



THE ASSOCIATION OF FINNISH PHARMACIES

2015

 **PHARMACY**

**THE ASSOCIATION OF FINNISH PHARMACIES (AFP)
DEVELOPS HIGH STANDARDS OF ETHICAL AND
PROFESSIONAL COMPETENCE IN PHARMACY SERVICES
WITHIN THE BROADER HEALTHCARE SECTOR.
IT ALSO PRODUCES SERVICES FOR ITS MEMBERS TO
SUPPORT THEIR PHARMACY WORK.**

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A WIDER ROLE FOR PHARMACIES IN HEALTHCARE

Seasonal influenza vaccinations and health point activities are well suited to the work of pharmacies, according to the outlines of a working group and the minister.

A WORKING GROUP set up to consider how to advance pharmacy operations including the provision of medicines submitted its report to Minister of Social Affairs and Health Laura Rätty (National Coalition Party) in January. Its key conclusion was that the pharmacy system should be developed on the basis of the current model, based on a personal pharmacy licence, which, in turn, is firmly established on the proprietary pharmacist's professional responsibility and role as a promoter of medicine safety and as a guarantor of the availability of medicines.

Altogether, the report contained nearly 60 separate proposals for how to develop the provision of medicines during the electoral period 2015–2019.

The working group noted, for example, that in order to extend the coverage of vaccinations, pharmacies could provide seasonal influenza vaccinations. The working group also welcomed an expansion of health point activities in pharmacies. Minister Rätty, who received the report, supported both of these proposals, too.

A medicines legislation package, mainly based on proposals submitted earlier in March 2011 by the working group to develop pharmacy operations, proceeded to Parliament at the end of 2014. However, there was insufficient time to deal with the proposed changes during the parliamentary session in the spring of 2015, and thus they were abandoned.

NEW MINISTERS TAKE THE REINS

Following the parliamentary elections held in April, the Centre Party became the biggest party. Prime Minister Juha

Sipilä formed a majority government together with the National Coalition Party and the Finns Party.

Hanna Mäntylä (Finns Party) became Minister of Social Affairs and Health. Juha Rehula (Centre Party) and Annika Saarikko (Centre Party) share the post of Minister of Family Affairs and Social Services.

The programme for Prime Minister Sipilä's government was completed in late May. Cuts and saving stated in the Government Programme also targeted medicine reimbursements, and actors in the pharmaceutical field.

The Government Programme stated that a €150m saving would be made to medicines costs from 2017. However, during the budget discussion in the autumn, the government decided to bring forward these savings resulting in some of the reductions being carried out already at the beginning of 2016. The government enacted an increase in the progression of the pharmacy fee, which led to a cut of just under two million euros from the pharmacies' income.

The Government Programme also included some positive announcements regarding the pharmacies and users of medicines. For example, the government promised to allocate resources for comprehensive reviews of medical treatment and also to initiate an executive programme for rational medical treatment.

At the end of the year, the Ministry of Social Affairs and Health initiated work aimed at finding new savings in medicine costs. Savings are to be achieved primarily by promoting rational medical treatment.

INITIAL CO-PAYMENT FOR MEDICINE REIMBURSEMENT

Proposals to reform the medicine reimbursement system and also to introduce an initial co-payment proceeded to a final decision during the year.

The biggest change to the medicine reimbursement was the introduction of an initial co-payment of €50 euros per year for those over 18 years. The aim is to save medicine reimbursement costs and to target the reimbursements at those who use a lot of different medicines.

The fine-tuning of the implementation of the reform of the medicine reimbursement system continued until the end of the year, and Parliament made the final decision as late as in December.

The reform came into force at the beginning of 2016, and it required significant changes in the pharmacy information systems.

THE SOCIAL WELFARE AND HEALTHCARE REFORM (SOTE) PROCEEDED

A reform of social welfare and healthcare had failed during the previous parliamentary term due to constitutional issues. However, the new government relaunched the reform and decided that the new self-governing regions would take responsibility for arranging social and health services commencing at the beginning of 2019.

The preparation of this reform proceeded in the Ministry, but the provision of medicines remained outside the policy guidelines at this stage. The reform will mainly affect public provision of medicines, i.e. provision in hospitals and other institutions.



1 Pharmacist Vesa Kujala started work as the new Director of Pharmaceutical Affairs in the AFP in June. | 2 The AFP's member pharmacies collected almost €40 000 during 2015 for the Finnish Red Cross emergency youth shelters. | 3 The AFP donated €30 000 worth of grants for two PhD research studies to identify problems regarding the availability of medicines and rationalising the use of medicines among the elderly. | 4 In the spring, the AFP's member pharmacies offered guidance to their customers to promote safe allergy self care in a campaign called Kysy ensin apteekista (Ask the Pharmacy First).

OUR VISION

We are an innovative healthcare actor whose activities are founded on Finnish private entrepreneurship. We help our members to offer the best pharmacy service to their customers and to society.

OUR GOALS

- 1** Customers are satisfied with the work of pharmacies and the availability of services and thus have confidence in them. Therefore, Finns want to obtain their medicines only from Finnish pharmacies.
- 2** In pharmacies, customers receive personal services that meet their needs, and the pharmacy is an expert on the customer's total medication, health and appropriate medical care.
- 3** Pharmacies produce new healthcare services that customers need and the pharmacy receives an appropriate compensation for these services.
- 4** Private community pharmacies are a brand that is valued, trusted and well-known.
- 5** Prescription and self care (OTC) medicines in non-institutional care are dispensed exclusively by pharmacies, and their medicine guidance ensures safe use of medicines. In line with the current licence system, pharmacies are responsible for the distribution of medicines.
- 6** The medicine tariff and the pharmacy fee secure the financial profitability of pharmacies, and also a nationwide pharmacy network.
- 7** Pharmacies and their services are recognised as an invaluable part of Finnish healthcare.
- 8** The pharmacy produces innovative and high quality services for the provision of medicines for the healthcare and social welfare system, and operates seamlessly in an environment of multi-professional co-operation.
- 9** The AFP members' experience of the Association's support for pharmacy business, professional operations and customer service is very positive.
- 10** The support offered by the AFP to its members for promoting regional and local interests and developing multi-professional co-operation strengthens the role of pharmacies in the healthcare system.
- 11** Members actively participate in the work of the AFP and its regional associations and are able to influence decision-making.
- 12** The products and services of the AFP's companies create benefits for the members.
- 13** The AFP's staff are competent and motivated and committed to the implementing of the strategic objectives of the AFP.

RATIONAL MEDICAL TREATMENT

THE GOVERNMENT INVESTS IN SUCCESSFUL MEDICAL TREATMENT

THE SERVICE for a comprehensive review of the medical treatment (LHKA) was supported by the new government. The Government Programme, published in May, stated that this comprehensive review will be strengthened.

The LHKA is a pharmaceutical service to support the work of doctors and it deals with various problems related to medical treatment and helps to ensure proper medical treatment for cus-

tomers. Around 100 pharmacies currently offer this service.

In line with the Government Programme, the implementation of a rational pharmacotherapy programme was launched in November aimed at improving the delivery of comprehensive patient care, improving people's functional capacity, and creating the conditions for cost-effective pharmacotherapy from the perspectives of the patient and society.

The comprehensive review of the medical treatment (LHKA) is a pharmaceutical service to support the work of doctors.



AN ALTERNATIVE TO CUTTING MEDICINE COSTS

THE GOVERNMENT DECIDED in the spring 2015 that a €150m saving would be directed at medicine reimbursements in 2017. The scale of the savings would exceed 10 per cent of the medicine reimbursements made by the Social Insurance Institute (SII). However, during the budget discussion in the autumn, the government decided to bring forward the savings, and accordingly, €25m will be cut already in 2016.

In its statement to the Ministry of Social Affairs and Health, the AFP noted that the savings are so large that they will inevitably undermine the provi-

sion of medicines and the commitment of the Finnish people to their medical treatment.

Thus, the AFP proposed that instead of the planned cuts for 2017, the savings should be achieved by means of rational pharmacotherapy, that is improving the efficacy of the medical treatment and correct targeting of the use of medicines.

The AFP's opinion was also supported by a Finnish study published in March*. According to this study, excessive polypharmacy among patients, i.e. patients taking more than ten medicines at the

same time, accounts for a substantial proportion of the pharmaceutical expenditures. However, the medical treatment of these patients is not always well grounded and appropriate.

According to researchers in the SII, a reassessment of the medical treatment of high-cost, excessive polypharmacy patients would be worth carrying out because the expense of such an assessment would only be around three per cent of the medicine costs for those patients.

**Pharmacoepidemiol Drug Saf* 2015; doi: 10.1002/pds.3764.

SELF CARE EXPANDED

FIMEA, the Finnish Medicines Agency, published a National OTC Medicines Programme in January. The national OTC medicines programme focusses on general principles and the goals set for self care medicines and also on the possibilities offered by medicinal products having a marketing authorisation as a component in self care.

At the announcement event, it was pointed out that, in addition to a suitable selection of OTC medicines, successful therapy requires sufficient advice and guidance combined with the monitoring of the user's overall medication.

One of the Fimea initiatives to ensure a safe and well controlled range of such medicines was to present a new category of OTC medicines which can be purchased only with special guidance from the pharmacists. This would also rein in healthcare costs. Pharmaceutical companies quickly responded to the opportunity offered by Fimea and soon new products in this category became available, for example, for the treatment of pain and migraine.



PHARMACY GUIDANCE ENOUGH FOR MOST PATIENTS

SOME PATIENTS burden doctors surgeries with non-urgent ailments that could be treated by using OTC medicines coupled with advice from a pharmaceutical assistant or a staff pharmacist.

According to a limited survey carried out by the *Apteekkari* journal, over 80 per cent of doctors believe that more than every second patient suffering from minor ailments could recover from them when aided by advice from the pharmacy. In particular, the common cold and temporary constipation are often treatable without a visit to a doctor. Ailments that are easily treated at home also include athlete's foot and allergies to pollen.

Pharmaceutical assistants and staff pharmacists pass on evidence-based medical information and help the customer to apply the information in practice. They have been trained to discriminate between symptoms of minor illnesses which are self-treatable and those of more serious cases, for which a doctor is required.

AN EFFECTIVE LOCAL SERVICE

THE DOCTOR HAS ALREADY LEFT, WILL THE PHARMACY DEPART, TOO?

WHEN HEALTH SERVICES are centralised, many people are afraid that the pharmacy in the village will also disappear. Proprietary pharmacist Marja Saarelainen often has to tell her clients why this will not happen.

When the municipality threatened to relocate the doctor's and nurse's surgery from Panelia village to the centre of Eura, a local movement arose in the village to oppose it.

At the same time, local residents feared that the pharmacy in their vil-

lage would close down, too. Saarelainen has had to reassure them several times that the pharmacy is not going to disappear: Fimea makes the decisions on how pharmacy services are organised.

A pharmacy licence is granted to a specified individual and the system ensures that pharmacy services are available all over the country. There are always enough applicants for pharmacy licences, even in the smallest and most remote pharmacies.

GUIDANCE IN PHARMACIES SAVES HUNDREDS OF MILLIONS

GUIDANCE PROVIDED BY PHARMACIES significantly reduces the load on primary healthcare and helps to save almost one billion euros in healthcare costs each year.

The savings mainly come from the guidance that pharmacies provide for minor ailments, such as acute symptoms of pain, stomach problems, skin problems and allergies, thus avoiding the need to visit a general practitioner.

Proprietary pharmacists and doctors have estimated that nearly half of their customers who receive advice about self care in pharmacies avoid the need to visit a general practitioner and, in turn, avoid the need for a prescription for a new medicine.

This is demonstrated in a study based on expert estimations which was carried out by PricewaterhouseCoopers Ltd (PwC) on behalf of the Association of Finnish Pharmacies and the University Pharmacy.



870

€870 MILLION SAVINGS FROM GENERIC SUBSTITUTION IN PHARMACIES

GENERIC SUBSTITUTION IN PHARMACIES GENERATES ENORMOUS SAVINGS

ACCORDING TO SOCIAL INSURANCE INSTITUTION (SII) statistics, generic substitutions in pharmacies save over €100 million per year of patients' and SII money. Generic substitution in Finnish pharmacies started in April 2003, and by the end of 2015 it had already generated savings in excess of €870 million.

The savings mostly benefit patients, but the SII also benefits by a few million euros a year from generic substitution.

All in all, the savings are even greater due to the competing prices of medicines included in the generic substitution scheme.

MUNICIPAL DECISION-MAKERS ARE SATISFIED WITH PHARMACY SERVICES

MUNICIPAL DECISION-MAKERS would like to develop cooperation with pharmacies, according to a survey carried out by the Apteekkari journal at the beginning of the autumn.

The survey examined the needs of the municipalities for additional pharmacy services, for example automated dose dispensing and the Pharmacy Health Point.

Most of the approximately 270 respondents understood the benefits of the additional services in pharmacies and would also be willing to accept public funding of such services in order to achieve rational medical treatment and savings in medical costs.

According to the survey, municipal decision-makers are very happy with the current pharmacy services. Ninety-four per cent of the respondents are very satisfied (66%) or fairly satisfied (31%) with the services.

At the same time, however, 93% of the respondents viewed the loss of pharmacy services as very significant, whereas 5% considered it to be a fairly significant loss.

RENEWING PHARMACY SERVICES

A RANGE OF DIGITAL SERVICES

DIGITAL TECHNOLOGY has already been part of everyday life in pharmacies for a long time. It facilitates daily operations and the pharmacy experts can use more time where it is needed: to guide rational medical treatment.

To customers, the most visible change in recent years has been the e-prescriptions, but digitalisation in pharmacies means much more as well. For example, when a prescription is dispensed, the pharmacy receives real-time information from the SII's servers about the customer's rights to reimbursements and also the co-payment accumulated. Automated pharmacy storage systems have already been used in pharmacies for a long time and virtual shelves are on their way.

Pharmacies are also heavily involved in the development of new forms of services. Already ten Pharmacy Health Points are operating, and through them other healthcare resources can be freed up.

THE VIRTUAL SHELF FREES UP TIME FOR THE CUSTOMER

LAST YEAR, the Seitsemän Veljestä pharmacy in Nurmijärvi was the first pharmacy in Finland to introduce a new type of pharmacy robot - a virtual shelf.

This new service concept means that a pharmacy customer can browse, alone or together with a pharmacist, a touch screen the size of a large flat screen television for information about hundreds of cosmetic skin care products.

When the customer finds the right product, the pharmacist orders it from the pharmacy's automated storage system, which delivers it to where the customer is: the self care counter, the prescription counter or directly to the checkout.

Proprietary pharmacist Eeva Teräsalmi says that a virtual shelf is a logistics solution that supports the operations of a professional pharmacy. By making it unnecessary for pharmaceutical staff to search for and find products, time is released for customer service and medicine guidance.

A COMMON LOGO FOR ONLINE PHARMACIES

A COMMON LOGO for legally operating online retailers, such as online pharmacies, in the EU area was introduced in early July. Its purpose is to promote safe online sale of medicines.

The logo must be displayed on every page of an authorised online pharmacy. A click on the logo links to a website listing all legally operating online pharmacies in the EU country in question. In Finland, the list is maintained by Fimea, the Finnish Medicines Agency.

Already, about 100 pharmacies in Finland also offer services online to their customers.



REAL-TIME DATA TRANSFER TO THE SII

THE SOCIAL INSURANCE INSTITUTION (SII) has, together with the pharmacies, developed a direct reimbursement procedure. The SII now receives the information about a customer's purchases of medicines as soon as the purchase has taken place.

The new transmission procedure immediately updates information about the customer's annual initial co-payment or when the medicine costs exceed the ceiling.

For example, when the ceiling for medicines costs has been exceeded, thereby allowing payments of additional reimbursement, the pharmacy receives information electronically about this from the SII. The customers themselves can keep track of information about their accumulated initial co-payment on the SII's e-services, too.



THE PHARMACY HEALTH POINT SUPPORTS HEALTHCARE

HEALTH POINTS IN PHARMACIES is a new kind of pharmacy service offering easy-access health services in cooperation with the public healthcare sector. This service requires both a licence from a Regional State Administrative Agency and a doctor responsible for it.

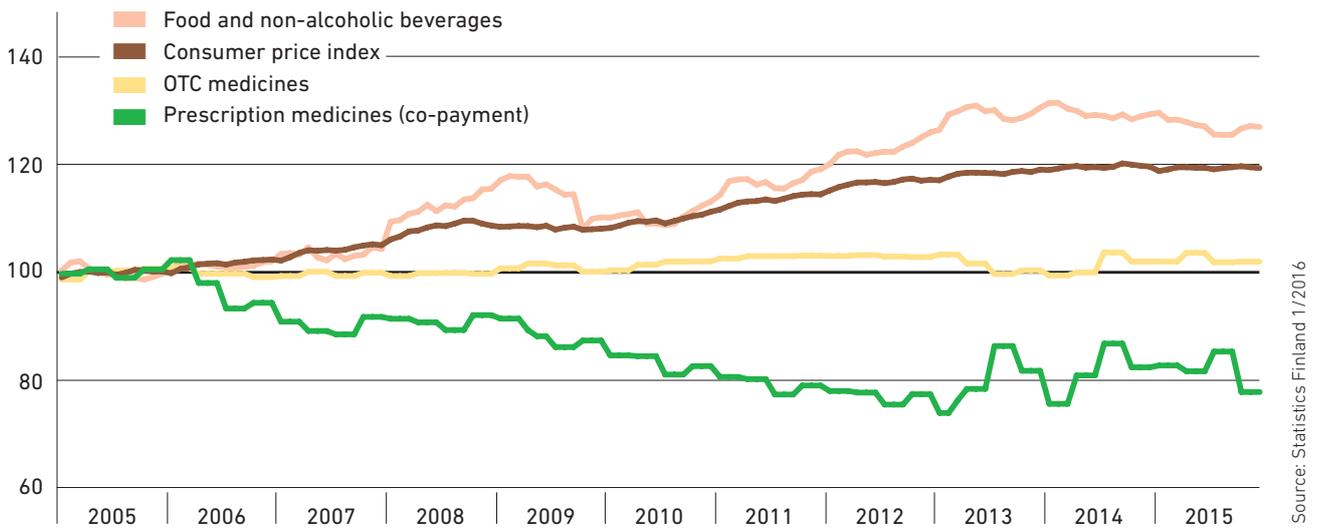
In pharmacies, nurses can, for example, vaccinate or perform a variety of simple procedures such as ear flushing and removing moles and stitches. Customers pay for this service.

The Health Point offers customers an opportunity to use healthcare services also in areas where the health centre is far away or it is difficult to get an appointment. To date, ten Pharmacy Health Points have been opened.

ACROSS THE YEAR

Finns are satisfied with the pharmacy service: it is efficient, reliable and very accessible.

PRICE DEVELOPMENT OF MEDICINES AND FOOD (2005–2016) Consumer price index 2005=100



60
MILLION VISITS

The licence system and the associated guidelineing of the siting of pharmacies ensure that there are pharmacies even in areas which do not attract doctors. The pharmacy is, in fact, by far the most widely used health service in Finland. There are about 60 million customer visits a year.

SWEDEN MADE A U-TURN ON LIBERALISATION OF OTC MEDICINES

IN SWEDEN, pharmacies reassumed the exclusive right to sell paracetamol preparations in tablet form from the beginning of November.

The number of paracetamol poisonings had climbed by 40 per cent since shops, service stations and kiosks started selling this preparation in 2009. When used incorrectly, paracetamol can cause serious liver damage, which sometimes may even lead to death.

The news from Sweden might also have influenced opinions in Finland regarding the sales channel for OTC medicines. A survey carried out by Taloustutkimus Ltd, a market research company, in the spring showed that well below half (42 %) of Finns would allow OTC medicines to be sold in places other than in pharmacies.

Every day, misconceptions about OTC medicines and inappropriate medicine choices are corrected in pharmacies. Instead of selling an OTC medicine to customers, the pharmacies direct them to a doctor.

PRESCRIPTION MEDICINES BECAME CHEAPER

PHARMACY CUSTOMERS paid on average five per cent less for their prescription medicines in December 2015 than in December 2014, according to data compiled by Statistics Finland for the AFP. OTC medicine prices remained almost unchanged.

During the last ten years, prescription medicine prices have fallen substantially. Customers' co-payment for prescription medicines is now more than one-fifth less than ten years ago, even though medicine reimbursement has been reduced.

During the same time, the consumer price index has risen by nearly 20 per cent and the price of food by over 25 per cent.

FINNISH PHARMACY CUSTOMERS MORE SATISFIED THAN THOSE IN OUR NEIGHBOURING COUNTRIES

A SURVEY for the AFP by Taloustutkimus Ltd. showed that Finns are more satisfied with their most recent visit to a pharmacy than Swedes and Norwegians.

In Finland, up to 95 per cent of pharmacy customers were satisfied with their previous visit to a pharmacy. Ninety-one per cent of the Norwegians and 87 per cent of the Swedes gave the same answer.

According to the survey, Finns also more often received advice on how to use OTC medicines than did Swedes and Norwegians. More than half (52 %) of those surveyed in Finland said they had been given advice; in Norway and in Sweden, the figure was about four out of ten.



PHARMACY DENSITY

(inhabitants/pharmacy)

Finland 6 700

Sweden 7 350



MEDICINE FROM THE PHARMACY ON THE SPOT

[% of prescriptions]

Finland 98,5 %

Sweden 95 %



SATISFACTION WITH THE MOST RECENT VISIT TO A PHARMACY

Finland 95 %

Sweden 87 %



PHARMACY OWNERSHIP

Finland private pharmacy entrepreneurs

Sweden mainly pharmacy chains under foreign ownership

STAFF IN COMMUNITY PHARMACIES [31.12.]

Figures include staff in university pharmacies

	2009	2010	2011	2012	2013	2014	2015
Proprietary pharmacists	594	594	585	588	588	592	590
Staff pharmacists	802	813	780	749	752	741	767
Pharmaceutical assistants	3 844	3 840	3 635	3 664	3 681	3 691	3 617
Technical staff etc.	3 071	3 032	3 456	3 486	3 515	3 498	3 472
Total	8 311	8 279	8 456	8 487	8 536	8 522	8 446

Sources: The Association of Finnish Pharmacies, University Pharmacies, Pharmacy Pension Fund

PRIVATE COMMUNITY PHARMACIES ACCORDING TO SIZE 2015

Prescriptions/year	Number of pharmacies
200 001 –	10
180 001 – 200 000	6
160 001 – 180 000	15
140 001 – 160 000	24
120 001 – 140 000	34
100 001 – 120 000	66
80 001 – 100 000	87
60 001 – 80 000	80
40 001 – 60 000	116
20 001 – 40 000	188
– 20 000	131

Source: The Association of Finnish Pharmacies, incl. 95% of all pharmacy outlets

Due to changes in registering dose-dispensing and dose-dispensing prescriptions in pharmacies that came into force on 1.4.2015, the statistics are not comparable with those of previous years.

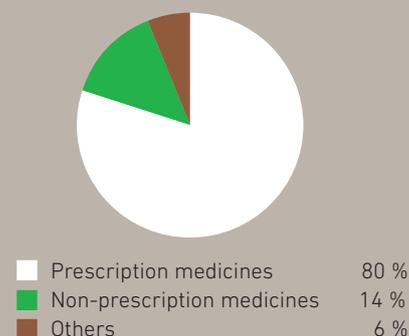
TURNOVER OF PRIVATE COMMUNITY PHARMACIES (ex. VAT)

Year	€ millions
2005	1 835
2006	1 806
2007	1 897
2008	2 038
2009	2 041
2010	2 026
2011	2 051
2012	2 134
2013	2 163
2014	2 235
2015	est. 2 273

Source: The Association of Finnish Pharmacies

Statistical data are updated at Apteekkariliitto.fi.

BREAKDOWN OF SALES IN COMMUNITY PHARMACIES 2015
[estimated]



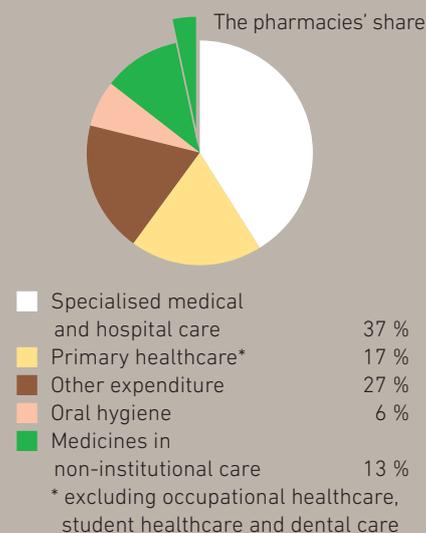
Source: The Association of Finnish Pharmacies

BREAKDOWN OF THE INCOME FROM MEDICINES SALES 2014



Source: The Association of Finnish Pharmacies

BREAKDOWN OF TOTAL HEALTHCARE EXPENDITURE 2013



Sources: National Institute for Health and Welfare (THL) and the Association of Finnish Pharmacies

In 2013, the total expenditure on healthcare was € 18 467 billion (9.1% of GNP), or about € 3 395 per capita. Of the total healthcare expenditure, only 3.1% was spent on maintaining the nationwide and dense community pharmacy network.

Due to rounding up, the total sum may be slightly more or less than one hundred.

THE AFP GROUP OF COMPANIES

The Association's companies complement the AFP range of services to pharmacies.

MEDIFON LTD

FOUNDED: 1981

OWNERSHIP: THE AFP (100 %)

TURNOVER 2015: € 7.5 MILLION

STAFF: 16

CEO: MIKA FLINK

MEDIFON is the wholesale business, distributor and importer for proprietary pharmacists. From its distribution centre, located in Espoo, the company distributes its own products throughout the country and also the products of its principals. The company is responsible for the AFP member pharmacies' own private label product line, AP-TEEKKI products; also, it buys, distributes and markets these products. Additionally, the company markets a wide range of other free trade products and other special pharmacy supplies. It also has wholesale rights for medicines.

PHARMASERVICE LTD

FOUNDED: 2001

OWNERSHIP: THE AFP 51 %, ORION 49 %

TURNOVER 2015: € 14.4 MILLION

STAFF: 52

CEO: JARKKO KIURU

PHARMASERVICE provides high-quality services for automated dose-dispensing of medicines (ANJA) for Finnish pharmacies to ensure that safe and cost-effective medical treatment of patients is carried out at the appropriate time. Espoonlahti Pharmacy is a contracted manufacturer for other pharmacies, as laid down in the medicine legislation. The ANJA dose-dispensing service also offers pharmacies checks of medication.

PHARMADATA LTD

FOUNDED: 1989

OWNERSHIP: THE AFP 100 %

TURNOVER 2015: € 7.1 MILLION

STAFF: 38

CEO: ILKKA TOIVOLA

PHARMADATA is the leading company for producing data systems and data communication solutions for pharmacies. Its products are the pharmacy systems pd3 and the Salix, plus Procuro, Presto, Proselecta, Prologis, and also the pharmacy network Apteekkiverkko. Pharmadata offers Service Desk services and software consultation and training services, too.

PHARMAPRESS LTD

FOUNDED: 1997

OWNERSHIP: THE AFP 100 %

TURNOVER 2015: € 1.4 MILLION

STAFF: 5 + 3 (IATOD)

CEO: ERKKI KOSTIAINEN

PHARMAPRESS a communications and publishing company, produces high quality and effective communications services for both the AFP and its member pharmacies. It produces and publishes journals within the pharmacy field: the Apteekkari journal for proprietary pharmacists and partners, the Terveysteksti! magazine for pharmacy customers, and the Meidän APTEEKKI magazine for the proprietary pharmacists, their staff and pharmacy students. In addition, it arranges an exhibition in conjunction with the Annual Spring Meeting event, and also produces and publishes books, guides and other literature, together with their electronic applications.

HOW THE PHARMACY SYSTEM WORKS

There is at least one pharmacy in almost every municipality. Service points dispense medicines also in areas which do not have a pharmacy.

THE RUNNING OF A PHARMACY in Finland requires a licence, which is granted by the Finnish Medicines Agency (Fimea). When a pharmacy licence becomes vacant, Fimea announces that it can be applied for, and grants that licence in line with the criteria defined in the Medicines Act.

Fimea also makes decisions based on an assessment of needs regarding the establishment of new pharmacies and subsidiary pharmacies. A new pharmacy or a subsidiary pharmacy is often established on the initiative of a municipality. To qualify for a pharmacy licence, the applicant must be both a citizen of a country in the European Economic Area and an authorised pharmacist.

A community pharmacy licence is granted for a specific catchment area, typically a municipality. In large municipalities and in cities, there may be several such pharmacy catchment areas and each of them may have several pharmacies. Within a particular catchment, a pharmacy may be located without restrictions, for example close to an existing pharmacy. However, the siting of a subsidiary pharmacy is more strictly regulated.

A proprietary pharmacist is permitted to hold only one pharmacy licence and a maximum of three subsidiary pharmacy licences at one time, except in the case of a change of ownership of a pharmacy. Fimea may also grant permission to a proprietary pharmacist to establish service points within the outlying districts of the pharmacy's own catchment area or beyond into a neighbouring municipality or a village centre. These service points may only be established in areas where there are no preconditions for running a pharmacy or a subsidiary pharmacy. Also, subject to the permission of Fimea, a proprietary pharmacist may establish an online service through which to sell medicines.

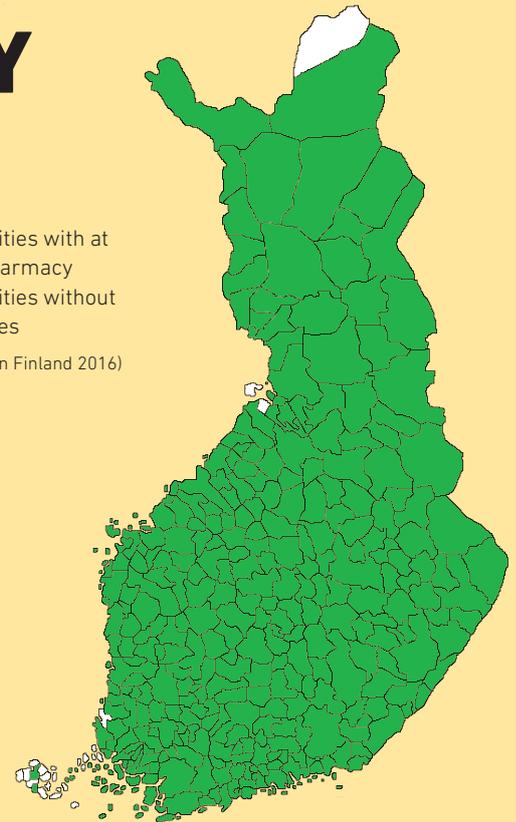
Pharmacy chains are prohibited in Finland.

A pharmacy licence is granted to a specified individual and it may not be sold on or leased out, nor may the licence obligations be transferred to a third party.

The proprietary pharmacist has both professional and financial responsibilities for her/his pharmacy. The pharmacy licence is terminated when the proprietary pharmacist reaches 68 years. The Medicines Act classes a proprietary pharmacist as a private entrepreneur and the pharmacy as a sole trader business entity.

Several duties are attached to the pharmacy licence, the most important being to ensure the availability of medicines.

■ = Municipalities with at least 1 pharmacy
 □ = Municipalities without pharmacies
 (Municipalities in Finland 2016)



AVERAGE PHARMACY 2015 (estimated)

Turnover:	€3.7 million
Prescriptions/year:	83 100
Pharmacy fee to the state:	about €27 000 (about 6.2% of turnover)
Staff: (incl. part-time staff)	11 (proprietary pharmacist + staff pharmacist + 5 pharmaceutical assistants + 4 technical assistants/others)

Source: the Association of Finnish Pharmacies

NUMBER OF PHARMACIES AND SUBSIDIARIES [31.12.]

Figures include university pharmacies

	1970	1980	1990	2000	2010	2015
Pharmacies	561	564	576	595	618	612
Subsidiaries	97	126	173	201	194	203
Total	658	690	749	796	812	815

Source: The Association of Finnish Pharmacies

PRESCRIPTIONS DISPENSED BY COMMUNITY PHARMACIES (millions of prescriptions)

2010	2011	2012	2013	2014	2015
50.4	48.5	51.7	51.7	53.4	55.6*

*estimated/The AFP | Source: Finnish Statistics on Medicines 2014

Due to changes made 1.4.2015 in registering dose-dispensing and dose-dispensing prescriptions, the statistics based on the number of prescriptions dispensed are not comparable with previous years.

MEDICINE TARIFF

A PHARMACY NEVER decides the price of a medicine. Prices of medicines are the same in all community pharmacies because the Council of State determines retail prices based on the medicine tariff. In turn, the medicine tariff sets a retail price of a medicine according to a national wholesale price (see table).

The wholesale price is the same for all pharmacies and wholesalers are not allowed to offer discounts on medicine purchases to pharmacies.

The medicine tariff is “counter-progressive”, i.e. the proportion of the sales margin decreases as the wholesale price of a medicine goes up.

The medicine price control system ensures the reasonableness of medicine prices and equal treatment of citizens throughout the country.

815

THE TOTAL NUMBER OF COMMUNITY PHARMACIES IN FINLAND IS 815

PHARMACY FEE

PHARMACIES PAY a pharmacy fee to the state, on the basis of a table decided by Parliament each year. The fee is based on the turnover of the sales of prescription and OTC medicines, and it is progressive. It provides an income of about €160 million per year to the State.

By means of the pharmacy fee the state cuts the incomes of pharmacies and thus adjusts the financial result of pharmacies of different sizes. The effect of the fee is that a small pharmacy will earn more from the sale of the same medicine than a large pharmacy.

The smallest pharmacies are exempt from the pharmacy fee; for the larger pharmacies, the fee is over 10 per cent of the turnover from the sales of medicines.

The pharmacy fee was increased at the beginning of 2016 as part of the government's actions to make savings on medicine costs. The smallest pharmacies were exempt.

RETAIL PRICE AT PHARMACY

Medicine tariff decided by the Council of State 17.10.2013

Wholesale price (€)	Prescription medicine	Self care medicine
0–9.25	1.45 x wholesale price + VAT 10 %	1.5 x wholesale price + 0.50 € + VAT 10 %
9.26–46.25	1.35 x wholesale price + 0.92 € + VAT 10 %	1.4 x wholesale price + 1.43 € + VAT 10 %
46.26–100.91	1.25 x wholesale price + 5.54 € + alv 10 %	1.3 x wholesale price + 6.05 € + VAT 10 %
100.92–420.47	1.15 x wholesale price + 15.63 € + VAT 10 %	1.2 x wholesale price + 16.15 € + VAT 10 %
yli 420.47	1.1 x wholesale price + 36.65 € + VAT 10 %	1.125 x wholesale price + 47.68 € + VAT 10 %

An administration fee per item of € 2.39 (incl.VAT) is added to the retail price of prescription medicines and self care medicines dispensed by prescription.

PHARMACY FEE TO THE STATE

Change in the Pharmacy Fee Act 1657/2015
(in effect: 01.01.2016–31.12.2016)

Pharmacy's annual turnover (€)	Pharmacy fee at the lower turnover limit (€)	Fee % exceeding turnover limit (€) at lower limit
871 393 — 1 016 139	0	6.10 %
1 016 139 — 1 306 607	8 830	7.15 %
1 306 607 — 1 596 749	29 598	8.15 %
1 596 749 — 2 033 572	53 245	9.25 %
2 033 572 — 2 613 212	93 651	9.75 %
2 613 212 — 3 194 464	150 166	10.30 %
3 194 464 — 3 775 394	210 035	10.55 %
3 775 394 — 4 792 503	271 323	10.90 %
4 792 503 — 6 243 857	382 188	11.15 %
6 243 857 —	544 014	11.40 %

PHARMACY FEE WHEN THE PHARMACY HAS A SUBSIDIARY PHARMACY

Total turnover of the main pharmacy and the subsidiary pharmacy (€)	Pharmacy fee
under 2.6 million	Separately for the main and the subsidiary pharmacy, no subsidiary pharmacy deduction
2.6 – 3.5 million	Partly separately and partly together for the main and the subsidiary pharmacy (according to a separate table)
over 3.5 million	Main and subsidiary pharmacy together, subsidiary pharmacy deduction

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+358 10 6801 408
+358 40 588 0841

**VESA KUJALA**

Director of Pharmaceutical Affairs; management of pharmaceutical and professional matters, and matters relating to the Social Insurance Institute (SII)

+358 10 6801 402
+358 40 505 2256

**ILKKA HARJULA**

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+358 10 6801 404
+358 50 538 4458

**ERKKI KOSTIAINEN**

Director of Communications; communications to members and stakeholders, media relations, CEO of PharmaPress Ltd

+358 10 6801 403
+358 50 566 8188

**KATARIINA KALSTA**

Brand Manager; marketing communications, APTEEKKI brand, Meidän APTEEKKI magazine

+358 10 6801 405
+358 40 775 1417

EXPERTS

**MONNA APAJALAHTI-MARKKULA**

Financial Consultant; financial analysis, Talous-Salkku, secretary of the AFP financial committee and the audit committee

+358 10 6801 411

**INKERI HALONEN**

Managing Editor (PharmaPress Ltd); Apteekkarijournal

+ 358 10 6801 464

**ARI JANSEN**

Development Chief; responsible for the AFP database of pharmaceutical products, data security matters in pharmacies, and matters relating to the Social Insurance Institute

+358 10 6801 414

**TIINA KUOSA**

Pharmacist, communications (PharmaPress Ltd); Terveystips! magazine, student cooperation, other communications services responsibilities, secretary of the editorial board of the AFP magazines

+358 10 6801 462

**JOHANNA SALIMÄKI**

Pharmacist; Pharmacies' public health programmes, Tietotippa & Salko databases, medicine information, secretary of the professional ethics advisory board

+358 10 6801 422

**ILKKA SALMELA**

Web Editor; Salkku, ProSalkku, maintenance and development of online services

+358 10 6801 423

**IIRO SALONEN**

Pharmacist; e-Pharmacy, e-prescription, development of digital pharmacy services, secretary of the electronic data administration advisory board, secretary of the online pharmacy working group

+358 10 6801 424

**CHARLOTTA SANDLER**

Pharmacist; Pharmacy services, training matters, secretary of the AFP education advisory board

+358 10 6801 409

**SANNA SISSALO**

Pharmacist; medicine preparation, chemicals, foodstuffs, Kysy ensin apteekista (Ask the Pharmacy First) training, quality work, secretary of the AFP pharmaceutical committee

+358 10 6801 425

Our e-mail addresses are:
firstname.surname
@apteekkariliitto.fi



PHARMACY



SUOMEN APTEEKKARILIITTO – THE ASSOCIATION OF FINNISH PHARMACIES

PIENI ROBERTINKATU 14, 00120 HELSINKI, FINLAND | +358 10 6801 400 | INFO@APTEEKKARILIITTO.FI | WWW.APTEEKKARILIITTO.FI