THIRD SESSION

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The President of Turkish Pharmacists' Association

Maire Svane
Danish Pharmacists Association
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Second President of The Chamber of Pharmacists' of Chezch Pepublic

MEHMET DOMAÇ Pharm.
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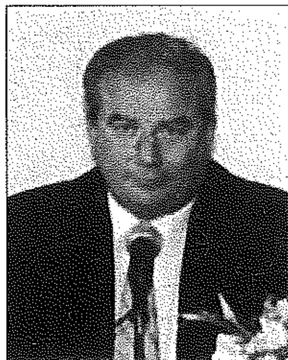
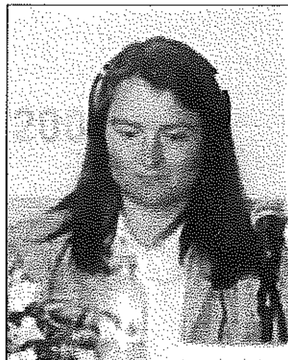


By the way, we'd like to thank our colleague Orhan Çakmak, participating in our meeting on behalf of the Ministry of Health.

Marie Svane, is attending our meeting on behalf of Danish Pharmacists' Association. Born in 1966, graduated from University of Copenhagen as a lawyer, has been working with the Danish Pharmacists' Association since 1999.

Svane's responsibility is providing the coordination and adoption of the renewed payback system, that came into force on 1 March, 2001.
Please ma'am.

MAIRE SVANE
**(Danish Pharmacists' Association
Director of Law Department)**



Thank you very much. It is an honour for me to be here at this very interesting and very well-organized meeting. I am, as a lawyer, trying to represent the best interests of pharmacists in Denmark. And I would like to go into the introduction to regulation of pharmacy in Denmark to characterize what pharmacy practice - the framework of pharmacy practice - in Denmark and then go into the three sources there are of third party payment to the cost of medicines for Danish citizens which are county municipality and the supplementary private insurance, and then touch upon the subjects of pricing and reference pricing and substitution, because I think the reimbursement issue cannot be seen separated from that. And I have some closing remarks on how this works in practice. So briefly, on Danish regulation of pharmacies, we have a system where there is a monopoly. So, only pharmacists may sell medicines to consumers. There is a concession system; so the Minister for Health decides the number of pharmacies in the country. We have a population of 5 million people and 284 pharmacies. In this country, there are 18,000 inhabitants per pharmacy, which is quite different from what we heard this morning. There is a gross profit regulation - this is the financial regulation of pharmacies - and that means that the Minister for Health is in control of the total cost of the distribution in pharmacies in Denmark. And then we have an equalization system which means that pharmacies with a large turnover contribute financially to pharmacies with a small turnover. And this of course serves to keep the total costs at the lowest possible level and at the same time have equal pricing of pharmaceuticals throughout the country. So, the Minister for Health being in control of the total costs and

the number of pharmacies, the result is that we have an average pharmacy with a staff of approximately two pharmacists in addition to the proprietor pharmacist himself and 8 to 10 pharmacy technicians. These people are also allowed to fill prescriptions, but a pharmacist must be present at the pharmacy when these activities take place. And we have trainees and other staff at the pharmacies too. The turnover of pharmacies is focused on medicines. Over 80% of our turnover is prescription medicines, almost 10% on over the counter medicines and a very small share of other products that can be lotions, suntan lotion and baby things.

The Properties of Danish Pharmacies

- **Every pharmacy**
  - Is a great self
  - Focuses on drugs
- **An instrument for political arrangement**
  - Law makers have economical and legal control
  - New costs' are being taken into consideration (quid pro quo)
- **Pharmacy practice**
  - Politics on the fields of health, social and trade

So, the characteristics of Danish pharmacies to sum up are that each pharmacy relatively is a large entity compared with other countries and they are focused on pharmaceuticals. The Minister for Health is able to keep us focused on pharmaceuticals; because if we sell more of other goods, it will only serve to reduce the price, the contribution margin on pharmaceuticals. So there is not a great interest in changing the focus to other areas where we might make money. Therefore, the Danish pharmacies are of a suitable instrument for political regulation. The legislators and Minister for Health have legal and financial control and can use pharmacies to obtain political results that they desire. And under the gross profit agreement between the Minister for Health and the Danish Pharmaceutical Association; the Minister for Health is able to remunerate pharmacists for undertaking new tasks that incur costs for the pharmacists. This means that pharmacies in practice take on a role in implementing policies in health and social policies as well as in trade policy. So I will turn to the question of who contributes to the price of pharmaceuticals for consumers. The consumer himself on average pays a little more than 1/3 of the price; and the National Health Insurance is the largest third party contributor with over 50%; and then there is reimbursement from local authorities and from private insurance. The largest, the 50% come from, it is paid by the counties which are local authorities; but it is the national decision what the contribution shall be.

From NHI (district)

- Contribution due to needs (cost)
- Individual accounting year
- The central record of patient cost
- On-line calculation of contribution

It is called a contribution based on need, but it is actually a contribution based on the cost. There is an individual calculation year for each patient, which starts the first time the consumer would have bought medicines after March 1st of the year 2000 and then the individual contribution

year expires a year later. And a new contribution year starts the first time you buy medicines after the expiry of the previous year. So, each consumer has his individual period. To enable the pharmacies to calculate the individual consumer's price for the medicine, there is a central register of the people's cost for medicines. There is no registration of precisely which products they have bought, but there is a registration on how high the cost of the medicines has been. To avoid people having to carry little cards saying how much money they have spent on medicines, we use online calculation. And that is why the register is central. This is actually just to show you that it is rather complicated and I do not think we could do this without computers. The contribution for children starts immediately. The contribution for adults starts early after you have spent the first approximately 70 Euro for yourself. Then you get a contribution of 50%. And after you have spent the 50% - I need the numbers in Krone to tell you - but as the price grows, you can see the balance becomes up to 2700 and upwards. You receive a contribution of 85%. And if you are a chronic patient, then you can get up to 100%; but then you need to have an individual application to the Danish Medicines Agency. So, there exists a list of products which generally justify contribution. So, you can say we have a negative list like they have in Germany; because if you are not on that list, you do not receive contribution. There is a list of products available at pharmacies administered by the Danish Medicines Agency and pharmacies have access to this online. And the same list will tell the pharmacy whether the product in question justifies contribution. In some situations, contribution is conditional. That means, you receive on the contribution to the price, if the prescription is this medication for a particular disease. Then there is a possibility of having special grants for a contribution. And they can be for particular products. This would usually be a very new market at product which has not yet got general contribution, but an individual patient can need it and get a grant to receive contribution to this product. I shall return to the question of substitution afterwards; but if between substitutable products one product becomes expensive for the customer - because you receive contribution only to a particular price, but if you have allergies, you might not be able to get that product which is the cheapest for you. And then you can get a special grant to have your contribution calculated on the real price that you have to pay. And then there are special grants for terminal patients and people with chronic diseases. These special grants are granted by the Danish Medicines Agency on a doctor's application. And this means that there can be a time aspect; so prices can have changed; the person can have purchased medicines for an interim period while waiting for the grant. And then the price of the medicines has to be recalculated using this online system. And in these special cases, it is actually quite complicated to calculate the reimbursement for one thing; and the other thing is to actually explain to the customer why the price is as it is. In practice, in pharmacies we need to be online with the Danish Medicines Agency to actually calculate the patient's own price for the medicines. But if you know the last balance of the customer, then you are able to calculate the price. Customers are asked to bring their last receipt when they go to the pharmacy for safety's sake. We have a net settling between the pharmacy and the counties who

are the contributors for these. And this means that the pharmacy sends an electronic file each month. At the end of each month, they send a file. And 15 days later they will receive the payment from the county. We do not have an agreement for interest if the payment is late. But there are examples that if the 15 days are superseded, then we receive interest. I think I understood that you don't quite have the same thing in Turkey. In the normal situations, this is an extremely well-functioning system. It has achieved the goal of trying to contain the costs for the counties to medicines by directing the money to those patients who actually purchase more medicines. In some situations however it does incur a lot of administration at pharmacies. So, the exceptions from the general who require a lot of explaining to the customer to explain to them why the price is as it is. And criticism would say that there is too much focus on administration in these situations. But that is the price to pay for the political goal that has been achieved. This was the 50%. And about 6 to 7% are contributed by municipalities which are local authorities. It does not sound as much; but for the individual patient receiving this contribution, it is important; because now we are talking about people who need extra help for their medical bills. And they are normally retirement pensioners, certain handicapped people needing medical help and other cases of social need. And then there is the possibility of helping people who do not qualify for the national health insurance which are usually immigrants. The whole Danish population is covered by the national health insurance which is financed by taxes. We also have net settling between pharmacies and municipalities. But there is a difference because when the pharmacy sends its bill to the county - the large bill, the one for the 50% - then they send one bill and the county will pay also for citizens belonging in other counties. And they regulate between them. But when it comes to municipalities, you need to send the bill to each local municipality where the patient in question is living. And of course we are trying to get an agreement with the municipalities to stop this and to have just one bill which will make it a lot easier for the pharmacists. And this of course all means that the customer does not have to lay out money. The customer only has to pay his own share. The third and the last contributor to the price of medicines is the private health insurance. And that's a very small share. They do not have net settling with the pharmacists, but they like to receive information about what their insured members have purchased. And they get that electronically from the pharmacies. I think one reason they don't want net settling is that each third party contributor would like all the other contributors to pay first before you calculate your share. The private health insurance only contributes if the national health insurance does. So, a product which does not receive contribution from the county would not receive contribution from the private health insurance either.

Pricing, Reference Pricing ("European" Price)

- Industry pricing is free on principle
- The sales price of a pharmacy is registered
- Industry promises to approach to the level of European price
- The profit of the pharmacy is according to the legal regulation
- "Contribution price" in the substitution groups

Now I'll turn to the subject of pricing and reference pricing. Industry pricing of medicals in Denmark is in principle free, but industry has committed to keep their prices at a European level. This is a particular European level which does not include what you charge in Spain and Portugal and Luxembourg. And this of course is because Danish industry thought it would be unreasonable for these countries to have control of the prices to keep them down. But there is a European average and it is not politically acceptable for the Danish Government, if they have to contribute to a price which is higher than what they pay in other countries in the European Union. So, industry announces its price to the Danish Medicines Agency and there is a registration then of the pharmacy purchase price. And then the pharmacy margin is calculated according to a very precise regulation. And this means that pharmaceutical products will cost the same, no matter which pharmacy you go to.

Substitution

- If the price difference is above the senseless price, the substitution is only:
  - "Non-S" prescription from the doctor
  - Except for the patient's choice
- Contribution based on the cheaper product, only
  - Contribution from the municipality
  - Except for private insurance

Then we have a system of contribution price in substitution groups. And this means that if you buy a product, you get a prescription for a particular product. And unless the doctor says that you can't substitute this product, then you can choose the cheapest within a possible substitution group. They can be parallel, imported or generic products. And that means if the patient or the doctor chooses to have the most expensive product, they'll still only get contribution to the cheaper product. Danish pharmacies shall substitute, shall inform the patient about price differences, except if it is under triviality limit. And the exceptions are if the doctor says "do not substitute", or the patient says "I don't care about generic products, I want the original product" - which is not a very common thing, the Danish public has got not used to substitution - and if the doctor says none; as I remind you that he is able to apply to the Danish Medicines Agency for special contribution to the higher price, the cost incurred on the patient by this, but there has to be a health cause for this. So the contribution is based on the cheapest product, except the contribution from the municipality which is based on the actual cost and also the private insurance companies will contribute to the price that the customer is actually paying. So, what is special about pharmacy in Denmark is the very tight legal and financial control of pharmacies which makes it possible to see pharmacies as an instrument in implementing policies of parliament or government. We need to think that we add value to the system. We have received political credit. Without any doubt, we have political credit for undertaking to administer a very complicated system which we direct the costs for reimbursement to those who really need it. But we need to remember also that the Danish pharmacists qualify for the concession to run a pharmacy; because he is a pharmacist and because he is independent of industry wholesale as in doctors as he must be. And therefore, we need to remember to add value in the form of pharma-

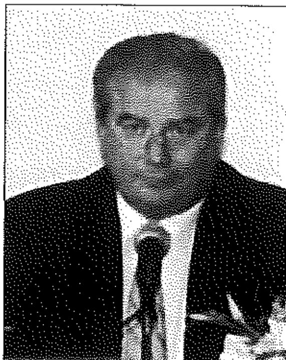
ceutical advice and service. We also need to remember that we, as in most European countries, have recruiting problems; we can't get enough qualified staff. And in order to make it attractive to actually work as a pharmacist, you need to feel that you add value with your professional competence as a pharmacist. So, the Danish Pharmaceutical Association is trying to maintain to keep up a focus on exploiting the pharmacists' expertise as pharmacists, not only as administrators.

So, my closing remark could be: we need to jump high to help fulfil political aims of government; but we also need to have a high standard in pharmaceutical care. And I hope in attempting to change contribution systems in Turkey, you will allow room for both bars to preset high and at a realistic level. Thank you very much.

Last Word

- Pharmaces take part in the practising of national political goals
- Increasing values
  - Continuation
  - Professional service and recommendation
- Employment problems
- Using the expertise of pharmacists'

MEHMET DOMAÇ Pharm.
(The President of TPA)

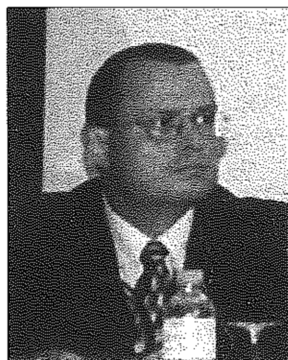


We'd like to thank Marie Svane.

Now, the next speaker is one of the observant members like ourselves, our colleague from Czech Republic Dr. Lubomir Chudoba; born in 1963, graduated from Prague C. University Faculty of Pharmacy in 1987, performed researches and controls in State Drug Control Institution between 1987-1989 as a researcher, worked as assistant pharmacist in Prague State Pharmaceutical Care Institution. He has been working as the owner and the manager of a private pharmacy since 1993. Still, Second President of the Chamber of Pharmacist's of Chezch Republic, Member of the Board of Directors of the Private Pharmacists' Association and 13th Local Authority Member of Prague.

We'd like to invite him; please sire.

LUBOMIR CHUDOBA
(Second President of The Chamber of Pharmacist's of Chezch Pepublic)



Dear Chairman, Ladies and Gentlemen, by way of introduction, let me thank the organizers for invitation to this international conference. At the beginning of my presentation, I would like to inform you about the situation in the health service and pharmaceutical sectors in the Czech Republic by statistical data.

The Czech Republic has approximately 10.272.000. populations, average life expectancy is 78.4 years for women and 71.7 years for men. People over than 65 are almost 14% of the population and over 75 about 5.5%. The gross domestic product per capita is estimated to be 500 Euro. About 8% of this amount is spent on health services representing approximately 440 Euro per person. This sum includes pharmaceutical expenses among things to 125 Euro per person.

Basic Information on Czech Republic

Population:	10 272 000
Life expectancy – women	78.4
Life-expectancy – men	71.7
Population of age 65 and over	%13.8
Population of age 75 and over	%5.5

Actual figures of 2002

In our country, there are 2.045 pharmacies including 90 state-owned hospital pharmacies. The remaining pharmacies - community and hospital - are private. Any pharmacy can establish an outlet where pharmaceutical service is not available. At present we have recorded 200 of these

outlets providing pharmaceutical care in the countryside. We can categorize two types of pharmacies: public pharmacies and hospital pharmacies. The technical equipment and minimum size of pharmacies have been set by a decree of the Minister of Health and for example, the minimum area of a public pharmacy is $80m^2$ and of outlets is $36m^2$. All pharmacies are obliged to provide a preparation of special prepared medicines prescribed by physicians. For this purpose, pharmacies must have an independent room with a laboratory and equipment for testing pharmaceutical substances. The standard community pharmacy has an annual turnover of approximately 300,000 Euro. Pharmacies average two pharmacists and two pharmaceutical technicians. The average pharmacy dispenses 100 prescriptions daily. Prescriptions account for a 75% of sales; 25% coming from OTC and supplementary assortment. In the Czech Republic, the network of pharmacies has not been supplied. And the demographic and geographic criteria of new pharmacies have not been settled. Additionally, the ownership of pharmacies has not been limited and then professional representative in a pharmacy is the only condition for ownership. Simply, anybody everywhere can establish a pharmacy in the Czech Republic. Naturally this situation leads to the establishment of chains of pharmacies belonging to trade companies. On one hand, 60 to 80 new pharmacies have been opened in large cities every year. But on the other hand, 20 to 30 pharmacies have been closed down for economic reasons, mainly in the countryside. The chart shows the number of pharmacies according to the type of ownership. Most, approximately 65% of pharmacies are owned and operated by independent pharmacists; 25% by trade limited companies; 5.5% by non-pharmacies; 1.5% by joint-stock companies and the remaining by other forms of trade companies.

In Czech pharmacies, there are approximately 5.000 pharmacists and 5.000 pharmaceutical technicians. The pharmacists are graduated due to similar languages and unsettled situation in the pharmacies of our neighbour. After the graduation of pharmaceutical studies, the pharmacist begins specialized training. After practice of 2.5 years in a pharmacy, the pharmacist can take a specialization exam for first degree in one chosen field of study: community pharmacy, hospital pharmacy or clinical pharmacy. After successfully passing this exam and of 5 years of pharmaceutical practice, the pharmacist can become a pharmacist as a co-professional representative in a community pharmacy; and he can either operate independently as the owner or be an employee.

Basic Information on Czech Republic

Pharmacy		2045
Pharmacies of government hospitals		90
Sales places		200
Private pharmacies	300.000 EURO	
	2 pharmacists	
	2 pharmacy technicians	
	100 prescriptions	
	%75 ?, %25 OTC + Suppl. 965	

Actual figures of 2002

The pharmacist can take the postgraduate exam for a higher degree, second level after at least 7 of years phar-

maceutical practice. If successful, he/she can take the position of a professional representative in a hospital pharmacy. A pharmacy cannot operate without a professional representative. Compulsory membership for pharmacists in the Czech Chamber of Pharmacists has been set by law. The Czech Chamber of Pharmacists has arranged and coordinated the continuing education of pharmacists. Every year approximately 6.000 colleagues participate in about 50 seminars which are arranged by the Czech Chamber. Specialized agencies, wholesales and pharmaceutical companies have arranged a number of training programs, too. At the end of this year, we will evaluate the 3-year course of this type of postgraduate education of our colleagues for the first time. As a pharmaceutical technician, only the graduates of a vocational 4-year study program of pharmaceutical studies as a secondary school or the graduates of 2 years of study at the faculty of pharmacy. What is the level of pharmaceutical care in the Czech Republic? According to the Czech Law, only appropriately educated medical workers may work in community pharmacies. The range of products in pharmacies for sale will be decided by the government shortly. Hopefully, the products will be restricted to medicines, medical aids, food and health supplements. In spite of the aforementioned pharmaceutical care, legislative standards established. In other words, the quality of pharmaceutical care depends on the manager pharmacist and the services pharmacy provides. Unfortunately, there sometimes are vast differences in the information given when medicines are dispensed and sold. Currently only a small number of pharmacies utilize special pharmaceutical computing programs for the monitoring of patients' pharmaceutical records. Only a few pharmacies offer additional services such as taking blood pressure and giving information to selected groups of patients such as diabetics, asthmatics and seniors. On one hand, I know the debate financial situation of the majority of community pharmacists who would make it possible to offer services to patients as the pharmaceutical community would wish. However, on the other hand, I am happy that an increasing number of my colleagues have become aware of necessity of the improving professional pharmaceutical service. If we cannot meet professional standards, we can hardly justify the restriction of sales of certain OTCs in pharmacies and prescription drugs might be dispensed through the Internet outside the pharmacies. In view of this, the Czech Chamber of Pharmacists is paying special attention to reform professional training and the continuing education of pharmacists. In addition to the improvement of skills concerning professional pharmaceutical subject, we put stress on high quality service of pharmacists and pharmaceutical technicians and their communications with patients. At the same time, we have been preparing a project for patients' medication records. In its final form, there will be a standardized unified database of medical interactions and the methods of their evaluation. We would like this evaluation of the medical history of patients to be a compulsory part of the pharmaceutical care by all pharmacies. Additionally, we are trying to approach the public by the development of the information of pharmacies on the Internet. At present, a quarter of all community pharmacies take part in this project. By concentrating the information about pharmacies at a single address, the patients can access information on the location and opening hours of pharmacies

easily and quickly. The history and staff of a given pharmacy and the special products which are available can also be listed. Within this regionally targeted project, we would like to cooperate with primary care physicians in future. I would like to stress that we have no intention of using the Internet for the direct dispensation of medicines. The provision of important and essential information concerning prescription and OTC medicines are irreplaceable in our opinion. From the beginning of this year, we had our colleagues from Ireland who have been involved in a PGEU pilot project called as Questions about Medicines. With this project, we would like to increase the awareness of our patients with regard to the information they need and to build a cooperation and mutual trust between patients and pharmacists.

Ladies and Gentlemen, now I would like to mention the direct policy of our state and at the same time pricing drugs and the reimbursement of pharmacies by health insurance companies. Obviously, everyone would agree with the drug policy declared by our Ministry of Health.

Pharmacists, Pharmacy Technicians

Pharmacists - 5000 / university education of 5 years
- proficiency exam / I, II grades
- life time education
- obligatory membership to CCP

Pharmacy technicians - 5000 / pharmaceutical study programme in high school for 4 years or 2 years of university education

The provision of effective high quality and safe medicines regardless of an individual's financial condition is the aim of all sensible politicians. In order to achieve this drug policy, we will promote the innovation of medicines, we will compare the price and efficiency of treatment, we will make a force for patients' compliance and finally we will promote cheaper generic variance of medicines. In comparing the growth of gross domestic products and the total expenditures of health care in the Czech Republic from 1992 to 2000, we can see that the percentage of GDP spent on health care has been falling. Obviously, this percentage is inadequate. The next chart shows the growth of total health care expenditures and total drug expenditures. As you can see, the cost of medicines has decreased relevant to total health expenditures. What is the method of pricing of medicines in the Czech Republic and what are the advantages and disadvantages of the reimbursement for medicines? The Czech Republic, as in other European countries, has a system of price control of medicines. The Ministry of Finance has fixed the maximum production and/or import price of medicines both for prescription and OTC medicines. The Ministry of Finance has specified the amount of maximum profit margin for pharmaceutical wholesales and pharmacies. At present, the maximum profit margin for pharmaceutical wholesales and pharmacies has been fixed at 32% cumulatively. I would like to stress that this margin is on the production or import price, not to the total sum. The profit margin is fixed regardless of the price of the medicine. The usual division of the profit margin is 4 to 6% for pharmaceutical wholesales and 26 to 28% for pharmacies. When launching new preparations on the Czech market, every producer or importer is obliged to declare a maximum price of the given preparations at the Ministry of Finance.

This is the maximum price for sale. However, the production or import companies declare a high maximum price in comparison with the actual sale price. The reason is that the company wants to be able to adjust prices to compensate for possible fluctuations in currencies. The fact is that production and import companies do not declare actual market prices of medicines. In most cases, they reduce the prices and keep them within the amounts of reimbursement by health insurance companies. I will discuss it later. In last 10 years, in the Czech Republic the consumption of medicine has been increased.

Drug Policy

- Providing effective, of high quality and safe medication for whoever in need, regardless of income and social status

This is also provided:

- Existing resources
- These existing resources are prioritized for best effect

The bottom curve of this chart represents consumption by means of quantity or definite daily doses where 1,000 inhabitants. The price of medicine has increased radically as shown by the upper curve on the chart. The higher increase is caused by the interaction of innovative medicines and the changes in structure of prescribed medicines. The increase of prices in hospital pharmacies has that of community pharmacies. The reimbursement system of medicines is set out by an act of the Ministry of Health of the Czech Republic. The ministry is the authority responsible for its extension. For the necessity of the process of reimbursement from the public health insurance sector medicines are divided into 521 groups according to the active substance. By this act, every group has to include one registered medicine at least which is fully reimbursed by health insurance companies. It is usually the cheapest medicine of the groups available on the market in the Czech Republic. With regard to the fact that of medicine prices with firm ingredients produced by various companies under different names are often identical. Some categories may contain more interchangeable medicines which are fully reimbursed by health insurance companies. The patients do not have to pay anything for medicines taken during their stay in the hospital. However, outpatients may be charged depending on the definite reimbursement of prescribed medicines of the patients. In the other words, the type of qualification is necessary for the prescription of a given medicine in which medical indications can be prescribed is specified. The prescribing physician has to consider this fact because he can be by a health insurance company if he exceeds the parameter set in the prescription of medicine. There is another possibility. The physician can ask the insurance company's inspector physician for permission in advance. This could happen in cases of prescription outside of these set parameters. All reimbursed medicines have a fixed amount of reimbursement from health insurance companies in the Czech Republic. This reimbursement is set for a definite daily dose of the corresponding pharmaceutical substance. Medicines are either reimbursed fully or partially with a co-payment from the patient or paid by patient fully. In the Czech Republic there is group of medicine which can be prescribed by a physician and then reimbursed fully or partially and at the same time have the status of an OTC. Patients do not pay for the insurance of prescriptions or the dispensation of medicines in pharmacies. For the reim-

bursement of medicines from public health insurance companies, the Ministry of Health has appointed a categorization ward. You can see its structure in the following chart. Included in this ward is the representative of Czech Chamber of Pharmacists. Currently changes in the reimbursement of certain medicines are announced 4 times a year. The Minister's aim is to change the amount of reimbursement of medicines once a year only. All health insurance companies are obliged to pay out the approved amount of reimbursement for given medicine. To illustrate this point, there are 9 health insurance companies in the Czech Republic. The largest is General Health Insurance; a state-owned company with of about 70% of all insured inhabitants of the Czech Republic. The other health insurance companies are private. The categorization process is difficult and there have been efforts to uphold the partial interest of single participating parties. These parties are usually the representatives of medical professions, Patients Association or production companies. Currently the principles of evidence-based medicine are being prepared and discussed in order to improve the comparison and evaluation of clinical efficiency. According to the experts, the preparation and acceptance of methods of standardization of this process will take a few years in our country.

If we look back, the development of the pharmaceutical market in the Czech Republic in last years, we can see an increase of number of registered OTC groups of medicines by 40% and the increase of medicine consumption by 20% expressed in definite daily doses. It has been caused by the wider range of medicines available and the import of expensive innovative medicines after revolutionary motion in the former Czechoslovakia 98. At present, there are approximately 6.200 registered medicines from which 2.500 are OTC. If we take into account registered homeopathic medicines, then there would be 14.700 registered medicines. The Czech market has been quite open to registrations of innovative medicines, but it has been carried out within the formations of the certifications of medicines reimbursement of the cheapest variance only. There is a lot of data for monitoring and evaluation of the economical use of medicines. For example the general data for hospitals and pharmacies are now handed over and evaluated. This situation will probably explain the efforts to place a function model for the most efficient and economic regime of medicine consumption. The contour medicines consumption could partially be moderated by definite patient co-payment prescribed medicines. As I tried to explain previously, there is no specified term for the fixed price of medicine in the Czech Republic. Unfortunately, many producers and pharmacies reduce prices of a great number of medicines for competitive reasons to the other

Drug Law Standard That Are Put into Force

◆ Pay back

- Determined by the law
- The Ministry of Health is the competent authority
    - Patient receiving treatment by staying at the hospital
    - total pay back
    - Patient receiving treatment wthout staying at the hospital-classification process

Harmonized by "Transparency Directive" (89:105 EEC)

- For the classification of pay back, 521 groups of active substan ces have been determined by the law (Conforms to ATC group and DDS system)
- Prescription and indication limits (According to the Brief Product Information)

on their fixed specified reimbursement from health insurance companies. Naturally, this is satisfactory for politicians, because the general public base overall prices. In my opinion, this policy is very short-sighted and consists financial situation in community pharmacies. Additionally, pharmacies with low turnover are not able to compete. In this way, their number has been reduced and availability of pharmaceutical care especially in the countryside has worsened. As far as OTC medicines are concerned, the presumption is that, the price control very gradually be decreased and with the addition of advertising, will eventually lead to their sale in the general market. Prescribing physicians are remunerated within a capitation system and health insurance companies are trying to place motivational programs for cost saving of medicines. Almost all hospitals have placed or preferred economical medicines, so called the positive list of medicines. It is difficult to forecast future developments in the pharmaceutical sector in the Czech Republic. In our country, there will be parliamentary election in 14 days. The trend of further development depends on result of this election to a large extent. Programs of single political parties are very different programs of our profession.

The Development of Drug Market 1990-2000

Increase:

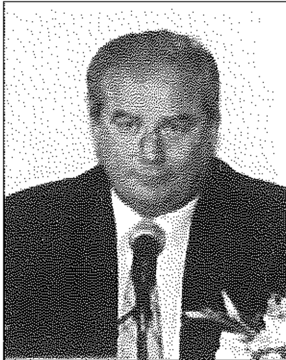
The number of registered ATC Groups (7th position)	at %42
In DDD consumption	at %21
In total costs	at %431
The total number of registered drugs (except for homeopathy drugs) (OTC-2500)	6200
The total number of registered formulations	14700

Point of View

- Pharmaceutical service quality standards
  - Drug records of patients
  - Smart card/chip principle
  - Services for the selected patient groups
- Financial stability
  - Drug price
  - Drug pay back
  - Pharmacy chains
  - Depot owners

As pharmacists, we were trying to increase the level of provided pharmaceutical care in the future. We will continue with the interaction of patient medication records, smart cards. And we will try to provide more high quality services to the certain group of patients. Financial stabilization carries the necessary condition for the implementation of our plans. We are not satisfied with the reimbursement system of medicines and price formation system from the public health insurance companies. Therefore, we have prepared two complex proposals of changes in the price formation of medicines in last 3 years. The first included a fixed price of medicines for a given term and a differentiated profit margin fixed both for pharmacies and for pharmaceutical wholesale companies. In the second proposal, we took the Swiss model of financial payment to pharmacy for professional activity in connection with dispensation of medicines and adopted it to our conditions. Naturally, we were trying to develop these proposals. In my opinion, the development of pharmacy change, the cooperation of independent pharmacy owners and pharmacists with multi-nationally wholesale companies will have a cardinal impact on our profession. Thank you for your attention.

MEHMET DOMAÇ Pharm.
(The President of TPA)



We'd like to thank Lubomir Chudoba.

Now I have to do one of the most difficult things, I will read my own resume, that's hard to do.

I was born in Giresun in 1950, graduated from İstanbul Pharmacy Institution of Higher Education in 1972, worked as a research assistant in department of pharmaceutical chemistry of İstanbul Pharmacy Institution of Higher Education and Marmara University Faculty of Pharmacy between 1972-1983, I was the member of the Board of Directors of the İstanbul Chamber of Pharmacy between 1980-1984, Secretary General of the İstanbul Chamber of Pharmacy between 1987-1988, founding member of the İstanbul Pharmacist's Cooperation established in 1989, founding member of the Foundation of Pharmacits established in 1995, The president of the İstanbul Chamber of Pharmacy between 1988-1995,

started working as a private pharmacist in 1983 and still own a pharmacy in İstanbul. On 9 August 1995 I have been selected as the President of The Board of Directors of the 28th Period, that is to say the President of Turkish Pharmacists' Association, and working as the President since then.

Now I will try to inform you about the situation we have in our country.

In Turkey, since the beginning of 20th century pharmacies are being established according to a certain law, there are 3 regulations present today that determines the profession; one of them is the Law Relating to Pharmacists and Pharmacies Numbered 6197, it is a long one, I will inform you about some of its properties later. There is a regulation that has been renewed in 1992 relating to pharmacy, determining the services of pharmacies. There is a Guide on Good Pharmacy Practices, put into force in 1999, this kind of a practice is found in many countries of the world.

According to the Law Numbered 6197, that is the law relating to pharmacy, in order to establish a pharmacy in Turkey, you have to be a Turkish citizen, have to be graduated from a Faculty of Pharmacy, have your diploma registered by the Ministry of Health, shouldn't be blind (both eyes), shouldn' t have committed a shameful crime, should not be sentenced to a heavy imprisonment, should't have to be punished because of a crime related to the profession not more than a year and shouldn't have to receive a punishment of deprivation from profession two times in a period of 5.

To establish a pharmacy in Turkey, first the appropriateness of the place is inspected and approved by the Chamber of Pharmacists of the related district, the Ministry of Health licences the establishment of the pharmacy, the pharmacist is obliged to be a member of the Chamber of Pharmacists of the district.

According to our law, the area of a pharmacy could not be less than 35 35 square meters, apart from this physical condition, there is not another limitation for the establishment of a pharmacy. There is not a meter, distance or population criteria for the establishment. The pharmacist is obliged to be in his pharmacy.

The only profession capable of drug presentation is the pharmacist, no one else except a pharmacist is authorized to present drugs in Turkey, but there is an exceptance for the veterinary medicine, for the last six years, veterinarians are selling veterinary medicines in their consulting rooms.

In the pharmacies in Turkey, an average of two employees are working, but there is not a standard defining the status of these employees. In Turkey, pharmacies work for nearly 10 hours.

The profitability of a pharmacy is %20, this percentage has been organized by a written decree in 1984.

In Turkey there are 20 716 private pharmacies. In Turkey (%85 of the pharmacists own a pharmacy; besides, there

are 125 pharmacists working as the drug depot responsible managers, drug distribution responsible managers, 1481 pharmacists work in the governmental foundations, 596 are working in private drug companies in the drug production, 693 working as lecturers in a university, and we do not know what 504 of them are doing.

In Turkey, one pharmacist corresponds to 3100 person. We get this number when we divide the 20.700 pharmacies to the population our country; however, there is another problem that we encounter in Turkey, Social Insurance Establishment (SIE) offers drug service to 35 million person in Turkey, they are performing by 1000 pharmacists. Therefore, if we substract this 35 million, since they are not receiving service through private pharmacies, then one pharmacy corresponds to 1700 person.

There is a huge inequality in the distribution of pharmacies, %35 of them are located in three big cities.

We have nine faculty of pharmacies, there are also two faculties of Foundational Universities but they are not included in this number. Every year 1100 students enter these faculties and 900 of them are being graduated.

The education period of our faculty of pharmacies is fouryears, we have been struggling to raise this period to five years, but the law remains unchanged. We are one of the few countries in Europe who has a pharmacy education 4 of years; 3 or 4 countries; we have to alter this education period.

The pricing and cotrolling of all of the drugs is performed by the Ministry of Health, based on a written decree. The ratio of VAT on drugs is %18, this is a very high number and there is serious tax on drugs in Turkey.

The drug market of Turkey seems to be 2 billion 319 million dollars nowadays, but this amount is rather low since it doesn't involve the consumption of some departments. As regards of 2001 the drug market of Turkey with the prices of producers is 3 billion 200 million dollars.

How the reimbursment system works in Turkey; this is organized by two foundations. One of them is the Ministry of Finance of the Republic of Turkey, and the other is the Ministry of Working and Social Security and the social security foundations related to it, and according to the agreements conducted with the Turkish Pharmacists' Association, the reimbursment system is being practiced. The Ministry of Health publishes an instruction of budget practices on drug purchases for the social security of employees and pensioners every year to the consolidated budget. Of course, a directive of budget practices is being published regarding all of the health expenditures. In Turkey you have to sign different agreements with each of the foundations and must renew them every year.

The %80 of the purchasers of the drugs that are found in the market are social security foundations and the foundations that are supported by the consolidated budget. This morning our Minister raised this number to %91, there is a lack of information here, %80 of it is being purchased by social security foundations.

These are the most important social security foundations in Turkey of course we haven't written here the consolidated budget, that is to say, the ministries, the foundations that the employees involved pay their own expenses. The biggest social security foundation is the Social Security Foundation, it involves 35 million person per year, after it comes the retirement fund of the Turkish Republic, Bağ-Kur, various banks and insurance fund of different foundations, which have a low profile; there is also green card and the Encouragement Fund of Social Assistance and Solidarity.

The ratio of the number of insured ones that these social security foundations cover to the general population -this is the official number- is %91, 61 million 500 person is under the coverage of social security.

The Social Security Foundation is the foundation that the workers are related to, it is the social security foundation that has the largest population. It was established in 1945, and from that time to 1965 it encountered a period of saving up. The Social Security Foundation can found health establishments and also can establish their own pharmacies in their health establishments, they can serve their drugs to the patients receiving health care with and without staying at the hospital. The population that it covers is the %48 of the population of Turkey, it is approximately 35 million.

The Social Security Foundation works with the system on premium, that is to say, it establishes its funds not with taxes but with the premiums that the workers and employers pay, %14 is obtained from the workers, and %20 is obtained from the contribution of employers.

The government has been contributing to its budget since 1993; it was not receiving any contribution from the budget of the government before, but since 1993, the Social Security Foundation has been receiving this contribution.

The Social Security Foundations provides pharmacy services, that is to say that the majority of drug services, %80 of it with its own pharmacies and hospitals. At the places where hospitals and pharmacies of the Social Security Foundation are not found, this service heve been provided by private pharmacies. The number of pharmacies having agreement with the Social Security Foundation is 3200.

Regulations in the Field of Pharmacy

Legal and Administrative Regulations

Pharmacies are being established according to the law since the beginning of 20th century

These constitute the legal frame of the profession:

- Law Relating to Pharmacists and Pharmacies Numbered 6197, Dated 1953
- Regulation related to Pharmacists and Pharmacies Dated 1992
- Guide on Good Pharmacy Practices Dated 1999 (GGP-Guide on Good Pharmacy Practices)

This drug expenditure was taken from the statistics of the year 2000, we can improve this a little more. The Foun-

dation had payed 445 trillion Turkish Liras to its own pharmacies and 127 trillion Turkish Liras to private pharmacies apart from thier own - may our guests excuse us for this large amounts. The Social Security Foundation payed 527 trillion Turkish Liras for the drugs in 2000. This number is nearly 1 quadrillion Turkish Liras with the numbers of the year 2001 and the payment to the pharmacies is approximately 200 trillion.

There has been a practice of cheaper equiavalent drug practice for 36 different active substances in the Social Security Foundation since 1993.

The retirement insurances of the employees and their family members' working in the public foundations and for the ones performing their military duties, and the ones receiving their over the age of 65 payments are being provided by retirement fund. They are working on the principle of premium as well, %15 from the employees and %20 is beimg cut from the government for every employee, there is a premium deduction of %35. The general population covered by retirement fund is nearly %20, it comprises of 13 million person.

The drug expenditure of the foundation in the year 2000 is 345 quadrillion Turkish Liras, this amount is 640 trillion for the year 2001. This expenditure is totally provided from private pharmacies except for the patients that are staying at the hospitals.

Every year, limitations are being made with the budget practice directives, I don't want to give detailed informations on these limitations; there are many different practices reaching to 20 pages, but the primary limitatitons are like this. Today only 4 item can be prescribed for the patients who are not staying at the hospitals and not more than a dosage of 10 days can be prescribed. The reimbursement process to the pharmacies is 18 work days, which is equivalent to 25 days. Pharmacies apply %2.5 discount on the drug invoices to the social security foundations.

%20 from the working employees and %10 of contribution share for the drugs are being deducted from the pensioners in Turkey. This contribution share deduction has been a great problem in Turkey.

This share has been deducted from the payments of pensioners since the beginning of this year, and in 3 cities as a pilot practice from the salaries of working employees, this practice should be spreaded to all over Turkey in order to put away this contribution share. There are incidents when this contribution shares are not being deducted. That is to say, there are times when workers, employees do not pay anything for drugs at all. Contribution shares are not payed in the case of medications, being received while staying at a hospital and in diseases with report , in the vaccinations that are of vital importance, and for some of the drugs brought from abroad.

The foundations dependent on the consolidated budgets receive health services for their employees mostly from the Ministry of Health and from the foundations that they have agreements with because in Turkey most of the he-

alth services, are being received from public hospitals because it is cheaper this way. The insurance premiums are payed by retirement fund.

There are 38 ministries that are dependent on the consolidated budget. We have the largest government based on the number of ministries in the world. Drug expenditures was 308 trillion in the year 2000, nearly 622 trillion Turkish Liras in the year 2001. Drug purchases in these foundations are also dependent on budget practice directive.

Bağ-Kur is the obligatory insurance foundation of private workers who work on their own, such as tradesmen, artists, private working professionals, doctors, lawyers, pharmacists. It works on a premium system, a system of 24 stages is in question.

Each amount of premium that has to be payed is different in every stage. Bağ-Kur has been providing drug and health service for a short time, it has nearly 15 million members.

Bağ-Kur has an expanding drug expenditure and the number of its members is also increasing. The drug expenditure of the foundation in the year 2000 was nearly 458 trillion, and it is 780 trillion for the year 2001. The prescriptions provided to the patients staying at the hospitals are included in this number, that corresponds to private pharmacies, it purchases its drug service from private pharmacies.

Every year a protocol have been signed between Turkish Pharmacists' Association and Bağ-Kur for reimbursement. 4 items can be prescribed for the patients who are not staying at the hospitals and not more than a dosage of 10 days can be prescribed, there can not be a practice different from this and if there is any, then there won't be a payment. Payments are paid back at the 60th and 30th days. That is to say, the payments are due to 60 days for the drugs that are being manufactured in Turkey and are due to 30 days if they are imported. The reimbursement period is just like this. The discounts of the pharmacies' for Bağ-Kur is % 2.5.

Bağ-Kur, receives %10 contribution share from active workers and %20 from pensioners for drugs. It collects the %10 and %20 of the drugs from its own members. Contribution shares are not collected in the cases when patients stay at the hospitals, and when the diseases require a long term medication.

Since the beginning of 2001, cheaper equivalent drug practice have begun for 500 drug item with 61 generic names. The Minister explained in his speech this morning that they were able to save 17 trillion; of course the major amount of this saving is caused by not providing drug service to the ones who are not paying their premiums; that means the cheaper equivalent drug practice comprises a small amount of this saving, primarily the ones not paying their premiums do not receive their drugs.

We also have a green card; a reknown politician had been selected by waving this card in his hand and with the help of this card managed to be the head of the government in

1991 and had the practice begun. This is a health care system given to the ones that prove that they are in need. The Green Card Expenditure have been payed by the Ministry of Health, as a matter of fact, it is being added to the budget of the Ministry of Health. Today, 10 million person have Green Card in Turkey and this number increases because it is hard to discern poor from rich. This is also a political attitude, the discerning of poor from rich put forward politically; that is to say we know somebody residing at Ataköy, driving a Mercedes and owning a green card. Its ratio to the general population is %12.

The drug and medical treatment expenditures in the coverage of Green Card was 250 trillion for the year 2000, 80 trillion of this amount was for drugs. These are totally for the patients staying at the hospitals.

We also have a fund for the Encouragement of Social Assistance and Solidarity, Fak-Fuk-Fon in short. Our citizens who are need benefit from it. 5 million 933 thousand citizens benefited from it, last year a payment of 358 trillion 465 billion was made but we don't know how much of it was payed for drug expenditures; it can not be calculated, but they receive their drugs from private pharmacies.

There are problems in our reimbursement systems. Phillippe Liebermann told that they received their payments "in 4 days"; we will switch our places later. The social security foundations. Unfortunately can not abide by payment periods. I am not saying that they do not, they just can't; cause if I say that they don't then, I have to say that they are doing this on purpose, but the situation is not like this, Mrs. Ferhan, Mr. Durmuş are with us; they are all fellow people, I know them well. They struggle as much as we do to make the payments on time; but the reason of our country's not storing its sources in this field, unfortunately prevent the payback systems' abiding by the payment periods. None of the foundations can comply with the reimbursement system without any exceptions. Of course, pharmacies can not pay for the drugs that they purchase to the drug depots on time. I don't know how the drug depots pay to drug companies, but our problem is with the social security foundations since they can not pay for the drugs on time.

There is not a sanction or practice apart from general law rules to have them abide by the payment period. Yet there is nothing to be done for retirement fund and the foundations on the consolidated budgetes within general law rules, law is blocked at that point. And we do nothing to Bağ-Kur. We are trying to carry the system on by this way.

Turkey has an extremely increasing number of pharmacies, we establish 3 times the existing amount of pharmacies found in Denmark every year on average. We can increase this number. First of all the establishment of pharmacies' should be limited with the population and distance and the quotas of the Faculty of Pharmacies should be reduced and the education period should be raised to 5 years. This fact is not to be given up. The contribution shares obtained from the social security foundations and the founddations dependent on consolidated budgetes

should be received at their sources as for a serious saving as I have mentioned before. Sanctions should be applied for the foundation who do not abide by the payment period. If we are to rationalize, we should practice %10-15 of overdue just like the drug depots practice on us. The government should practice sanction on itself.

Within the bioequivalent drugs, chepaer ones have to be used and bioeuqivalency studies should be completed on drugs. Indeed the changable generic drugs should seriously be taken into consideration in the reimbursement systems of Turkey.

The bureaucracy handicaps should be reduced. I want to present a fact to the consideration of our fellow speakers. Pharmacists have to pay attention to 28 issues on a prescription in Turkey in order to get their money back for the drugs that they have given to the patients. There is an excess of bureaucratic operations, that has to be reduced.

We think that we have to contribute to the decison process altogether with social sides.

We are not thinking of an attitude of pharmacy chains in Turkey. We think that it will put a end to our profession. Therefore, if a politician practice this, we'd like to mention in advance, we will certainly object to it.

I'd like to thank you all and express my gratitude.

Now we will have a break. If you pass me your questions in written, I will try to inquire our respected guests about them.