

Annual Review 2005



SUOMEN APTEEKKARILIITTO
THE ASSOCIATION OF FINNISH PHARMACIES



Chief Executive's Review of 2005

During 2005, community pharmacies found themselves faced with exceptional pressure for changes from both domestic and international sources. Working to a tight schedule, the Ministry of Social Affairs and Health drew up a package of revisions to the Medicines Act and the Sickness Insurance Act.

The changes to the Medicines Act were generated partly from a need to comply with EU medicines legislation and partly by Finnish initiatives. Some of the revisions to the Sickness Insurance Act arose from reforms to the medicine reimbursement system, others were caused by the need to cut public spending.

From a medicine policy point of view, the biggest change was the government's proposal to allow the sale of nicotine replacement products in retail shops that sell tobacco. This proposal was not included in the tobacco policy action programme, nor in the ministry's document Pharmaceutical Policy 2010.

The underlying motive for the change remained unclear. For a start, there is no proof that availability of replacement products is currently limited. Similarly, there is no evidence that smoking is reduced when the availability of these products is increased. In fact, it has been shown that availability of nicotine replacement products increases nicotine dependence, thereby raising the risk of a new national health problem. With this in mind, the Finnish parliament required the government to monitor the impact of the changes.

Two of the proposed amendments to the Medicines Act may not be compatible with basic rights. Firstly, the abolition of the right of individual pharmacies to accept wholesale discounts from

pharmaceutical companies contravenes EU practice. Secondly, a change in the medicine tariff made it likely that some pharmacies would have to sell the most expensive medicines at a price below the purchase cost.

The changes in legislation enacted during 2005 placed considerable restrictions on the way pharmacies run their business activities. The Medicines Act requires pharmacies to provide a comprehensive service. However, the five per cent cut in the wholesale price of reimbursable medicines that came into effect at the beginning of 2006 led to pharmacies suffering a total loss of 2.5 million euros overnight, because of the legislation they were not able to run down their stocks in December.

At the end of the year, actors in the pharmaceutical sector jointly began drafting the means to hold down the rise in medicine costs, an action long hoped for by the pharmaceutical sector.

Customers remain satisfied with current developments in the services of community pharmacies. A customer survey by Taloustutkimus Ltd in the summer showed that six out of ten respondents were extremely satisfied with their most recent visit to a pharmacy. Totally, as many as 94 % were quite or very satisfied.

The Association of Finnish Pharmacies (AFP) continued successfully developing its new professional pharmacy services for its members, including provision of professional services, communications services and training.

Reijo Kärkkäinen
Chief Executive Officer

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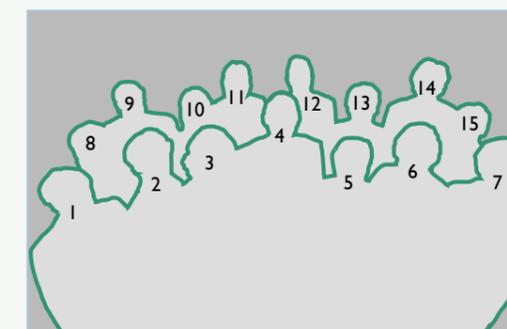
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The Board of the Association of Finnish Pharmacies (AFP) 2005

Klaus Holttinen (4) (President), Joutseno Pharmacy	Pekka Kaukonen (13) Töysä Pharmacy
Sirkka Weckström (3) (1st Vice-President), Korso Pharmacy, Vantaa	Hannele Kautto (1) Jokela Pharmacy
Matti Hietula (5) (2nd Vice-President), Mäntsälä Pharmacy	Ulla-Maija Kimmel (10) Viiala Pharmacy
Merja Aaltonen (8) Heinola Center Pharmacy	Ilkka Lievonen Keminmaa Pharmacy
Riitta Andersin (2) Medena Pharmacy, Helsinki	Klaus Lindqvist (9) Palokka Pharmacy
Sirpa Autio Ilomantsi Pharmacy	Juha Nuutila (14) Vaasa Church Pharmacy
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Hannele Gahnström (11) Halikko Pharmacy	Mika Vidgren Espoonlahti Pharmacy

Photograph: Sirpa Autio, Ilkka Lievonen and Mika Vidgren are not pictured in the photograph. In place of Ilkka Lievonen is his deputy member Sari Eerikäinen (7), and in place of Mika Vidgren is his deputy member Martti Mähönen (12).





Pharmaceutical legislation package sparked lengthy debate

In a package of pharmaceutical legislation, the Ministry of Social Affairs and Health proposed a number of changes for the pharmaceutical sector. The contents of the package were revealed in April.



The four most important changes were to allow retail shops selling tobacco, petrol stations and kiosks to sell nicotine replacement products; to remove advantages individual community pharmacies may gain when buying medicines; to cut wholesale prices on reimbursable medicines by five per cent; to revise the medicine reimbursement system. The first part of this package of legislation was put

before the Finnish parliament already in the summer.

The pharmaceutical legislative package also included proposals prompted by changes in EU pharmaceutical legislation. These did not, however, have any great impact on community pharmacies. The changes came into force in November.

In December, Parliament approved the

extension of the sale of nicotine replacement products and the introduction of a single wholesale price, but implementation of these changes was delayed until February 2006. The revision of the medicine reimbursement system and the imposed cut in wholesale prices came into force at the beginning of 2006.

The right of shops selling tobacco also to sell nicotine replacement products went

against the pharmaceutical policy of the Ministry of Social Affairs and Health (Pharmaceutical Policy 2010, Ministry of Social Affairs and Health). Furthermore, the proposal was not included in the tobacco policy action programme. The change was pushed forward mainly by former Minister of Social Affairs and Health Sinikka Mönkäre (Soc. Dem.) and representatives of shops and supermarkets. Along with the pharmaceutical sector, many other sectors opposed this extension of the sales outside pharmacies, among them the National Agency for Medicines, which is responsible for ensuring the safety of medicinal products.

The ministry argued that the decision to forbid discounts on wholesale prices of medicines offered to individual pharmacies was justified because the retail price of medicine is already regulated. The whole issue was given a boost by news in Helsingin Sanomat about agreements between pharmacies and pharmaceutical companies. This was followed by a report by the National Agency for Medicines stating that the agreements were not against the Medicines Act, but that the pharmacies might be excessively bound by them in, for example, cases of generic substitution.

The Finnish Competition Authority initiated a study to see whether the agreements restricted competition in the pharmaceutical market. The Authority, however, ceased its investigations when the pharmaceutical companies that had been asked for a report announced in December that they would give up the discounts to individual pharmacies and abide by the revised Medicines Act, which requires the wholesale price of a medicine to be the same for all pharmacies.

By approving the revision to the Medicines Act, namely that a pharmacy owner under certain circumstances may be obliged to sell a medicine at a price below cost price, Parliament at the same time contravened a principle in the Western judicial system. As a result, the matter went before Parliament's constitutional committee for examination.

The AFP considered the pharmaceutical legislation package poorly drafted

Of the major revisions, the AFP supported the proposal concerning clarification of the medicine reimbursement system put forward by the

ministry in its pharmaceutical legislative package.

According to the AFP, this revision was carefully drafted. Also, the implementation of the EU regulations in Finland had been adequately prepared, the AFP noted.

However, the AFP opposed permitting sales of nicotine replacement products in shops selling tobacco because an increase in outlets would not reduce smoking unless supported by competent guidance. The AFP cited the case of Denmark, where nicotine replacement products are sold without guidance. There, the products sell remarkably well but smoking has not declined.

The AFP thought that placing nicotine replacement products and tobacco side-by-side sent the wrong signal, particularly to young people, that quitting smoking is easy. According to the AFP, there are no health policy grounds for increasing nicotine dependence among the population. Moreover, no gaps in the availability of replacement products have been identified.

The AFP pointed out that quitting smoking requires both considerable motivation and previous intent. A decision to quit does not happen spontaneously in front of the tobacco shelves in a shop.

The AFP said that the proposals for the one-off cut in wholesale prices of medicines and for the enhancement of the authority of the Pharmaceuticals Pricing Board were drafted too hastily and inadequately.

The AFP noted that the medicine tariff had already been cut in 1998, and thereby made more "counter-progressive". As a result, the margin on sales still stood at under 10 % in the case of a medium size pharmacy, and was even lower for larger pharmacies. The problem with the costs of the most expensive medicines, the AFP commented, could not be solved by making the medicine tariff more "counter-progressive".

The AFP also stressed that in the process of revising the legislation regarding the purchase of medicines from phar-

maceuticals companies, both private and public dispensers of medicines must be treated equally, otherwise competition within the market would be distorted, especially where medicines are sold to social and healthcare institutions.

The AFP also opposed the law which obliges pharmacy owners to arrange further training for all of their staff. The AFP thought that this matter should be dealt with as a part of the national collective wage agreement.

Health services excluded from the scope of the EU services directive

From the viewpoint of the future of the pharmacies the most important issue in 2005 was the proceedings in the EU Parliament concerning the Commission's proposal for a directive on services in the internal market.

During the year, it began to look as though health services would be excluded from the scope of the directive.

In November, the EU Parliamentary Committee on the Internal Market and Consumer Protection (IMCO) voted to exclude health services from the scope of the directive. The definition of health services remained open, however.

The issue was finally clarified in February 2006 when the European Parliament came out in favour of excluding all healthcare services from the scope of the directive. By this decision, the European Parliament for the first time in the history of the EU defined pharmaceutical services clearly as health services. The proceedings concerning the directive will continue in 2006.





The Pharmacy Heart Programme was launched

The third in a series of professional programmes for pharmacies, namely the Heart Programme, was launched in May 2005. By the end of the year, 483 pharmacies had agreed to participate, with 535 heart programme contact persons being appointed for these pharmacies.



The Heart Programme aims to promote, through cooperation between pharmacies and other health professionals and organisations, the successful treatment and prevention of cardiovascular diseases.

As with the preceding Asthma Programme and the Diabetes Programme for Pharmacies, the National Heart Programme also lays down the goals and guiding principles for locally agreed lines of action and models.

The AFP put together the core materials of the Heart Programme into a handbook for the heart programme contact person. This was then sent to all the participating pharmacies. The handbook assists the contact persons when they prepare for and subsequently implement the programme. The heart programme contact person can also add other material about cardiovascular diseases to the handbook. The AFP kept in touch with the

heart programme contact persons by mail.

The contact persons were informed of their tasks during in-house training. In the autumn, the AFP arranged other training events in Helsinki, Turku, Tampere, Kuopio and Oulu. Furthermore, two series of lectures on heart issues were held during the Pharmacy Days.

The Heart Programme and associated training were arranged in cooperation with

the Finnish Heart Association. The AFP also began cooperation with the Finnish Stroke and Dysphasia Federation.

The Pharmacy Asthma and Diabetes Programmes continued

By the end of 2005, 632 pharmacy outlets were participating in the Asthma Programme and 599 in the Diabetes Programme. Totally, 703 Asthma Programme contact persons and 668 Diabetes Programme contact persons were working for these programmes.

The AFP provided training for the new contact persons and communicated with them by mail. The Pharmaceutical Learning Centre also provided training for the contact persons.

As part of the Diabetes Programme, the AFP prepared training material for pharmacies about the treatment of foot problems associated with diabetes, and initiated, together with the Diabetes Centre, a programme about administering insulin. The programme is a collection of short training films to support customer service in the pharmacies.

A tool for individualised smoking withdrawal

To support the pharmacies' work of tackling smoking the anti-smoking group SALSA, which is coordinated by the AFP, prepared for the pharmacies a method to help individuals quit smoking. This service, which subject to a charge, is scheduled to start at the beginning of 2006.

To support anti-smoking guidance and in-house training, the AFP produced smoking withdrawal pocket card for all pharmacies.

In addition, the AFP assisted in arranging a competition titled "Quit and Win 2005", the aim of which was to encourage smoking cessation. Together with Heli hengityslitto, a pulmonary association, the AFP promoted information about Stumppi, a phone-line which offers counselling on how to quit smoking.

Support for drug addicts

The AFP, the National Authority for Medicolegal Affairs, the A-Clinic Foundation and the Helsinki A-Clinic drew up guidelines for

doctors and pharmacies regarding contracts for patients using controlled substances that affect the central nervous system.

The pharmacy contract is a written agreement in which a patient who is undergoing treatment with controlled substances commits him-/herself to buy the medicines from only one pharmacy, which s/he has chosen. This agreement aims to prevent abuse of medicines and furthers the withdrawal treatment.

Multi-professional cooperation was enhanced in many ways

The TIPPA project for the pharmacy field continued with a training programme that focused on pilot schemes for evaluating total medicine treatment regimes. The programme, comprising 20 credit weeks, was launched by the Education and Development Centre of Kuopio University. The AFP participated in the planning process.

Based on the experiences of these pilot schemes, a tool for evaluating total treatment regimes will be prepared for pharmacies. This service tool is aimed at people who are taking several medicines and is offered in order to remove unnecessary medicines and possible harmful duplication, to help identify any interacting medicines and generally to improve the life of the medicine users. A further objective is to cut out unnecessary medicine costs.

The AFP promoted multi-professionalism by closely cooperating with the National Centre for Pharmacotherapy Development (Rotho) and by participating in the preparation of the Current Care guidelines.

The AFP edited a publication about the role of pharmacies in the healthcare sector and the social responsibilities of pharmacies. The publication includes descriptions of the responsibilities laid down by law, and the services which the pharmacies provide voluntarily in order to promote national health.



A tool for individualised smoking withdrawal and the publication about the role of pharmacies in the healthcare sector and their social responsibilities were completed.



The AFP – working for the member pharmacies

The AFP provides services to support the day-to-day work of the community pharmacies. The most important of these are the database of pharmaceutical preparations, the training and communications services, the AFP pharmacy data network, quality development and support for the automated dose dispensing of medicines.

In 2005, the AFP launched a system which enables a pharmacy to request a quality instructor to support the start of quality development. The AFP also arranged, together with JOKO Executive Education Ltd, a second training programme for pharmacy management.

In the autumn, the planning began, in cooperation with vocational training centre Amiedu, of tailor-made training leading to a professional qualification in management (JET). This programme is timetabled to begin in 2006. In association with TalentPartners Ltd, the AFP organised a quality training programme for pharmacies, namely *Apteekin Laadun Portaat*.

The AFP also arranged training for people responsible for regional training. In addition, in March there was an info seminar for new members of the AFP.

Together with the Finnish Pharmacists' Association and the Pharmaceutical Learning Centre the AFP organised a refresher course about pharmacy work today for staff pharmacists and pharmaceutical assistants returning to the profession. The purpose was to bring them up to date after a period of absence.

Also in cooperation with the Pharmaceutical Learning Centre the AFP assisted with a course of studies for those specialising in the field of community pharmacies (PD, Professional Development) and with several other courses. On top of that, they also helped plan and run the Pharmacy Days.

The pharmaceutical preparations database was improved

The pharmaceutical preparations database was improved

A classification system for all preparations included in the pharmaceutical preparations database was introduced. The classification is

more detailed than before, especially regarding general merchandise. The classification system is to be introduced into pharmacies in 2006.

At the beginning of 2006, the number of changes to the database was ten times more than would normally be expected at the turn of the year, partly because the wholesale prices of reimbursable medicines were cut by five per cent. The AFP managed to update the database on schedule before Christmas.

The revision of the medicine reimbursement system also increased the work of keeping the database up to date. This revision proceeded in cooperation with the Social Insurance Institution (SII) and pharmacy data system providers throughout the autumn. The AFP prepared instructions for the community pharmacies on how to implement the revised medicine reimbursement system.

The pharmaceutical preparations database was also used as a database of medicines while the use of electronic prescriptions was being trialled.

Flexible means of communication

The year 2005 proved a challenge for communications. The agreements between the pharmaceutical companies and community pharmacies, rising medicine costs, the expansion of sales of NRT-products into shops and supermarkets, and the revision of the medicine reimbursement system were vigorously debated in the media.

The communications strategy of the AFP was revised ready for 2006 and 2007. The AFP also introduced a new, common logo for its member pharmacies for the purpose of advertising and marketing.

The AFP's communications and publishing company PharmaPress published both *Apteekkari*, the AFP journal for its members, and the pharmacy customer magazine *Terveysteksti!* (For your Health!).

The AFP also maintained these Internet services: www.apteekkariliitto.fi, www.apteekkit.net, www.apteekkiduuni.net and www.itsehoito-opas.net.

The most interesting news in the field and most urgent bulletins were sent to members' mobile phones. In 2005, approximately 20 000 text messages altogether were sent. Some were messages about what to do in an emergency, and these also went to the mobiles of the staff pharmacists and subsidiary pharmacy personnel.

In order to raise the profile of the pharmaceutical field, the AFP produced, in conjunction with the Ministry of Labour, a film titled *Apteekin ammatillaiset*, which is about professional work in a pharmacy (DVD and video). It can also be watched on the Internet at the address www.apteekkiduuni.net. The pharmacy field was also presented at the Studia 2005 event in Helsinki.

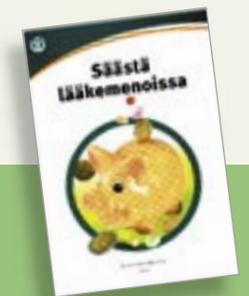


The new logo for the AFP's member pharmacies was launched.



Online news from the Apteekkari journal is available on the AFP homepages.

The AFP also produced customer leaflets for its member pharmacies.



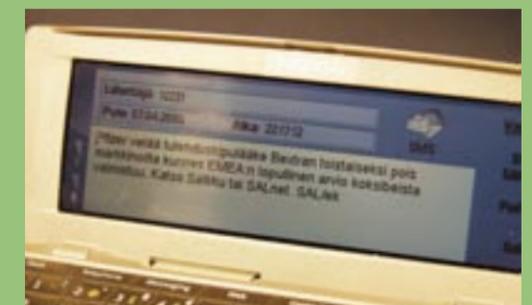
Using group text messages, the AFP is able in emergency situations to quickly reach pharmacy owners, staff pharmacists and personnel in subsidiary pharmacies.

Technical staff Merja Laakso (left), Ari Jansen, Jaana Kastarinen and Tua Sjöström ensure that the database of the pharmaceutical preparations is always up to date.



Apteekkari, which is a journal for the AFP's members, is the leading Finnish trade journal for the pharmaceutical field. It reaches all pharmacy owners and large numbers of staff pharmacists and pharmaceutical assistants, too.

The magazine *Terveysteksti!*, which available to customers in the AFP's member pharmacies, is the sixth most popular magazine in Finland, and by far the health magazine with the greatest number of readers. The total readership is 945 000 (KMT Lukija 2005).



Trialling of e-prescriptions continued

The Association of Finnish Pharmacies (AFP) participated in the work of the steering group for electronic prescriptions and the steering groups for regional trials. A representative for the AFP was also appointed to the management group for e-prescriptions.

The ministry authorised the AFP to select which pharmacies in the regions would take part in the first stage of the trialling. The AFP was also responsible for installing the necessary equipment and programs and providing training and training material for the pharmaceutical staff to enable the introduction of electronic prescriptions.

Expansion of the trials was not entirely successful, mainly because of technical problems. During 2005, only 400 e-prescriptions were dispensed.

The goal is that by 2010 half of all prescriptions will be electronic and the patient is free to choose from which pharmacy he or she wants to pick up the medicine. Accenture was chosen to be the project service provider responsible for project planning. The period of validity of the decree governing electronic trialling was extended to the end of 2007.

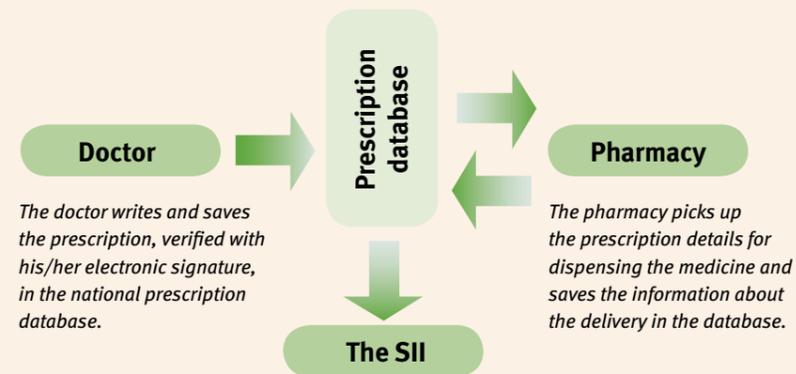
When a pharmacy wants to dispense an electronic prescription, it contacts the nationwide prescription database maintained by the Social Insurance Institution (SII), and to which the AFP's member pharmacies have access through the data-secure AFP pharmacy data network. The data server is governed by very strict data security regulations.

By the end of the year, 521 of the AFP's

member pharmacies and subsidiaries had joined the AFP pharmacy data network. So, nearly three out of four of the main pharmacies and more than half of the subsidiary pharmacies were linked to the network.

The services that are offered through the pharmacy data network were improved in cooperation with the SII and medicine wholesalers.

Electronic prescriptions: how the system works

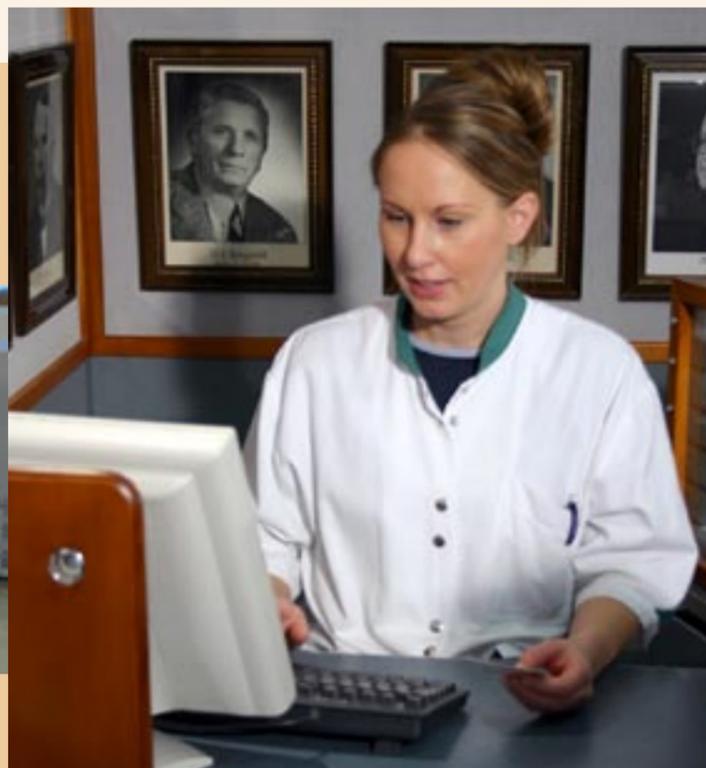
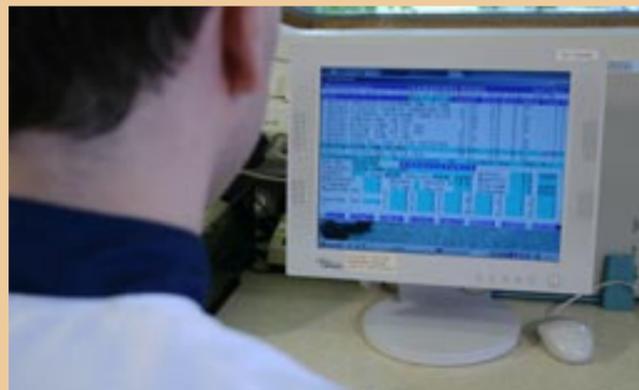


The doctor writes and saves the prescription, verified with his/her electronic signature, in the national prescription database.

The pharmacy picks up the prescription details for dispensing the medicine and saves the information about the delivery in the database.

For decisions concerning medicine reimbursement, the SII retrieves the information about the prescribed medicine from the database.

The AFP pharmacy data network offers the pharmacies a range of services, such as real-time enquiries to the wholesalers regarding the availability of medicines, verification of payment cards and a range of information services. In the future, all communication from pharmacies to authorities will go via the network.



In automated dose dispensing the pharmacy delivers two-week's supply of medicines packed in a string of sachets.

Automated dose dispensing expanded

At the end of the year, 77 AFP member pharmacies were ready to offer automated dose dispensing of medicines to nearly 1 900 patients. Totally, 6.2 million tablets and capsules were dispensed during 2005. A third machine was started up in the automated dose dispensing unit at the end of the year.

The AFP arranged training for member pharmacies in the process of introducing the service. In 2005, the AFP arranged four training events and 92 pharmacies participated. The service was presented at the Doctors Days, the national municipal fair, PharmacyDays, the national health fair and the AFP's spring and autumn meetings.

Automated dose dispensing from the pharmacy gives the customer his/her medicine in pre-packed doses every two weeks. Before starting the service, the pharmacist and the doctor who is treating the patient together check the customer's total medication regime.

The total medication regime is checked in order to identify possible interacting

medicines and to remove unnecessary medicines and duplication of medication.

Together with the string of pre-packed doses the customer always receives an updated medication card giving information about all the medicines and dosing. Medicine safety is improved when both the doctor and the pharmacy are aware of the total medication regime.

Costs are saved because the customer pays only for the medicines that are dispensed in pre-packed doses and not, as earlier, for a whole pack of medicines.

The automated dose dispensing service is provided largely for residential homes for the elderly and for home-visits nurses. However, individuals or relatives who are interested can ask for the service in their local pharmacy.

The fee charged by the pharmacy for automated dose dispensing will be covered by the medicine reimbursement system from the beginning of 2006, but selectively. The reimbursement applies to both automated dose dispensing and manual dispensing.



European cooperation strengthened

The AFP took active part in the work of international pharmaceutical organisations. These organisations worked jointly to elaborate several models to enhance pharmacy work and the health and treatment of patients.



PGEU – the voice of the pharmacies in the European Union

Several issues affecting the work of the pharmacies were under consideration in the EU, and were also discussed at meetings of the Pharmaceutical Group of the European Union (PGEU). The most important of these issues was the European Commission's proposal for a directive on services within the internal mar-

ket, published in 2004.

The AFP actively participated while the directive on services was being debated in the European Parliament. Together with the PGEU, it sought amendments and specifications to the contents of the directive.

The proceedings continued in the EU Parliament's Committee on the Internal Market and Consumer Protection (IMCO,) and in November concluded with a decision that pharmaceutical

services should be excluded from the scope of the directive, which was what the PGEU had hoped for.

The directive on Recognition of Professional Qualifications was approved in the European Parliament and the European Council. This directive clarifies and simplifies rules on professional recognition, for instance EU-wide recognition of the qualification of staff pharmacists. The directive will be implemented at

national level in 2006 – 2007.

President of the AFP **Klaus Holttinen** became a member of the board of the PGEU at the beginning of the year. Finland will have a representative on the board until the end of 2009. In 2008, Finland will chair the organisation.

Finland at the helm of Nordic cooperation

The Nordic Pharmacy Association (NA, *Nordisk Apoteksforening*) works on behalf of the pharmacies. It encourages the exchange of experiences, and seeks to enhance the role of the community pharmacies in the healthcare sector. In order to exert some influence within the EU, the NA coordinates activities, especially through the PGEU.

The PAPA working group (*Arbejdsgruppen om Professionelt Ansvar på Apoteket*) developed the Nordic concept of community pharmacies. It published a report in English titled "Added value of Pharmacies" and looked into ways of studying the impacts of the work carried out by pharmacies.

The IT group of the Nordic Pharmacy Association (*Nordisk IT-gruppe*) furthered the use of computer technology to support the Nordic pharmacy concept. The NA wrote a report on safety issues associated with electronic prescriptions. The president of the AFP, Klaus Holttinen, was chairman of the NA.

EuroPharm Forum campaigned for better health and patient safety

European pharmaceutical organisations work together within the EuroPharm Forum to promote a number of projects: the Ask About Your Medicines campaign, the smoking cessation programmes, better treatment of HIV-AIDS and of diabetes, and patient safety.

Proprietary pharmacist **Eeva Teräsalmi** stayed on as a member of the EuroPharm Forum board.

Pharmacy world congress in Cairo

The annual congress of the International Pharmaceutical Federation (FIP) was held in Cairo, Egypt, early in September 2005. Almost 2000 pharmacy professionals from 92 countries attended.

The main themes of the five day congress, which for the first time was arranged on the continent of Africa, included medicine availability and the problem of counterfeit medicines. Another theme of this congress, which was smoke-free, was the work to tackle smoking.

In his opening speech, the President of FIP, Mr. **Jean Parrot**, emphasised the role of pharmaceutical professionals in major emergency situations, where medicines are often needed urgently. The tsunami catastrophe demonstrated that sending only medicines to the area is not enough. Professional knowledge is required, too, to ensure the right medicine is given to the right person. Mr. Parrot appealed to national pharmaceutical associations to draw up guidelines and plans for such emergencies.



The President of the FIP Jean Parrot



Mr. Mostafa Ahmed Mosaad runs a pharmacy in Cairo.

Pharmaceutical Group of the European Union PGEU

The Pharmaceutical Group of the European Union (PGEU) is the official body in the EU representing pharmacies. It follows issues that are under discussion in the EU and which directly or indirectly affect pharmacies, with the purpose of influencing those issues. The AFP is a member of the organisation and the AFP president is a member of the board. Greece presided over the PGEU in 2005.

The Nordic Pharmacy Association NA

The Nordic Pharmacy Association (*Nordisk Apoteksforening*, NA) was founded in 2002 by the pharmacy associations of Finland, Denmark and Norway and Apoteket AB, Sweden. The goal of the association is to enhance the Nordic professional model for community pharmacies, in order to strengthen the role of those pharmacies in the healthcare sector. In order to exert some influence within the EU, the NA coordinates activities, especially through the PGEU.

EuroPharm Forum

EuroPharm Forum works in cooperation with the World Health Organisation (WHO), and represents European pharmaceutical organisations. It works to promote the health policy goals of the WHO. The members of the organisation comprise around 50 professional pharmaceutical organisations from those 25 countries in the Regional Office for Europe. There are about 10 observer organisations in EuroPharm Forum.

The International Pharmaceutical Federation FIP

The International Pharmaceutical Federation (FIP) was founded in 1912 and is an organisation for pharmaceutical professionals working within the field, and for pharmaceutical researchers. It arranges an annual pharmacy world congress, and a number of other congresses and symposia. In addition, it draws up professional standards and recommendations in the form of statements and guidelines. The AFP is a member of FIP.

Pharmacy owners donated money to the victims of the tsunami in Asia



Holtinen elected as member of the Executive Committee of the PGEU

President of the AFP Klaus Holtinen was elected onto the board of the Executive Committee of the Pharmaceutical Group of the European Union (PGEU). Finland will have a representative on the board until the end of 2009. In 2008, Finland will chair the organisation.

Klaus Holtinen was also elected to stay on as the chairman of the Nordic Pharmacy Association (NA).



Media

The majority of Finns want self-care medicines to stay in pharmacies

The majority (56 %) of Finns would keep the sale of non-prescription medicines in pharmacies in the future, and not permit other retailers to sell them, according to a survey by Taloustutkimus Ltd reported in *Taloussanomata*.

Of those who participated in the survey, 64 per cent of the women and 48 per cent of

the men favoured pharmacies keeping the exclusive right to sell self-care medicines. Of the men, 49 per cent supported liberalising the selling of these medicines and only one third of the women. The rest did not express an opinion.

Taloustutkimus Ltd interviewed over 500 Finns in the age group 15–79 years.



This boy in Sri Lanka was happy to have soft toys together with the clothes.

At the beginning of January, the AFP launched a campaign to raise money to help the victims of the catastrophe that occurred in Asia on Boxing Day 2004.

The AFP organised the campaign and requested all its members to take part in the fund-raising. During January and February, the pharmacy owners donated totally 160 000 euros. The money was passed on to the Finnish Red Cross to aid disaster victims in Asia.

The staff of the AFP and its companies participated in a campaign to collect clothes for victims in Sri Lanka.

Survey on selling self-care medicines was completed

The National Agency for Medicines published a report according to which in most European countries self-care medicines may only be sold in pharmacies. It is only in Ireland, UK, the Netherlands, Denmark and Norway that self-care medicines are sold in shops other than pharmacies, and even then the outlets are limited.

The report presented a totally different picture of the sales of self-care medicines in Europe from that which representatives of shops and supermarkets had described in the media when they called for the liberalisation of the trading of these medicines.

Even in the five countries that allow selling of these medicines in outlets other than pharmacies, the sales are strictly regulated. Typically, only a small selection of self-care medicines may be sold and the selling and marketing are restricted in many ways.



Automated dose dispensing was presented at the Doctors Days
The automated dose dispensing service provided by the AFP's member pharmacies was presented in January at the Doctors Days.

Media

Pharma Industry Finland: costs saved by tackling duplication of medication

Pharma Industry Finland suggested that cutting down duplication of medication would be one mechanism to control rising medicine costs. The organisation felt that because no-one checked the overall medication regime, patients may be taking some unne-

cessarily. Pharma Industry Finland called for action, especially by the Ministry of Social Affairs and Health.

Duplication occurs, for example, because a patient can obtain prescriptions through any of these channels: municipal healthcare, specialist healthcare, and the private sector. The

result is that no one has a good picture of the total medication regime.

Pharma Industry Finland pointed out that the ageing population, new methods of medical treatment, and a switch to new, more expensive preparations will further drive up medicine costs.

The AFP published its recipe for cutting costs

The AFP feels that the growth of medicine costs can be limited for example by encouraging the appropriate use of medicines, the reducing of waste and the introduction of new pharmacy services such as automated dose dispensing.

The AFP pointed out that many studies show that only one third of medical treatments are carried out as prescribed by doctors, another third falls short of its target effect and in the remaining cases the treatment fails or the medication is not taken at all.

The AFP believes that waste of medicines could be effectively reduced if the medicine reimbursement system was changed in order to avoid favouring unnecessary buying of large quantities of medicine.

As another means of cutting costs, the AFP suggested more pharmacies should, together with doctors, more frequently check customers' total medication regime. This is already part of the pharmacies' automated dose dispensing service.

The AFP emphasised that medicine costs can be influenced by more effective guidance on appropriate and safe use of medicines: by encouraging the customer to apply the treatment as directed and by improving cooperation and communication along the health-care chain.

One instrument for lowering the bill for medicines would be to abolish VAT (8%) on medicines, the AFP suggested. A second instru-

ment would be for the prescribing doctor to indicate on the prescription the duration of the treatment.

The AFP added that the abolition of the pharmacy fee, or even a fifty per cent reduction in it, would not be a sensible way to cut medicine costs because this would not only limit the provision of pharmacy services but also diminish state revenue by an amount greater than would be saved in medicine costs. As an alternative, the AFP favoured a reform of the system to channel the pharmacy fee (approx. €120m) to the SII for the purposes of medicine reimbursement.



The NAM re-examined contracts

Following a report in the newspaper *Helsingin Sanomat* about contracts between pharmaceutical companies and pharmacies, in which the pharmaceutical companies tried to persuade the pharmacies to agree to give preference to certain generic medicines in return for discounts the Ministry of Social Affairs and Health

asked the National Agency for Medicines (NAM) to look into contractual arrangements between the two parties. In turn, the NAM then requested all pharmaceutical companies and pharmacies to account for the arrangements current from the beginning of July 2004 along with the contents, and especially possible discounts.

The Ministry published its pharmaceutical legislative package

The ministry published the revisions to the pharmaceutical legislation at the end of April. This package comprised amendments to the Medicines Act and the Sickness Insurance Act.

The ministry stated that it was going to cut wholesale prices of all reimbursable medicines by five per cent, and reform the system of medicine reimbursement in a cost neutral way starting at the beginning of 2006. The ministry also announced proposed changes to the Medicine Act, for instance extending the right to sell NRT-products and to forbid wholesale discounts on the sale of medicines to individual pharmacies.

The ministry further stated that it had plans to reduce the profit margins on the most expensive medicines, and to give more authority to the Pharmaceuticals Pricing Board, which is subordinate to the ministry, concerning decisions on prices of wholesale reimbursable medicines.

Changes to the rules governing generic substitution were also outlined. These changes would entitle a customer to ask for a generic substitution to be replaced by the medicine prescribed in the first place without having to have a new prescription. At the same time, some products that in countries other than Finland are protected by product patents would be excluded from the scope of the generic substitution system.

Nicotine hot topic at the Spring Meeting



A number of issues were discussed at the annual Spring Meeting: rules for medical treatment, professional ethics, comprehensive assessment of medical treatment, and data technology. The most controversial topic was the sale of NRT-products. Social Affairs and Health minister **Sinikka Mönkäre** assured the meeting she was not planning to further liberalise the selling of self-care medicines.

Prices of interchangeable medicines continued to fall

According to a survey by the AFP, prices of medicines in the generic substitution scheme continued to drop. The AFP made a comparison of prices just before the introduction of generic substitution (March 2003) and again in 2004 and 2005.

In two years, the average fall in prices was €12.20. However, the prices of a number of medicines dropped by several tens of euros, and in some cases the reduction exceeded €100. The price of a few interchangeable medicines rose by an average of one or two euros. Those medicines that became cheaper did so on average by 28.6%.

The greatest relative price reductions, one-third, occurred in the antifungal and antiviral groups of medicines, cholesterol medicines, and the ACE inhibitors used to treat hypertension. The beta blockers used to treat hypertension and anti-histamines to treat symptoms of allergies also became cheaper, by nearly as much.

Media

Helsingin Sanomat stirred up a hullabaloo

In March, the newspaper *Helsingin Sanomat* wrote about contracts between pharmaceutical companies and pharmacies. However, the newspaper had misinterpreted the SII statistics on generic substitution. Despite this misunderstanding the contracts described in the newspaper prompted the authorities to start investigations. The AFP corrected the misinformation on generic substitution, and stated that a comprehensive set of rules was needed for the systems of discounts.

HS news page. 6.3.2005



Media

Mönkäre: NRT-products to shops

Social Affairs and Health Minister **Sinikka Mönkäre** (Soc. Dem.) told the newspaper *Etelä-Suomen Sanomat* (12.3.2005) that as soon as possible, shops selling tobacco would be allowed to sell NRT-products.

The AFP was quick to point out that this would not reduce smoking. Smokers do not decide to quit while standing in front of a shelf of tobacco products, nor do they buy NRT-products on impulse.

In the opinion of AFP, the Danish experience, among

others, showed that the sale of replacement medicines in shops has not reduced smoking. Rather, the sales of the products had risen substantially.

The AFP pointed out that smokers who want to quit smoking easily fail if the treatment does not continue for long enough and if the doses are insufficient. A health professional's support is required, too. Hence, it is important that the would-be quitter gets guidance and support from a pharmacy or a doctor.

Finnish customers satisfied with services of community pharmacies



A customer survey showed that Finnish customers are satisfied with the services of their community pharmacies. Over one thousand Finns aged 15 to 74 years were interviewed.

A customer survey by Taloustutkimus Ltd showed that six out of ten were very content with their most recent visit to a pharmacy, and one third were fairly satisfied. Ninety-two per cent thought that there were enough pharmacies, and eighty-four per cent considered that the opening hours were satisfactory.

The customers were especially pleased with the friendliness, willingness to be of service and competence of the staff. Only two in one hundred of those interviewed were unhappy with their most recent visit, the most common reason being the long waiting time.

Customers were particularly pleased with pharmacists ensuring that potentially harmful combinations of medicines were avoided, their medicine guidance and the fact that they received their reimbursement directly from the pharmacy. The second most important group of services that the customers appreciated was getting their repeat prescriptions via the pharmacy, be-

ing offered the cheapest substitute self-care medicine, being able to exchange a prescription medicine for a generic alternative and the services that support successful medical treatment of target groups.

The survey showed that Finns want to buy their medicines from pharmacies. 86 per cent in the survey expressed a preference for buying prescription medicines from a pharmacy. Only 8 per cent mentioned a healthcare centre or doctor's surgery, 4 per cent said shops and supermarkets, and under 0.5 per cent mentioned the Internet.

The pharmacy was the most preferred place for buying self-care medicines. A clear minority (39%) fa-

voured shops and supermarkets. According to the survey, consumers feel that it is important that medicines cost the same in all pharmacies. 91 per cent favoured prescription medicines having the same price, and 72 per cent wanted self-care medicines to have the same price.

82 per cent of those surveyed said that typically pharmacy staff orally gave advice about medicine. The same was true regarding advice from doctors. Other sources of information about medicines included the patient information sheet (78%), the pharmacy customer magazine *Terveystiesi!* (38%), other media (34%), pharmacies' written guidance (30%), and the Internet (26%).

The NAM: No NRT-products to shops

The National Agency for Medicines (NAM) recommended that the Ministry of Social Affairs and Health should reconsider its proposals to permit the sale of NRT-products in retail outlets other than pharmacies and subsidiary pharmacies. The NAM took the view that neither general

medicine policy grounds nor the effects of these products were good reasons for granting that right.

The NAM argued that there was insufficient scientific data about the overall impact on people's smoking habits of broadening the availability and sales of NRT-products.

Medicine contracts did not contravene the Medicines Act

In its report, requested by the Ministry of Social Affairs and Health, the National Agency for Medicines said that discounts offered by pharmaceutical companies to pharmacies were common but did not contravene the Medicines Act.

The Agency noted that these agreements did not

contravene paragraph 92 of the Medicines Act, which prohibits incentives, benefits or gifts to individual healthcare professionals who dispense medicines. Rather, these agreements were trading methods allowed by an EU directive (2001/83/EC94) between pharmaceutical companies and pharmacies.



No changes to the sale of self-care medicines

The Ministry of Trade and Industry's working group that deliberated upon retail trade did not propose any changes to the regulations governing the sale of self-care medicine. The working group suggested, however, that the Ministry of Social Affairs and Health should look into the impact of the extending licences to sell self-care medicines.

The Ministry of Social Affairs and Health's representative in the group dissented, pointing out that the Council of State regulation states that such matters were the responsibility of the Ministry of Social Affairs and Health

Media Sweden forced to amend its pharmacy monopoly

The EC Court's final ruling judged that the national monopoly on the retail of medicines, which is held by the Swedish state-owned Apoteket AB, went against Community law.

The court made its judgement on the grounds that the monopoly gave an advantage to medicines produced in Sweden over those produced

in other EU states.

However, the EC Court ruling did not mean that the sale of self-care medicines in Sweden would be allowed in shops other than pharmacies.

That said, Apoteket AB was forced to open up the buying of medicines in general and ensure that medicines made in other EU states were not discriminated against.



In mid June, staff pharmacist **Hannele Heino** (left) and proprietary pharmacist **Maija-Liisa Tervonen** dispensed the first electronic prescriptions.

Trialling of electronic prescriptions started

The trialling of electronic prescriptions, which began in the Keski-Kotka Pharmacy in the summer, was the first occasion on which it was done using a program that was integrated into this pharmacy's data system.

The AFP awarded scholarships

The AFP supported pharmaceutical research and professional development in community pharmacies by offering grants from its funds to promote pharmaceutical research, continuing education and studies for specialising in the field of community pharmacy (Professional Development, PD). Totally, these grants amounted to nearly 40 000 euros.

Media Pharmacies prevent the problems of self-care medicine

According to the findings of a survey published in *Apteekkarilehti*, the pharmacies prevent at least 160 000 potentially dangerous cases of adverse effects of self-care medicines each year. In 80 000 of these cases, the pharmacy

corrects the choice of medicine, and in over 70 000 cases, the customer is referred to the doctor instead of being sold self-care medicine. Potentially serious harmful effects are avoided in about 10 000 cases each year.

Finns trust pharmacies the most

According to a Reader's Digest survey, Health 2005, four out of five Finns see pharmacies as trustworthy and honest. 1 500 Finns took part in the survey.

Of the 15 categories in this survey, pharmacies enjoyed the greatest trust. Eighty per cent of the respondents found pharmacies trustworthy and honest. The next most trusted groups were airlines (46%), food retailers (43%) and banks/financing firms (42%).

37 per cent found pharmaceutical companies trustworthy, and 31 per cent the media. At the bottom end were tobacco companies, which only 6 per cent found trustworthy and honest. Alcohol companies and oil companies also scored low.

In other EU countries, the pharmacies scored well, too, but not as well as in Finland.

The survey identified the sources providing the most valuable information about health issues: pharmacies came third, after doctors and dentists.

The survey was carried out in 13 countries in June and July, and was published in the autumn. The respondents were subscribers to Reader's Digest. Altogether, 23 600 readers were surveyed, and were, as far as possible, identified to



be a representative sample of the adult population in each country according to age and gender.

The pharmaceutical industry rejected forced cut

The pharmaceutical industry viewed as unreasonable the reform of the Sickness Insurance Law, due to come into force in January 2006, which required a five per cent cut in wholesale prices of reimbursable medicines.

The industry forecast that more than half of the pharmaceutical companies that operate in Finland would withdraw medicines from the market in fear of an influx of parallel exports.

The pharmaceutical industry

calculated that a 2.3% cut would have been enough to achieve the desired savings of €50m.

The pharmaceutical industry pointed out that on average wholesale prices of medicines in Finland are approximately six per cent below the European average.

The pharmaceutical industry put forward new alternatives for financing the medicine reimbursement system and reforming it in order to help keep costs from rising.

The Opposition criticised the reform of medicine reimbursement

The Parliamentary Social Affairs and Health Committee proposed only a few changes to the government's proposition for a new medicine reimbursement system. The opposition parties were more critical of the reforms.

The committee proposed that the changes should be accepted. However, it recommended that when the annual patient contribution reached the given ceiling, the patient should pay €1.50 for an individual medicine, not €3.00, as suggested by the government.

The Committee supported the proposed three-year trial of reimbursing costs of automated dose dispensing. Also, it said Parliament should require the government to monitor the impact of the law on cost of medicines to patients,

and in turn give an account of its findings to the Social Affairs and Health Committee.

The Committee also accepted the government's proposal to cut the wholesale prices of reimbursable medicines by five per cent, but added that to prevent costs from rising the government should re-examine impartially all the various areas of medicine distribution as well as the medicine reimbursement system.

The Opposition was not happy with the reform of the reimbursement system. They criticised it because it favoured those who are occasionally ill and typically use small quantities of medicines but who increase the overall medicine bill for the chronically sick who use several expensive reimbursable medicines.



Tuula Haatainen became the new minister for Social Affairs and Health

Tuula Haatainen (Soc. Dem.), former Minister of Education replaced Sinikka Mönkäre (Soc. Dem.) as Minister of Social Affairs and Health when the Social Democratic Party reshuffled its ministers. Mönkäre returned to being an ordinary MP on the floor of the chamber.

Roche suspended distribution of Tamiflu to pharmacies

Roche temporarily suspended distributing its influenza medicine (Tamiflu) to pharmacies because it wanted to maintain stocks for treating seasonal outbreaks of influenza. The demand for Tamiflu had risen sharply in the wake of fears of an outbreak of avian influenza. The reason being that people thought that Tamiflu would, to some extent, treat the symptoms of avian flu, even if in fact the medicine is properly for treating seasonal bouts of flu.

Roche promised to resume distributing Tamiflu to pharmacies as soon as the seasonal influenza arrived in Finland.

The National Public Health Institute underlined the point that it was unnecessary to purchase Tamiflu in advance.



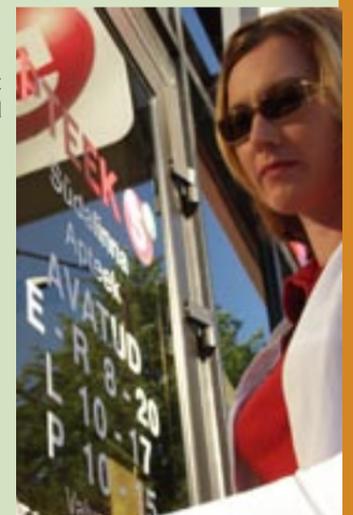
Media Every tenth Finn bought medicines in Estonia

A survey by Taloustutkimus Ltd for *Apteekkarilehti* found that approximately one Finn in ten had bought medicines in Estonia. One thousand Finns aged 15–79 years were interviewed.

Most of those medicines were non-prescription, self-care medicines and were bought from Estonian pharmacies.

Of those who bought these self-care medicines, two thirds had purchased painkillers or fever-reducing medicines, and one quarter had bought vitamins.

Twelve per cent had bought medicines to treat influenza, blocked noses, and sore throats or coughs; they had also bought pain-relief creams. Every tenth person had purchased medicines to treat allergies and medicinal creams for skin disorders; they had also bought mineral and trace element supplements. Less than 0.5 per cent reported that they had bought prescription medicines.



Apteekkarilehti also looked at the prices of the most frequently purchased medicines in Finland and compared these prices with those in Estonia. This revealed that in Tallinn prescription medicines were on average about one fifth cheaper than in Finland, and self-care medicines one-third cheaper.

The OECD completed its review of the Finnish healthcare system

The Organisation for Economic Cooperation and Development (OECD) made a review of the Finnish healthcare system, suggesting measures to tackle the rising costs of medicines.

The Finnish health system performs well by international comparisons. According to the review, the technical quality of health services is good, there are policies that favour prevention, the level of professional skills among the health service personnel is high and many indicators show results that are above the average of other countries.

The report shows that total health expenditure as a share of gross domestic product (7.4 % in 2003) in Finland is well below the OECD average (8.8 % in 2003). Medicine costs as a share of GDP in Finland are also below the OECD average, while the development of this share is the same as the OECD average. According to the review, Finnish measures to restrict the growth of medicine reimbursement costs in non-institutional care have not been adequate.

As a solution, the OECD proposed that the responsibility for the costs should be closer to the level where the medicine is prescribed, in other words transferred from the SII to the municipalities and employers. Also, the report suggested allocating to each doctor a medicine budget together with results-based remuneration.

In order to keep medicine costs down, the review proposed more thorough monitoring of what happens following the release of a medicine on to the market, thereby guiding the practice of prescribing medicines. The review stated that in 2004 as much as 40 % of the growth in the costs was generated by ten



new medicines.

The review suggested that Finland should consider means of liberalising its retail distribution of medicines. However, it should ensure professional competence, continue guidance services in pharmacies, and guarantee comprehensive availability of medicines. In addition, the pharmacy fee system should be kept.

The review further proposed that a reference price system be considered, even though this would not necessarily hold down costs, because the strict definition of wholesale prices of reimbursable medicines and the generic substitution have already contributed to realising some of the benefits of the reference price system.

The report found, in addition to

the above, shortcomings with regard to access to healthcare in general; more specifically, it found that the employed population had better access to healthcare than the non-employed population.

Minister of Social Affairs and Health **Haatainen** quickly responded by saying there were justifiable grounds for some of the rise in costs, but acknowledged there was room for improvement when it came to prescribing medicines.

Instead of the proposed individual medicine budgets for doctors, Haatainen viewed the following as better options: *Rohto*, the Centre for Pharmacotherapy Development, should lead the reform of how medicines are prescribed; recommendations made by Current Care should be implemented; new technology and

the creation of networks should be exploited.

Haatainen also said that she wanted to develop generic substitution still further, and to establish the suitability of the reference price system. According to the minister, it is also necessary to tackle the double-channel financing of medical treatments.

Haatainen stated that she did not want any radical changes to the pharmacy system. Instead, she felt it was important to look at the good sides of the current system before getting over enthusiastic about the proposals for reform. At the same time, she announced that the ministry would look at the system in more depth in the following year and that the ministry had plans to lower the prices of the most expensive medicines.

Finns have great gaps in their knowledge about self-medication

Finns have gaps in their knowledge about the use of self-care medicines; in fact nine out of ten said they want professional guidance when choosing self-care medicines. This was revealed in a survey where those interviewed were asked to give an opinion about some statements on the use of self-care medicines.

The survey showed that Finnish consumers do not know enough about safe and appropriate use of medicines to be able to make a decision on their own regarding which medicine to choose and how to use it cor-

rectly. Old habits die hard, and the choices are led by advertisements if no other guidance is available.

According to results, there were misunderstanding about medicines in all categories of self-care products included in the survey. Even in the category of the presumably best known products an inappropriate choice is easily made.

In this survey by Taloustutkimus Ltd for the AFP, the Finnish Pharmacists' Association and the University Pharmacy, over two thousand Finns aged 18–79 years were interviewed.

Pekkarinen urged pharmacies and shops to cooperate

Minister of Trade and Industry **Mauri Pekkarinen** (Cent.) urged pharmacies and shops to work together in order to increase the availability of self-care medicines. He said that he does not support plans to bring self-care medicines to the shop shelves on a large scale.

It would be desirable for the supply of self-care medicines to be expanded within the scope of the professional pharmacy system. "I expect



pharmacies and shops together to examine what they can do in order to expand the supply of self-care medicines", Pekkarinen said at the 40th anniversary of the Pharmacies' Society of Middle Finland.

Holttinen at the annual meeting of the AFP: The product of the pharmacy is service

Pharmacy services have to be developed to meet the needs of people. At the annual meeting of the AFP in Helsinki, chairman **Klaus Holttinen** was adamant that ambitions that are alien to the goals of healthcare must not be allowed to dictate in which direction pharmacy services develop.

Holttinen emphasised that it was not the job of the pharmacy to promote the consumption of medicines. He also stressed that pharmacies are primarily service providers rather than commercial outlets.



The AFP participated in the Kauneus & Terveys event

The AFP participated in the biggest health event in the Nordic countries, which was held in the Fair Centre in Helsinki. At the stand of the AFP member pharmacies, visitors were given advice on appropriate medical treatment and ways to cut medicine costs, and told about the new reimbursements. The AFP also assisted in planning the Kauneus & Terveys and the Upea Ikä 45+ events.

Medicines removed from reimbursement

Eighty-one medicine products were taken out the reimbursement system at the turn of the year, when the wholesale prices of reimbursable medicines were cut by five per cent. For the 81 medicines the pharmaceutical companies and the Pharmaceuticals Pricing Board could not agree on a wholesale price which would qualify for reimbursement. The majority of pharmaceutical companies accepted the five per cent cut, and over 98 % of the medicine products remained reimbursable.

Media The FCA requested clarification from the pharmaceutical companies

According to the Finnish Competition Authority (FCA), the discounts on wholesale prices of medicines offered by the pharmaceutical companies to pharmacies contravened the law governing restriction of competition and EU regulations on competition. The FCA concluded that with these discount arrangements the pharmacies are bound to the products of certain pharmaceutical companies in a way that restricts the opportunities of competitors to get their products sold. The FCA concluded that the agreements also limit the choice of products available to customers. Nearly thirty pharmaceutical companies were asked to provide this clarification.



At the Pharmacy Days, Taulumäki Pharmacy, in Varkaus, was awarded the title of Training Pharmacy of the Year. The title of Training Pharmacy of the Year is awarded annually to a community pharmacy that has arranged the six month training period for pharmacy students in a notably exemplary manner.



Finnish community pharmacy system in brief

To establish or run a community pharmacy in Finland requires a pharmacy licence, granted by the National Agency for Medicines (NAM). The NAM also makes decisions about the establishment of new pharmacies and pharmacy outlets. When a pharmacy licence becomes vacant the NAM announces that it can be applied for and grants the licence to the best qualified applicant. 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, usually a municipality, but there can be several pharmacy catchments in a city. Pharmacies can be established freely within a particular area, for example next to another

pharmacy. The regulations governing where a subsidiary pharmacy may be established are tighter.

A community pharmacy owner may only hold one pharmacy licence and three subsidiary pharmacy licences at one time. A subsidiary pharmacy can be turned into an independent community pharmacy following permission from the NAM. This prevents the formation of pharmacy chains.

A pharmacy licence is granted to a specified individual and it may not be sold or leased out. It is automatically terminated when the pharmacy owner reaches 68 years of age. The licence is subject to a number of obligations, the most important of which is that medicines must always be available.

The pharmacy owner has both professional and financial responsibility for the pharmacy.

The economy of a community pharmacy is regulated by two factors: the medicine tariff and the pharmacy fee.



Retail price at pharmacy

(Medicine tariff decided by the Council of State 11.12.2002)

Wholesale price (€)	Retail price at pharmacy (€)
0 – 9.25	1.5 x wholesale price + 0.50 € + VAT 8 %
9.26 – 46.25	1.4 x wholesale price + 1.43 € + VAT 8 %
46.26 – 100.91	1.3 x wholesale price + 6.05 € + VAT 8 %
100.92 – 420.47	1.2 x wholesale price + 16.15 € + VAT 8 %
> 420.47	1.125 x wholesale price + 47.68 € + VAT 8 %

Pharmacy fee paid to the state

(Change in the Pharmacy Fee Act 1166/2005 22.12.2005)

Pharmacy annual turnover (€)	Pharmacy fee at lower limit (€)	Fee-% exceeding lower limit
672 662 – 784 398	–	6
784 398 – 1 008 620	6 704	7
1 008 620 – 1 232 591	22 400	8
1 232 591 – 1 569 792	40 317	9
1 569 792 – 2 017 238	70 665	9.5
2 017 238 – 2 465 929	113 173	10
2 465 929 – 2 914 371	158 042	10.25
2 914 371 – 3 699 516	204 007	10.5
3 699 516 – 4 819 872	286 447	10.75
4 819 872 –	406 886	11

Medicine pricing is regulated

Prices of medicines are the same in all community pharmacies because the Council of State makes a decision regarding retail prices based on the medicine tariff. The medicine tariff sets a retail price on a medicine according to a national wholesale price.

The medicine tariff is “counter-progressive”, in other words the proportion of the commission from sales decreases as the wholesale price of a medicine goes up.

The pharmacy fee evens things out

The medicine tariff and the pharmacy fee have considerable impact on the finances of a community pharmacy. The private community pharmacies pay the pharmacy fee to the state and the university pharmacies to their owner university. The pharmacy fee is based on turnover of the pharmacy and it is progressive (0–11 % of turnover). The pharmacy fee is included in the price of a medicine and thus it is mainly collected from the sale of medicines to customers.

The effect of this fee is that when compared with a larger pharmacy, a smaller pharmacy will earn a little more from the sale of a medicine when the price of that medicine is the same. The fee evens out the variations in financial performances of community pharmacies of different sizes and makes it possible for small community pharmacies to survive and in turn to ensure a nationwide pharmacy network. It also gives the state an income of more than 120 million euros per year.

Number of community pharmacies and subsidiaries 1970–2005

	1970	1975	1980	1985	1990	1995	2000	31.12.2005
Community pharmacies	561	564	564	576	576	584	595	606
Subsidiaries	97	108	126	135	173	204	201	193
Total	658	672	690	711	749	788	796	799

The ratio of community pharmacies to the total population is 1:6 500. The Finnish pharmacy network is denser than it is in Sweden, Norway and Denmark. These figures also include the university pharmacies.

Staff in community pharmacies 2001–2005

	31.12.2001	31.12.2002	31.12.2003	31.12.2004	31.12.2005
Pharmacy owners (M.Sc.Pharm.)	584	578	576	580	584
Staff pharmacists (M.Sc.Pharm.)	711	737	769	793	815
Pharmaceutical assistants (B.Sc.Pharm.)	3405	3339	3548	3659	3654
Technical assistants	2856	2949	3106	3284	3288
Total	7556	7603	7999	8316	8341

Over 60 % of staff in community pharmacies have a pharmaceutical education (M.Sc. Pharm. or B.Sc. Pharm.).

Prescriptions dispensed by community pharmacies 2001–2005 (million prescriptions)

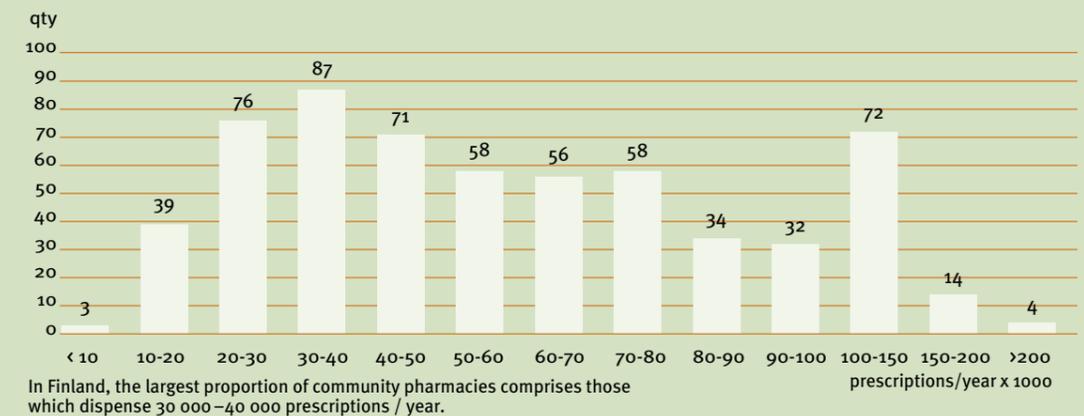
Year	2001	2002	2003	2004	2005
Prescriptions (million)	37.8	38.5	39.9	40.8	42.1

Community pharmacies dispensed nearly 42.1 million prescriptions in 2005, in other words about 8 prescriptions per capita.

Average community pharmacy 2005

Turnover	about 3.0 million euros
Prescriptions / year	61 686
Pharmacy fee	about 205 000 euros (7 % of turnover)
Staff	11 (1 + 1 + 5 + 4)

Community pharmacies according to volume of prescriptions 2005

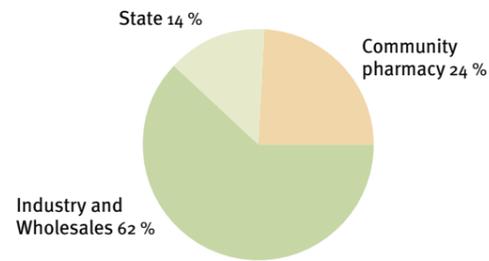


Preparation of medicines in community pharmacies 2005

Dosages in powder form	2 995 113
Capsules	273 008
Tablets	19 200
Ointments (kg)	1 346
Preparations in liquid form (kg)	33 817

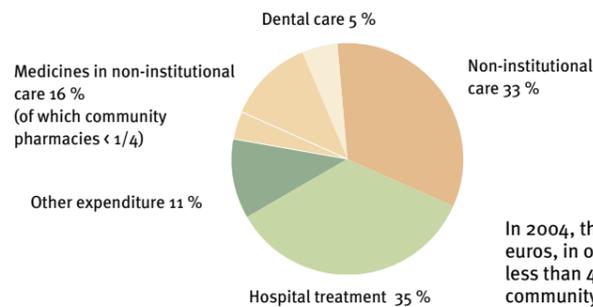
Pharmacies themselves continue to make up medicines even though generally such preparation of medicines has decreased in recent years. On top of the medicines included in the table, about 0.5 % of medicines prescribed by a doctor are prepared in community pharmacies. Typically, those are medicinal ointments.

Breakdown of medicine expenditure



The community pharmacies' share of the medicine price is less than one quarter on average. The share going to the state is a combination of VAT on medicines and the pharmacy fee.

Breakdown of total healthcare expenditure



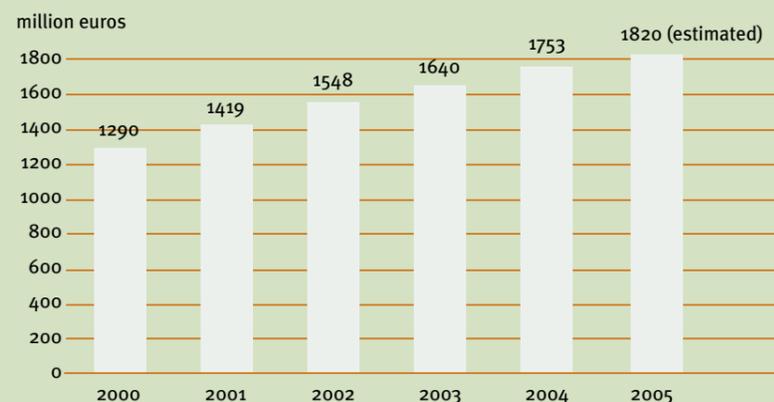
In 2004, the total expenditure on healthcare was about 11.24 billion euros, in other words 7.5 % of GNP. Of the total health care expenditure less than 4 % was spent on maintaining a nationwide and dense community pharmacy network.

Pharmacy fee to the state 2000–2005



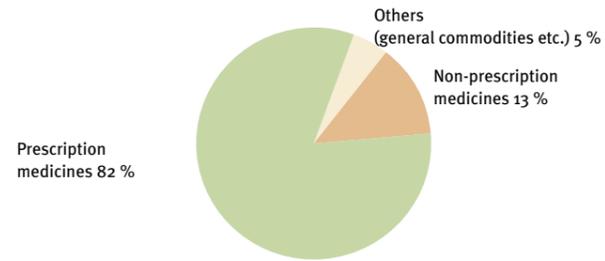
Private community pharmacies pay over 120 million euros per year in pharmacy fees to the state.

Turnover of private community pharmacies 2000–2005



The growth of the turnover of community pharmacies is mainly due to the introduction of new, more expensive medicine care.

Share of sales in community pharmacies



Sales in community pharmacies mainly comprise medicines. Pharmacies also sell liquids for washing and cleansing, cosmetics, skin care products, plus dressings and plasters.

Medicine reimbursements paid by the Social Insurance Institution (SII) (from the beginning of 2006)

Upper special refund

The patient's contribution is 3 euros per purchase, the remainder of the medicine cost is paid by the SII.

Lower special refund

72 % of the medicine cost is paid by the SII.

Basic refund

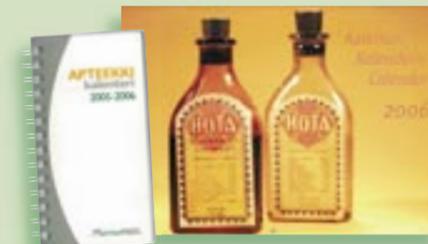
42 % is paid by the SII.

How reimbursement works

If the patient contribution for reimbursed medicines exceeds the given ceiling (616.72 euros in 2006), above that figure, the customer pays €1.50 per reimbursed medicine and the SII will reimburse the rest. To qualify for medicine reimbursement directly from the community pharmacy the customer must show his/her social insurance card.

Medicine reimbursements 2005

	(million euros)
Upper special refund	370
Lower special refund	237
Basic refund	370
Additional refund	100
Total	1077



The Association's Companies

In order to provide services to its member pharmacies the Association of Finnish Pharmacies (AFP) has founded four companies, which are owned wholly by the Association.

Medifon Ltd

Medifon Ltd is a wholesale business for special products and general commodities for community pharmacies. Medifon has a range of about 400 products. In 2005, the company introduced products with a new logo for the AFP member pharmacies, such as an illuminated sign, a polythene bag, a stick-on label and a prescription case. In 2005, the turnover of the company was almost 2.1 million euros.

Pharmadata Ltd

Pharmadata Ltd is a data technology company. The company delivers the Salix data system to community pharmacies and is responsible for developing the system. By the end of 2005, Salix was being used in 436 pharmacy outlets and Pharmadata's share of the market stood at 55 %.

Improvements were made to the Salix systems both in response to the amendments to the Sickness Insurance Act, and following trialling of the use of electronic prescriptions. In addition, Pharmadata made preparations for the following: a survey about the availability of wholesale medicines, an electronic invoicing system, and the means of integrating the interaction database into the pharmacy system. In 2005, the turnover of the company was about 2.6 million euros.

PharmaPress Ltd

PharmaPress Ltd is a communications and publishing company. The company publishes both Apteekkari, the AFP journal for its member pharmacies, and the pharmacy customer magazine *Terveydeksi!* (For your Health!), plus a number of books, guides and other literature.

PharmaPress produced two new printed products: the Pharmacy Calendar 2005–2006, and a 2006 wall calendar featuring medicinal containers from bygone days. Also, the company arranged an exhibition for the AFP Spring Meeting in April. In 2005, the turnover of the company was almost 1.3 million euros.

PharmaService Ltd

PharmaService Ltd is a service company that provides professional services for the member pharmacies of the AFP.

The company focused on introducing the automated dose dispensing of medicines to serve AFP member pharmacies. The company also delivers the services of the AFP pharmacy data network.

By the end of the year automated dose dispensing had been introduced in 77 community pharmacies and for nearly 1 900 customers. Staff in about 250 pharmacies were trained to start the new service for their customers. By the end of the year about 500 community pharmacies had joined the AFP pharmacy data network. In 2005, the turnover of the company exceeded 1.7 million euros.

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self-care guide for consumers



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