On February 20th 2017 the 214 proprietor pharmacists have ownership to 235 pharmacies (21 of the proprietor pharmacists owns two pharmacies) and 190 branch pharmacies. The new flexible establishment regulation has resulted in 112 new branch pharmacies since Juli 1st, 2015. Furthermore there are 52 pharmacy outlets and approximately 550 OTC outlets and 250 delivery facilities.

In order to become a proprietor pharmacist a licence must be obtained from the Minister of Health, who also appoints new proprietor pharmacists. In short, the Ministry of Health advertises a pharmacy licence when it becomes vacant. This is typically when the present proprietor pharmacist retires. Interested pharmacists and proprietor pharmacists may then apply for the licence. In order to be considered, the applicant must be versed in the operation and financial management of pharmacies, have managerial experience and possess the appropriate professional qualifications.

A special appointment committee decides which candidate is the most competent to take over a pharmacy.

The gross profit margin is regulated centrally

The authorities determine how much the pharmacies taken together may earn. Every second year, the Association of Danish Pharmacies and the Ministry of Health negotiate the gross profit margin, which corresponds to the contribution margin of the entire sector for all products and services. In 2016 the agreed profit margin constitutes around DKK 2.6 billion. The gross profit margin must cover the costs of operating the pharmacies and the proprietor pharmacists' own salaries.

The prices of pharmaceuticals that may be sold only at the pharmacies are controlled centrally. This means that the price consumers pay for pharmaceuticals is the same all over the country. The suppliers of pharmaceuticals may change the prices freely every two weeks when a new price list is published. The price of a drug is made up of the producer's/importer's price, the wholesaler's profit margin, the pharmacy's profit margin, and VAT.

As from 1 October 2001 the pharmacies no longer have a monopoly to sell certain types of OTC medicine. It is now also possible for supermarkets, petrol stations and other parts of the retail trade to sell drugs, and it is therefore possible to compete on price. This means that the principle of uniform prices for OTC drugs, the sale of which is not restricted to pharmacies, has disappeared.

Equalisation among the pharmacies

Around 78 % of the turnover comes from sale on prescription (prescription medicine and certain OTC drugs that are dispensed only on prescription). 8 % comes from the sale of OTC drugs, and 14 % from the sale of free trade goods and services.

There are very considerable differences in the turnover of the individual pharmacies. In 2015 the smallest pharmacy had a turnover of DKK 16 million, whereas the averages was DKK 46 million.

Easy access to medicine for all citizens is one of the major principles in the pharmacy sector - there should also be reasonable access to a pharmacy for people living in rural districts. In order to ensure that there are also pharmacies in rural districts where the population base is smaller and the possibility of operating a profitable pharmacy is therefore smaller, there is an equalisation scheme among the pharmacies. This means that pharmacies with a relatively large turnover pay a sales tax to the pharmacies that do not have such high turnover.

In 2015 around DKK 28 million were redistributed annually as a consequence of this scheme, and about 30% of all pharmacies received equalisation subsidies. It is important to note that the equalisation scheme does not guarantee the pharmacies a certain profit as it is not based on differences in profits but on differences in turnover.

Pharmacy units

The pharmacy sector is divided into several different units:

A *pharmacy* must retail all types of pharmaceuticals and also have a suitable and adequate stock in relation to the demand at the place in question. And if the

pharmacy is asked to do so, it is obliged to procure a medicine that is not in stock. A pharmacist must always be on duty at the pharmacy.

A *supplementary pharmacy unit* is a pharmacy owned by a pharmacist who also owns another pharmacy. The only difference between a pharmacy and a supplementary unit is the ownership and some technicalities concerning the equalization system among the pharmacies. There should be one or more pharmacists employed of which at least one must be on duty.

A *branch pharmacy* is attached to a pharmacy and is operated at the pharmacy's expense. The branch pharmacy has its own independent premises and professionally qualified staff. For each three pharmacies and/or pharmacy branches there should be at least one pharmacist employed. Branch pharmacies may retail the same products as the pharmacy and may also dispense prescription medicine.

A *pharmacy outlet* is also a unit attached to a pharmacy and operated at the cost of the pharmacy in independent premises. The pharmacy outlet has professionally qualified staff, but there is no requirement as to having pharmacists employed. The pharmacy outlet may retail OTC drugs and other products that are also carried by pharmacies, but it may not dispense prescription medicine. However it may hand out prescriptions medicine dispensed at the pharmacy (including branch pharmacies) to which the outlet is attached.

An *OTC outlet* is in premises not belonging to the pharmacy - typically in another store. The outlet receives products from a specific pharmacy and is operated by a store manager, with whom the proprietor pharmacist has concluded an agreement. The store manager typically has no training within the pharmacy sector. OTC outlets are subject to the same rules as outlets of medicine in the non-pharmacy sector. This means that they may carry only a limited assortment. OTC outlets may also provide customers with prescription medicine and other pharmacy-restricted medicine that has been dispensed at the pharmacy (including branch pharmacies) to which the outlet is attached.

Delivery facilities do not stock medicine. They receive addressed dispatches from one or several pharmacies and pass them on to the individual customer.

Number of units

The number of pharmacies changes slightly all the time, but introducing a new flexible establishment regulation has resulted in 112 new branch pharmacies since July 1st. 2015. On February 20th 2017 there were 235 pharmacies and 190 branch pharmacies. Furthermore there are 52 pharmacy outlets and approximately 550 OTC outlets and 250 delivery facilities.