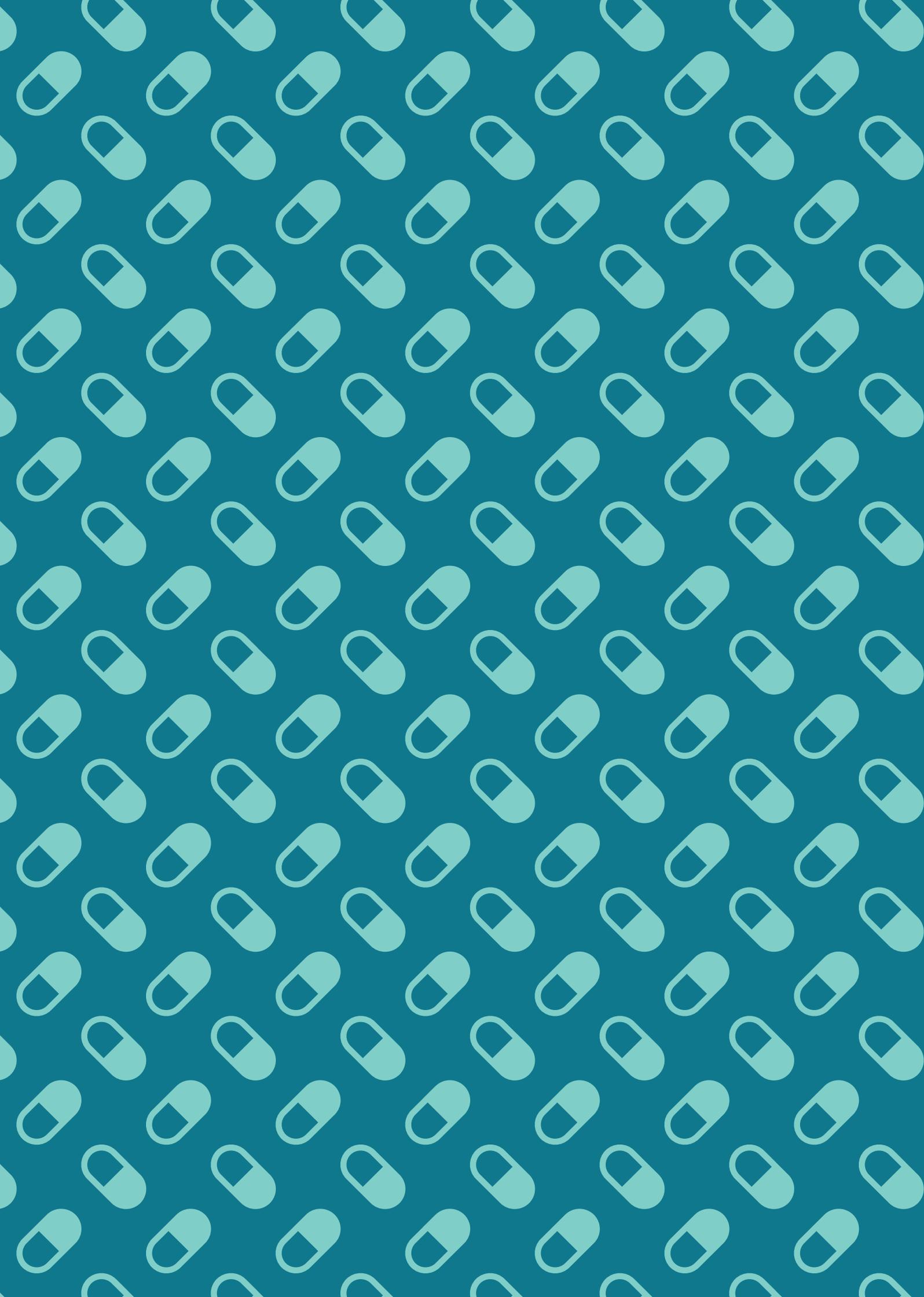




**Sveriges  
Apoteksförening**

**ANNUAL REPORT 2021**





## PREFACE

The year 2020 was a year none of us will forget. The pandemic struck with full force and affected all of society. For the pharmacy sector, the year was an eventful one and at times very tough. But in many respects pharmacies also played a central role during the crisis.

The wave of hoarding in March forced us to put limitations on how many prescription medicines customers could receive. This was a strong measure based on a serious worry that we would see a shortage of important medicines. Now that we have lived with the corona crisis for more than a year, it is clear that the Swedish pharmacy system works well. A robust system holds up even in turbulent times, and the pharmacies perform their social mission even under great pressure.

I would like to highlight three things in particular from the crisis. First, all those who work out in the pharmacies. The staff are proud of their work and take responsibility for their customers even though many have worked hard and felt distressed about being in the eye of the storm. The second thing is the spirit of cooperation that the entire pharmaceutical industry has demonstrated. The pharmacy sector has been in close and frequent dialogue with suppliers and distributors of medicines all through the year to ensure the uninterrupted distribution of medicines. Within the pharmacy sector we have also taken cross-industry responsibility for ensuring that pharmacy service is available all across the country

during the various stages of the pandemic. Thirdly, I am happy about politicians' and authorities' openness to finding solutions. The crisis has created a focus on finding solutions which I felt was previously lacking. Every cloud has a silver lining.

Now that society is looking to get out of the crisis, pharmacies want to take greater responsibility and assist in the upcoming mass vaccination effort. Pharmacists should be able to participate and vaccinate as is done in many other countries, but this would require certain changes to regulations.

In this year's report, we have a dedicated chapter where we further elaborate on events linked to the crisis. Huge parts of the pharmacy sector have been affected by e-commerce skyrocketing during the pandemic. New groups of customers have started buying medicines online.

In parallel with the pandemic, the pharmacy sector has produced the first joint guide for increased transparency - *Välvald* [Well-chosen]. The logo guides pharmacies' customers to those pharmaceutical companies that are a little more transparent with their sustainability work.

Johan Wallér  
Vd, Sveriges Apoteksförening

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## 1. THE YEAR IN BRIEF

# 98%

of customers were satisfied with their most recent pharmacy visit in 2020.

### Very satisfied customers

- 98 percent of pharmacies' customers were satisfied with their most recent visit.
- 82 percent of them gave the two highest scores of "exceptionally good" or "very good".



### Dramatic increase in e-commerce

- The pandemic contributed to the pharmacies' e-commerce increasing by almost 60 percent in value during the year.
- More than 16 percent of sales were made through e-commerce during 2020.
- Every fourth product was sold through e-commerce during 2020.



# 120 million

visits were made in total in 2020.

### Pharmacies for everyone

- Every day, around 330,000 people visit a pharmacy, which equates to 120 million visits/ year to one of the country's pharmacies.
- More than 87 million prescriptions were dispensed in 2020
- There are 1,433 community pharmacies distributed across all of Sweden (54% more than before reregulation in 2009)
- There are nine e-commerce pharmacies. Pharmacy customers all over the country buy pharmacy products through e-commerce. The proportion of older customers over 70 years old has increased strongly during the year of the pandemic.



More than 87 million prescriptions were dispensed in 2020.

## THE SWEDISH PHARMACY MARKET IN 2021

The Swedish pharmacy market consists of major pharmacy chains, pure e-commerce players and individually owned pharmacies. In total, there are 1,433 bricks- and-mortar community pharmacies, 9 mail-order or online pharmacies and 34 hospital pharmacies supplying inpatient care with medication.



## 2. THE SWEDISH MARKET

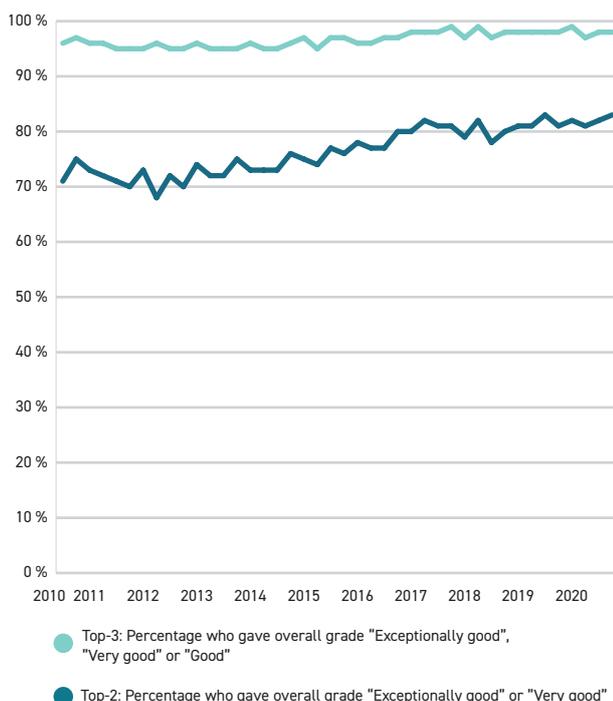
Very satisfied customers at pharmacies all across the country

### 2.1 High level of customer satisfaction

Pharmacies generally have very satisfied customers and have had so for many years. In total, 98 percent of customers are satisfied with their most recent pharmacy visit and 82 percent said it was “very good” or “exceptionally good” (score 4 and 5 on a scale of 1 to 5). Regardless of gender, age and place of residence, pharmacy customers are satisfied with their pharmacies.<sup>1</sup>

Customer surveys held annually show that the main reasons for customers being so satisfied with their pharmacies are the pharmacies’ geographical location and the fact that the pharmacy has what they want. The most satisfied customers are those that actively choose a particular pharmacy, i.e., those that have clear alternatives to choose from. But short waiting times and pleasant customer service by staff

Overall customer satisfaction with most recent pharmacy visit, 2010–2020



Source: Kantar Sifo, 'Customer satisfaction in the pharmacy market'.

are also key factors. Customers feel that the pharmacy staff are confidence-inspiring and they get good guidance and advice at the pharmacy.

The corona crisis has not notably affected customers’ trust in pharmacies, as Kantar Sifo’s survey shows. The company has further regularly gauged the Swedish population’s trust in authorities and organisations during the pandemic. The trust in how pharmacies manage the pandemic turns out to be much higher than for most other organisations, e.g., municipalities and regions. The trust in how pharmacies manage the crisis is at around 65 percent, while the trust in municipalities is around 40 percent and for regions around 45 percent.<sup>2</sup>

### 2.2 Why customers visit pharmacies

Each day, approximately 330,000 people visit one of Sweden’s pharmacies. Pharmacies had a total of 120 million customer visits in 2020. A large share, just under 40 percent, of those that visit a pharmacy do so to collect their prescription medicine. Sweden’s pharmacies dispensed approximately 87 million prescriptions in 2020, as well as dose-dispensed medication to 225,000 customers. The remaining 60 percent of those visiting pharmacies are customers purchasing non-prescription self-care medication and other goods. When customers visit a pharmacy, it is usually for several reasons at the same time; those collecting a prescription medicine often take the opportunity to purchase OTC medication or other products.

### 2.3 The various pharmacy companies

The Swedish pharmacy market consists of five nationwide pharmacy chains: Apoteket AB, Apotek Hjärtat, Kronans Apotek, Apoteksgruppen and Lloyds Apotek. There are also three purely online pharmacies; Apotea, Meds and Apohem, and around 40 privately run pharmacies. The individually run pharmacies are organised in the organisation SOAF, which in turn is a member of the Swedish Pharmacy Association. ApoEx is the Swedish Pharmacy Association’s only member completely focused on inpatient care. Apoteksgruppen is run as both a pharmacy

<sup>1</sup> Source: Kantar Sifo, Customer satisfaction in the pharmacy market.

<sup>2</sup> <https://www.kantarsifo.se/insikter-kring-coronavirus> (20210226)



chain with wholly-owned pharmacies and using a franchise model with around 30 pharmacies with private ownership under the same brand.

#### 2.4 Pharmacies on the community pharmacy market

Community pharmacies are bricks-and-mortar shops that consumers can visit in person. At year-end 2020/21, there were 1,433 community pharmacies. In addition, there are also pharmacies that only sell and provide advice about medicines online. There are three purely online operators, but pharmacy chains also offer online sales to varying extent. In total, there are nine mail-order or online pharmacies.

In addition to community pharmacies, there are around 620 pharmacy agent outlets that operate as collection points for medicines and pharmacy products. Agent outlets are located in small communities that do not have an ordinary pharmacy. The number of agents has decreased as a result of the closure of petrol stations and small shops and due to the increase in online pharmacy sales.

Dose dispensing pharmacies are a special form of pharmacy with a community pharmacy permit. Dose dispensing pharmacies repack medicines into sachets according to the set of different medicines that a particular patient needs to take at a particular time. This repackaging is called dose dispensing and is a service that the region procures. The aim is to make it easier, especially for older people who take numerous medicines simultaneously. Around 225,000 people have dose-dispensed medicines. During 2020,

there were three dosage pharmacies run by three different operators; Apoteket AB, Svensk Dos and Apotekstjänst. Some dose dispensing of medicines is also carried out for inpatient care. In addition, some pharmacies have developed a dosage service that can be bought by private individuals.

#### 2.5 Pharmacies in the inpatient care market

There are 34 hospital pharmacies supplying inpatient care and certain other institutions with medicines. Manufacturing pharmacies (extemporaneous pharmacies) produce individually adapted medicines for both outpatients and inpatients. These include cytostatics, antibiotics and parenteral nutrition. Production also takes place for clinical trials. There are four manufacturing pharmacies in total. The following table lists all forms of pharmacies that were active at the end of 2020.

##### Different types of pharmacies in the Swedish market

| Pharmacies by category                                     | 2019 | 2020 |
|--|------|------|
| Community pharmacies (which consumers can visit in person) | 1426 | 1433 |
| Hospital pharmacies (in inpatient care)                    | 36   | 34   |
| Production pharmacies                                      | 10   | 4    |
| Dose dispensing pharmacies                                 | 3    | 3    |
| Mail-order and online pharmacies <sup>1</sup>              | 10   | 9    |
| Others <sup>2</sup>  | 3    | 3    |
| Total  | 1488 | 1486 |

1) Units with a pharmacy permit and a full range of prescription items that only operate by mail-order or online, and which do not have bricks-and-mortar stores that consumers can visit.  
2) Others relate to haemophilia-activities.

Source: SA Service AB and the EXPO dispensaries registry.

### 3. ECONOMIC PERFORMANCE OF THE PHARMACY MARKET

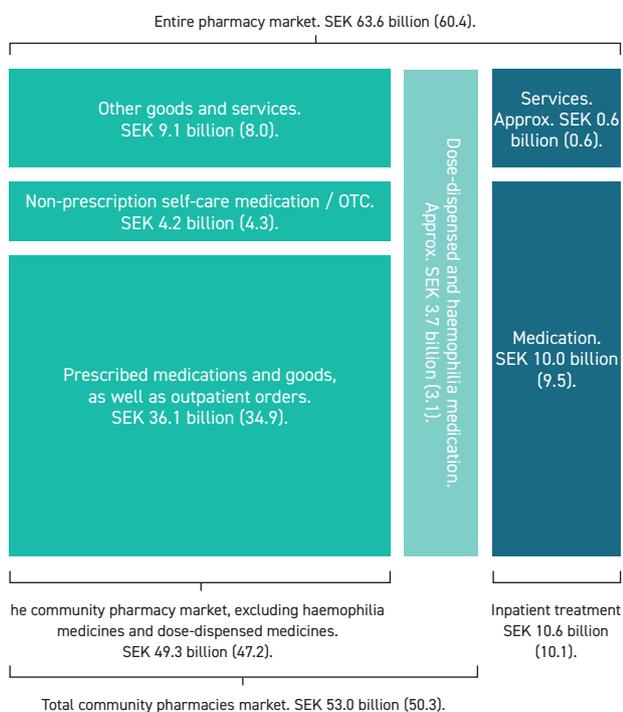
Every fourth pharmacy product was sold via e-commerce in 2020.

The sector's net turnover increased by 4.6 % compared to 2019.

#### 3.1 The pharmacy market

The entire pharmacy market, including inpatient care, had annual sales of just under SEK 64 billion in 2020, which is an increase of SEK 3.2 billion or 5.3 percent on 2019. Sales in the overall community pharmacy market amounted to SEK 53 billion in 2020, which represents an increase of SEK 2.7 billion or 5.4 percent on the previous year. Sales also include haemophilia medicines and dose-dispensed medications. The inpatient market, which mainly consists of supplying medicines for hospital inpatients, had sales of just under SEK 11 billion in 2020.

Chart showing the pharmacy market based on 2020 net sales



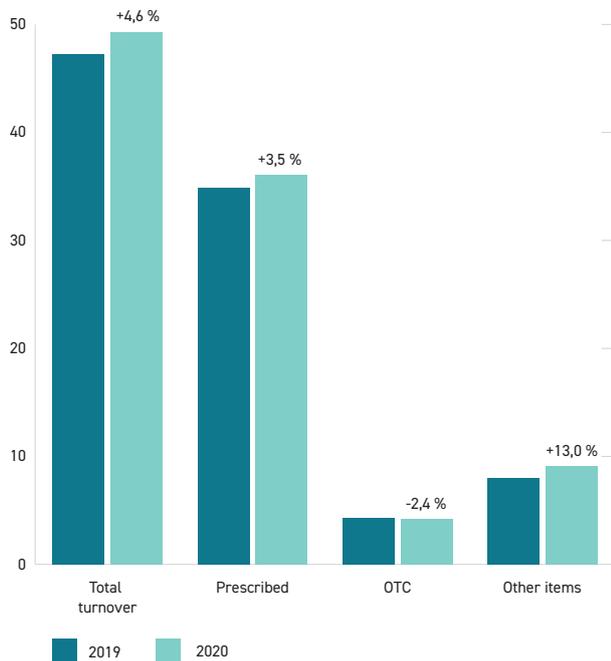
Notes: All sales refer to prices for consumers or end customers (pharmacy retail price, 'AUP'), excluding VAT. Some of those dispensed medicines consist of full packs provided by those dispensing pharmacies. The chart aims to show different parts of the actual pharmacy market in 2020 (2019 in brackets), the amounts have been rounded off. OTC in other retailing and vaccines are not included in the amounts shown. Source: SA Service AB and the Swedish eHealth Agency, as well as own calculations.

#### 3,1,1 Community pharmacy market and performance by various segments

Net community pharmacy sales in 2020 amounted to SEK 49.3 billion, which is an increase of 4.6 percent compared to 2019. These numbers include medicines sales in the community pharmacy market and sale of retail goods and services, while haemophilia and dose-dispensed medicines are not included. The dominant segment is prescription medicines, which accounts for approximately SEK 36 billion or 73 percent, while non-prescription medicines accounts for just under SEK 4.2 billion or just over 8 percent and other goods account for just over SEK 9 billion or just over 18 percent. Community pharmacies also face competition from other sales outlets such as grocery stores and petrol stations for sales of certain non-prescription medicines, but these sales are not included in the pharmacy market.

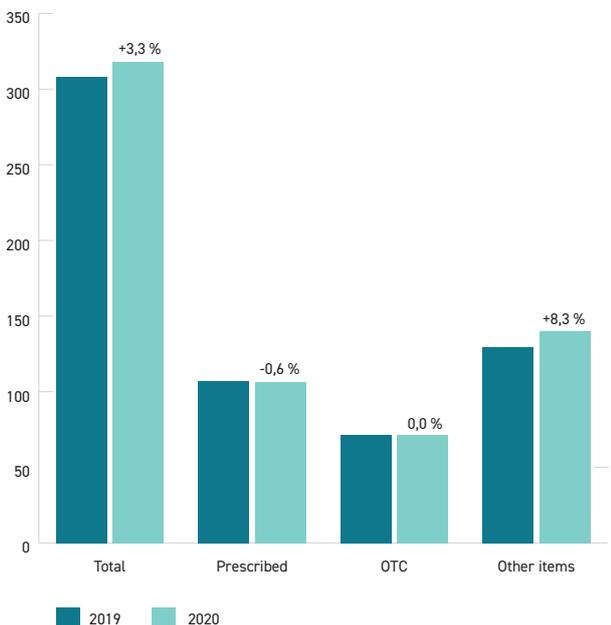
By volume, i.e. the number of units sold (usually packages), the community pharmacy market grew by a total of 3.3 percent in 2020. The increase in sales in 2020 was due to both higher volumes (more packages sold) and higher average prices for prescription medications and other goods. Pharmacies' e-commerce is increasing strongly and in January 2021 accounted for 20 percent of sales in the community pharmacy market. By volume, (number of units) e-commerce amounted to more than 28 percent in the same month.

**Net sales in the community pharmacy market 2019-2020. SEK billion, current prices**



N.B.: The percentages refer to the development compared to the previous year.

**Number of packages sold in the community pharmacy market 2019-2020. Millions of units.**



N.B.: The percentages refer to the development compared to the previous year.

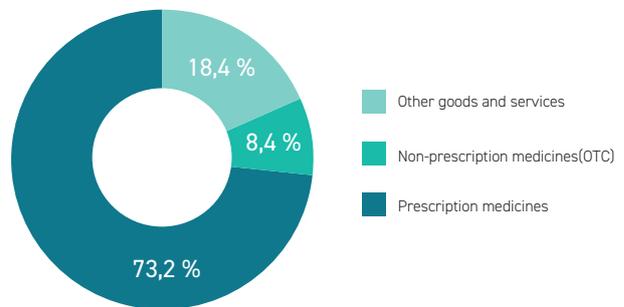
**3.1.2 Prescribed medicines**

Prescribed medicines account for the lion's share of community pharmacies' total sales, at 73 percent. These medicines account for a third of the total prescribers, and this is therefore not something pharmacies can or should influence. In addition, both

pharmacies' purchase prices and selling prices are set by the Dental and Pharmaceutical Benefits Agency (TLV) for those medicines subsidised by the government. Pharmacy operations concerning prescribed medicines therefore differ considerably from other sectors, in which unregulated pricing, own production capability and independent selection of product ranges and services are key elements.

Sales of prescription medicines, including so-called 'outpatient orders' totalled just over SEK 36 billion in 2020, which is an increase of 3.5 percent on 2019. But the volume dropped by 0.6 percent compared to the previous year.

**Sales (SEK) by segment, 2020**



Source SA Service AB

**3.1.3 Non-prescription medicines**

Non-prescription medicines are a part of those sales that pharmacies can partially influence. These medicines correspond to just over 8 percent of sales and just over 22 percent of units sold. Pricing is unregulated for non-prescription medicines, but there is stiff competition both between pharmacy chains and from strong growth in online sales. In addition, there is competition from grocery stores, which also get to sell most non-prescription medicines.

Sales of self-care (OTC) medicines at pharmacies in 2020 amounted to SEK 4.2 billion, which is a drop of 2.4 percent on 2019. The volume of non-prescription medicines number of units sold. Which medicines are prescribed and to what extent is determined entirely by healthcare was unchanged in 2020 compared with 2019, which means a continuing drop in average prices for this segment.

The share of non-prescription medicines sold outside of pharmacies accounted for 17 percent of total sales of non-prescription medicines in 2020. Pharmacies thus increased their market share compared to the previous year. In order to face the competition from grocery stores, which primarily sell well-known

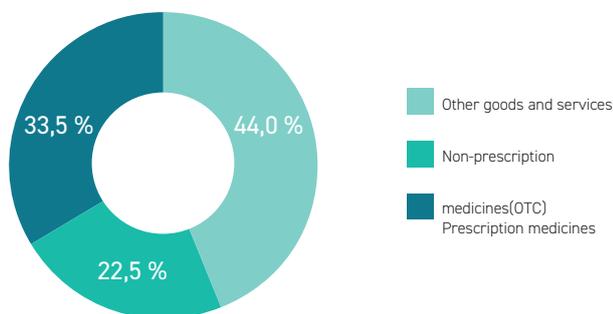
brands, pharmacies have introduced more alternative self-care medicines such as different brands with the substances paracetamol and ibuprofen. This has added to the choice of cheaper alternatives for consumers and contributed to further pricing pressure.

### 3.1.4 Other goods and services

Those goods in pharmacies that are not medicines are referred to as other goods. This segment also includes other services offered by pharmacies. Many of these services are currently provided free of charge for customers, so the impact on sales in this regard is negligible.

Sales of other goods and services totalled SEK 9.1 billion in 2020, which is an increase of 13 percent on 2019. Relative to the total community pharmacy sales, other goods and services accounted for just over 18 percent of sales in 2020. As a proportion of the total number of units sold, however, other goods made up 44 percent. The segment showed a growth in volume of 8.3 percent in 2020 and has thus grown in both volume as well as average price.

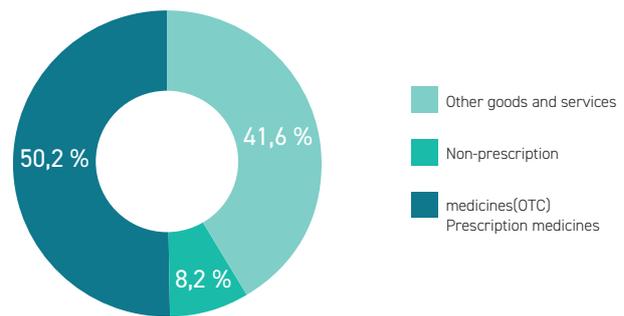
### Volume (units) by segment, 2020



Source: SA Service AB.

There is a clear tendency for pharmacies trying to offset the low pharmacy margin for prescribed medicines and the stiff competition on the self-care market with a good range of products and sales of other pharmacy goods. For many pharmacies, other pharmacy goods sold in pharmacies offer a particular stamp of quality with a focus on health and wellbeing. During both 2019 and 2020, other goods accounted for the highest percentage of sales growth compared to self-care medicines and prescribed medicines. The difference to other segments increased further in 2020. Other goods continue to account for a significantly larger share of sales in the channel and made up more than 40 percent in this channel in 2020.

### Sales in e-commerce (SEK) by segments, 2020

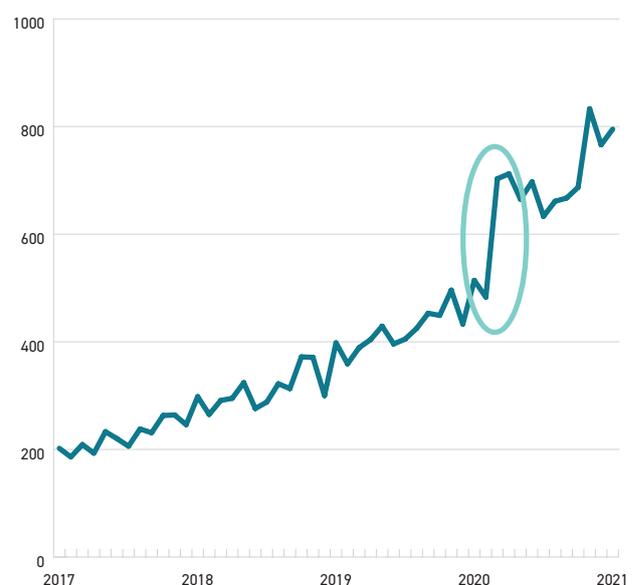


Source: SA Service AB.

### 3.1.5 The pandemic has accelerated the growth in e-commerce and a shift in channels

Since 2017, pharmacies' online sales have grown from around SEK 200 million a month to approximately SEK 800 million a month in January 2021. This is an increase of 300 percent (see chart below). The growth in value for the pharmacy sector's e-commerce amounted to no less than 59 percent during 2020 compared to 2019. The corresponding figure for 2019 was 36 percent. The pandemic has accelerated this development, which can be clearly seen from the chart (the encircled section). In March 2020, sales increased to some 700 million SEK from just under 500 million SEK the month before.

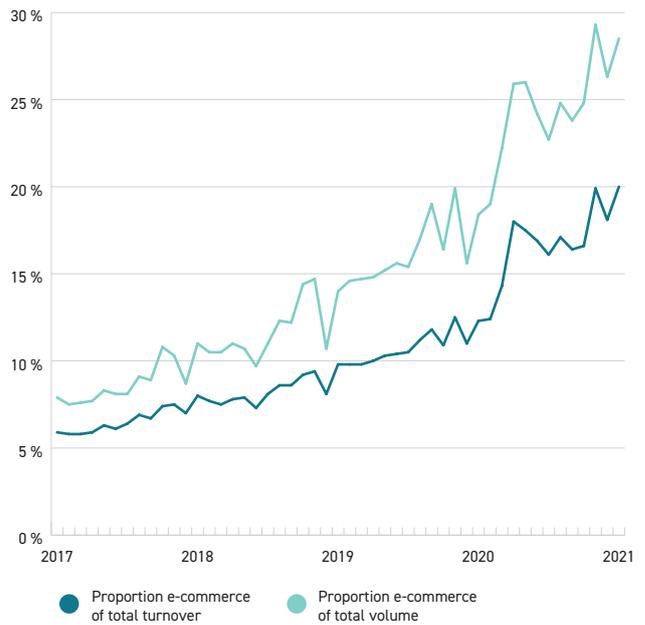
### Total online pharmacy sales, excl. VAT Million SEK



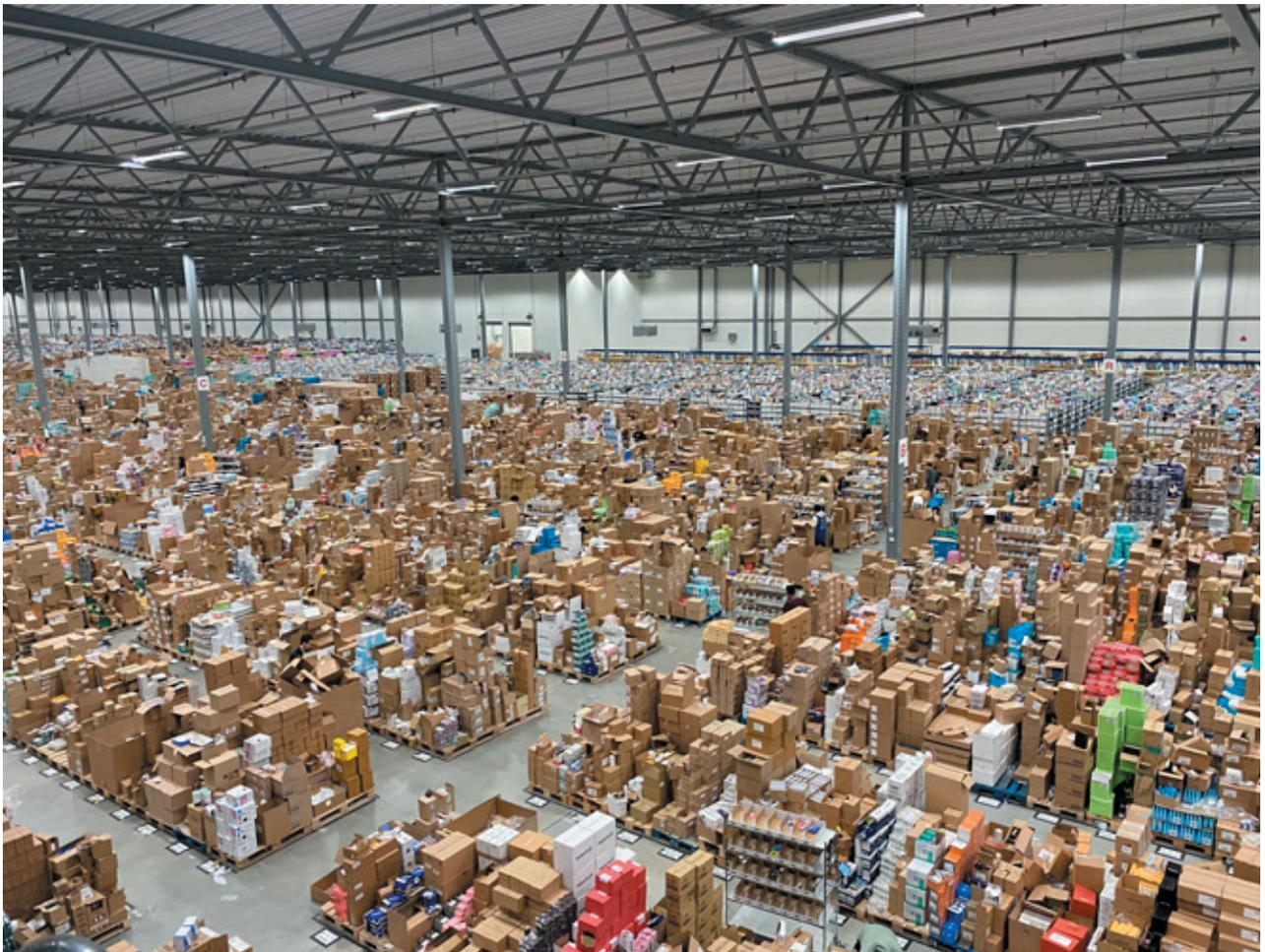
Source: SA Service AB.

The largest segment in terms of online sales is prescription medicines, which account for half of the value. Other goods account for just over 40 percent, while non-prescription medicines make up some 8 percent. Measured instead by volume, i.e., the number of packages sold, sales of other pharmacy goods account for the predominant share, at just over 64 percent. The percentage of other goods is thus significantly higher in the online channel than in bricks-and-mortar pharmacies. E-commerce can offer a large and inexpensive range of other goods that are often related to health and hygiene. Pharmacies' combined online sales accounted for 20 percent of community pharmacy sales in January 2021, and measured by volume (number of units) online sales amounted to 28 percent in the same month. One year earlier, these figures were 12 percent and 18 percent, respectively. So it is not only sales and volumes in absolute figures that have increased strongly over the past year, but online sales are also increasing quickly in relation to the growing overall market.

Online share of total sales and volume



Source: SA Service AB



This situation has resulted in a shift towards e-commerce which means that all growth in value now takes place in this channel for all three segments. The total growth was 59 percent in e-commerce while it was negative (-2 percent) in bricks-and-mortar shops. The growth in online sales for prescribed medicines amounted to some 65 percent while non-prescription medicines increased by some 60 percent and other goods by 53 percent. Conversely, no segment saw growth in sales from bricks- and-mortar shops and the drop was the biggest for non-prescription medicines which dropped by 9 percent.

This shift in channels means that almost 37 percent of sales of other goods were made online in 2020 compared to 27 percent in 2019. The e-com

#### Value percentages for e-commerce and bricks-and-mortar stores per segment and growth in value compared to 2019.

| Segment                     | Channel                  | Year 2019 | Share 2020 | Growth |
|-----------------------------|--------------------------|-----------|------------|--------|
| Prescribed items            | E-commerce               | 7.0       | 11.1       | 64.7   |
|                             | Bricks-and-mortar stores | 93.0      | 88.9       | -1.1   |
| Non-prescription medication | E-commerce               | 9.7       | 15.8       | 59.7   |
|                             | Bricks-and-mortar stores | 90.3      | 84.2       | -9.0   |
| Other goods                 | E-commerce               | 27.2      | 36.8       | 53.1   |
|                             | Bricks-and-mortar stores | 72.8      | 63.2       | -2.0   |
| Total                       | E-commerce               | 10.7      | 16.3       | 59.2   |
|                             | Bricks-and-mortar stores | 89.3      | 83.7       | -2.0   |

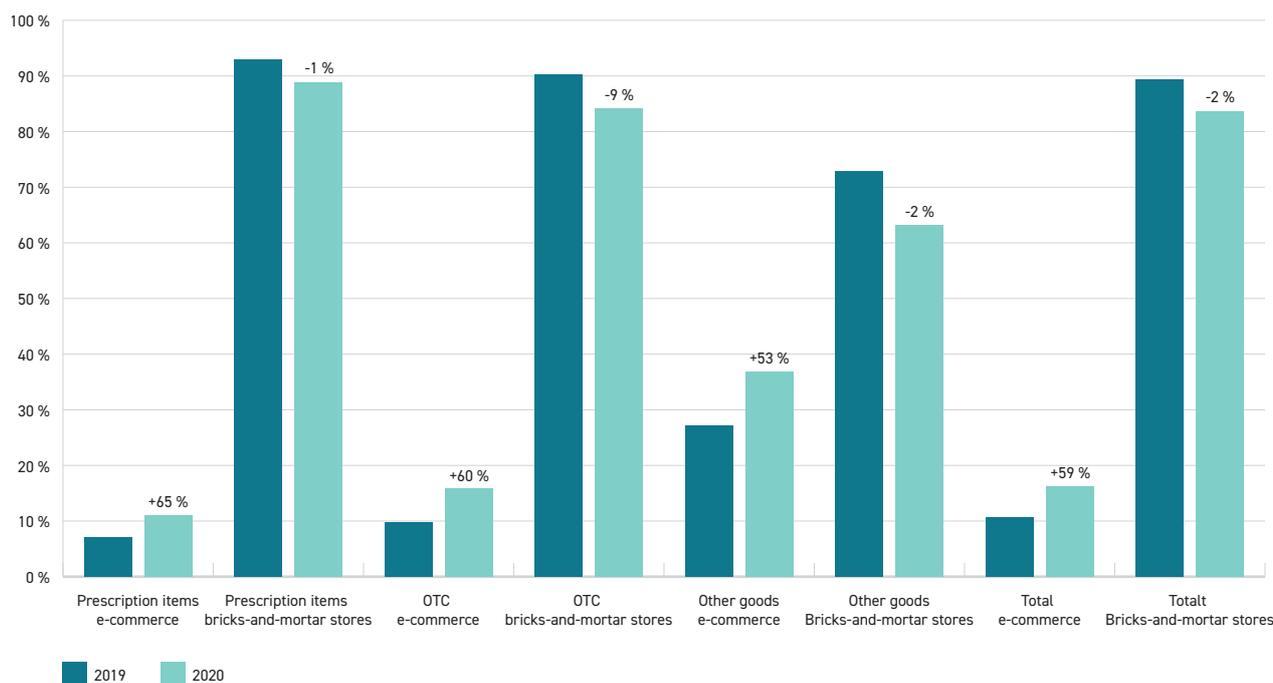
Source: SA Service AB

16 percent in 2020 (10 percent 2019) while the corresponding figure for prescribed medicines was 11 percent (7 percent). This development has been accelerated by the pandemic and new customers have begun using e-commerce. The increase is particularly evident for customers over 70 years, which is also the age group that has been most affected by the restrictions.

It should, however, be noted that even if the growth was 65 percent for prescribed medicines in e-commerce, the bricks-and-mortar channel is still fully dominant and accounts for 89 percent of sales in this segment. This is not unlike non-prescription medicines, with 85 percent of sales taking place in bricks-and-mortar shops. This illustrates that the bricks-and-mortar channel is still by far the biggest sales channel for medication, but that e-commerce is growing very quickly and contributes with increased accessibility, which supplements the bricks-and-mortar store network.

According to TLV's review of the pharmacy market's development in 2019, there is excellent geographic spread of online sales. Some 98 percent of the country's postcode areas received delivery of prescription medicines during the period March to May 2019. Rural areas and small towns continue to show a higher percentage of online purchases than

#### Value percentages for e-commerce and bricks-and-mortar stores per segment 2019 and 2020 and growth in value.



Source: SA Service AB

Online sales thus also geographically supplement sales by community pharmacies.

The sector has probably reached a level where the extent of e-commerce has led to a tipping point that will have an impact on the bricks-and-mortar structure. But so far, the number of bricks-and-mortar stores has not dropped, but instead slightly increased in recent years.

### 3.1.6 Pharmacies' collective financial earnings continue to drop

The financial earnings of the community pharmacy market as a whole are reported as operating margin in the table below, i.e., pharmacies' combined operating profit (EBIT) in relation to pharmacies' combined net sales. Pharmacies' operating margin is estimated at 2.0 percent for 2020, which means a drop for the fourth successive year from 2016, the best-performing year. Pharmacies' earnings opportunities are largely dependent on the size of the markup, which is determined by the government, and the development of parallel imports.

Pharmacies' right to negotiate for parallel-imported medicines results in a strengthening of the margin as they can purchase these products at a lower price than the purchase price set by TLV without needing to reduce the set selling price. The extent of parallel imports and, consequently, additional earnings, have decreased as a result of the weaker Swedish krona, which has adversely affected operating margins. Furthermore, the average regulated markup for community pharmacies has dropped from 16.2 percent in 2018 to 15.7 percent in September 2020 (rolling 12 months) according to TLV. The pricing of medicines that are not subsidised by the government, non-prescription medicines and other goods is not subject to regulation, but margins in these segments are under pressure from stiff competition on pricing, not least from online retailers.

#### Pharmacies' combined operating profit for the past 5 years

| Percent                 | 2009 | 2016 | 2017 | 2018 | 2019 | 2020* |
|-------------------------|------|------|------|------|------|-------|
| Operating margin (EBIT) | 4,6  | 3,3  | 2,9  | 2,7  | 2,1  | 2,0   |

N.B.: 2020 is a forecast. Excluding the dose dispensing market.

Source: Pharmacies' official annual reports, information directly from pharmacies and SA Service AB

## 3.2 The inpatient care market

Sales of medicines on the inpatient market amounted to just under SEK 11 billion in 2020. Revenues mainly consist of sales of medicines to hospitals for use in inpatient care. Sales of medicines to some government institutions are also included in the inpatient market. Add to this the value of the procured services that some operators provide to regions. The value of these services is estimated at just over SEK 0.6 billion in 2020. There are currently four pharmacy operators supplying medicines to hospitals following procurement in the form of production or supply services: Apoteket AB, ApoEx, Oriola and APL.

In recent years, we have seen mainly small regions opting to operate hospital pharmacies under their own management. In some cases, this has been due to these regions having structured the procurement, so that no companies submitted tenders. Some small regions are also taking strategic decisions to run hospital pharmacies under their own management. Large regions usually procure these services from pharmacies, which are able to provide cost-effective solutions for health care as a result of large-scale production and a high level of quality.

## 4. PHARMACIES' ECONOMIC CONDITIONS

Pharmacies' costs for dispensing prescriptions exceed the reimbursement from the state for this.



### 4.1 Government oversees pharmacy market

#### 4.1.1 Need for appropriate and effective rules

The pharmacy market is in part heavily controlled by laws and regulations. The Swedish Medical Products Agency (Läkemedelsverket) determines whether or not a medicine will require a prescription, and whether non-prescription medicines should be sold exclusively at pharmacies or if they can be sold at other retail outlets as well. The Dental and Pharmaceutical Benefits Agency (Tandvårds- och läkemedelsförmånsverket, TLV) determines whether or not a prescription medication should be subsidised by the government. The same authority decides what level of reimbursement pharmacies receive from the government to perform their social mandate of providing and giving advice on medicines, and implementing generic substitutions.

Many of the laws and rules that regulate the pharmacy market are necessary, because medicines are not just any goods and pharmacies not just any shops. But all regulations affect pharmacies' ability to operate and bring costs. That rules cause costs is an insight that regulatory authorities should consider when legislating, to ensure that existing and new rules are appropriate and effective.

#### 4.1.2 Increased public law fees affect pharmacies

The Swedish Medical Products Agency has announced a strong increase in fees for the supervisory activity of community pharmacies of close to 60 percent compared to current fees. The Swedish Pharmacy Association disputes both the amount of the proposed fee increase, as well as whether this increase will be met by a counterperformance in the form of increased supervision, or if there is any need to increase supervision to the extent and in the way the Medical Products Agency foresees. In order to further increase patient safety and increase the efficiency in today's work, we believe there are other possibilities such as a higher degree of system supervision and cooperation with the sector. As 97 percent of community pharmacies and several of the

online pharmacies are part of one of the five nationwide pharmacy chains, this factor should be capitalised on through another type of supervision in dialogue with the chains' quality departments.

Furthermore, the Swedish eHealth Agency (EHM) will increase the prescription order fee by some 50 - 60 million SEK a year. The fee is intended to cover EHM's costs for maintaining the register which pharmacies use when dispensing prescription medicines. The increase is caused by the development and introduction of the National Medication List (NLL), which will replace the two existing registries, the medication registry and prescription registry. The association believes that NLL is to be considered as a collective utility as it will be used not only by pharmacies, but also by healthcare and patients. The registry should thus be financed through budgetary allocations to EHM rather than through fees collected by only one single operator, i.e. pharmacies.

#### 4.1.3 Review of the markup caused by authorities' fee increases

TLV considers the overall sales development and profitability. That is the sale of other goods and non-prescription medicines is not only taken into account but is a requirement for pharmacies to achieve satisfactory profitability. This means that the current system is aimed at developing the product range and increase the sale of other products with a higher margin than prescription medicines. However, this is a challenge as competition is tough and the growth in online sales is putting pressure on prices for both non-prescription medicines and other goods. Average prices for non-prescription medicines have dropped over the past few years. Conversely, pharmacies seek to reduce costs for handing prescription medicines when this is possible without breaching regulations.

For approximately 70 percent of pharmacies' sales (subsidised medicines), the government determines via TLV both pharmacies' purchase prices (PPP) and selling prices for medicines (PSP). The difference between these is the pharmacy margin for prescription medicines, which is also determined by the government. The markup consists of a fixed amount and a percentage supplement based on the purchase price, and according to TLV it should reimburse pharmacies for their work

of supplying medications, dispensing prescriptions and associated customer advice, and managing generic substitutions of medicines, but it should also compensate for other costs such as maintaining stock.

According to TLV's established principles, the markup should also provide operators with a reasonable level of profitability for prescription sales and create sufficient scope for a profitable overall business, with the aim of ensuring higher availability. But prescription sales are neither profitable nor balanced; on the contrary, they are running at a loss. The Swedish Pharmacists Association has carried out calculations of the related costs and return resulting from the handling of subsidised prescription medicines. These show that the markup covered 89 percent of costs in 2016 and 88 percent in 2017, including additional earnings from parallel imports. Every prescription dispensed by pharmacies thus results in a loss for the business and it is highly likely that the recovery of costs has dropped further since these calculations were made.

The markup has remained unchanged since re-regulation in 2009. This means that the reimbursement's fixed elements have been eroded by inflation by 12 percent, but earnings from the price-dependent share of the margin have also fallen. It is true that the markup overall has risen when calculated in Swedish krona. But this is because the number of prescription packages dispensed has increased and the price of prescription medicines has risen, which in turn has pushed up pharmacies' costs for, e.g. warehousing. If the markup continues to be eroded, it will make it extremely difficult in the long term for pharmacy operators to maintain current service levels when it comes to community pharmacies. In the long run, this could lead to the good availability of medication being reduced. If the government and TLV want to take responsibility for the provision of good medication advice and medicine supply, then long-term sustainable financing of this sector needs to be in place.

The review of TLV underway, which among other things is prompted by the aforementioned fee increases, is thus highly justified. The association has meanwhile taken as its starting point that the review shall not only lead to compensation for the stated fee increases and shifting medicines to the price-regulated area, but should in addition result in an adjustment of the markup level. The markup shall give long-term and stable conditions for pharmacy operators, as investment decisions, among other considerations, are long-term. From this follows that supervision and adjustment of

the markup should not be done every year, but less frequently.

#### 4.1.4 Parallelimporterade läkemedel – sänntjänst



**Ett parallelimporterat läkemedel** är ett godkänt läkemedel som importeras från ett EU/EES-land och som marknadsförs i Sverige efter ett godkännande av Läkemedelsverket.

The system of trade in medicines is based on the free movement of goods within the European Economic Area (EEA). Parallel-imported medicines can be either original or generic. However, the medicine must be approved both in Sweden and in the export country at the time of application.

When the market was re-regulated, the government emphasised the important role of parallel imports in keeping prices down, particularly the indirect savings effect via price-levelling mechanisms within the EEA. In terms of original medicines without a generic competitor, the government maintained that increased and more effective parallel imports could be quickly achieved "...by offering pharmacy operators good incentives for trading with parallel imports."

Parallel trading is important for putting pressure on the price for medicines where the patent has not expired, which saves money for society.

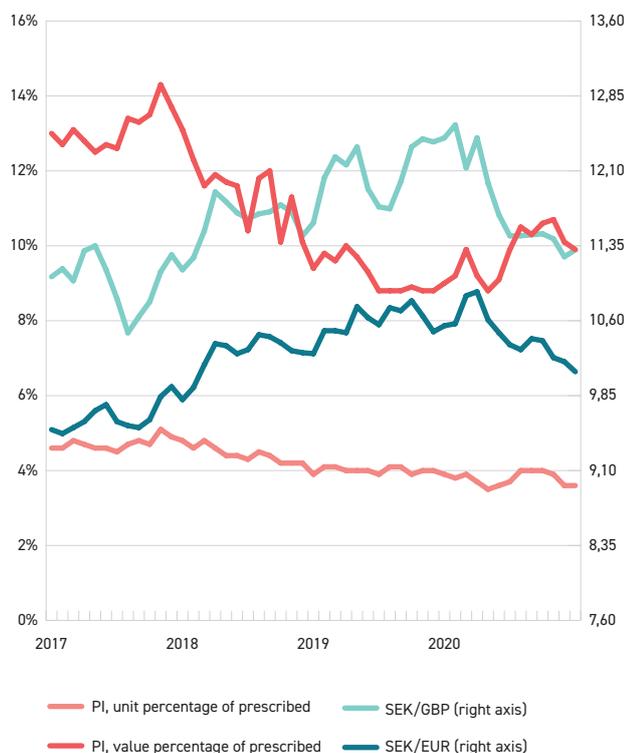
However, it is important to stress the highly varied nature of parallel trading. An expired patent immediately removes conditions for Swedish pharmacies to parallel trade in that pharmaceutical product. A weakening of the Swedish krona can quickly contribute to significantly reducing the added value for pharmacies that can be gained from parallel imports. Similarly, TLV's reviews and its decision to cut the price of older medicines may lead to conditions for parallel imports either being reduced or completely disappearing for these medicines.

Both GBP and EUR have rallied against the Swedish krona in recent years, and parallel imports declined to a ten-percent value share in the during 2020. The value decreased to SEK 3.5 billion in 2020 from around SEK 4 billion per year over the most recent 2 years. Additional sales from parallel-imported medicines through lower purchase prices than those established by TLV

have been of great importance to pharmacies' income. Without these earnings, pharmacies would by all accounts not have been able to increase availability in the way that has been done. When parallel imports decline, it further highlights the need to boost the markup.

#### Parallel imports, proportion of prescribed medicines (left axis) and SEK exchange rate trend against EUR and GBP (right axis).

Source: SA Service AB and Riksbanken (Central Bank)



#### 4.1.5 The generics system – in need of change

The generic substitution of medicines saves substantial sums of money for society every year. But the current system is not optimal. It should be reviewed in order to reduce the negative effects that it entails. The constant monthly substitutions of product of the period lead to risks in terms of patients taking the wrong medicine, or completely abstaining from treatment. It also incurs significant costs for pharmacies by having to keep current medicines in stock, and leads to increased disposals of medicines. Pharmacists are now forced to spend a considerable amount of time explaining the system and why a customer is getting another medicine than what the doctor prescribed. The Swedish Pharmacists Association estimates that pharmacies' additional expenses related to substitution through increased warehousing and handling costs amount to roughly SEK 300 million annually.

The Swedish Pharmacists Association believes that the substitution periods should be extended and that

pharmacies should be allowed greater flexibility to dispense substitutable medicines that are already in stock. Research indicates that so-called price collusion is occurring in the Swedish generics market.<sup>1</sup> The study notes that price collusion causes additional costs for society in the region of between SEK 50 million and SEK 200 million a year, and that extended substitution periods in the product of the period system would reduce or in principle eliminate these additional costs. The association has therefore initiated empirical research to gain further insights relating to how the current system of generic substitution can be developed to make it more efficient for all parties involved, and to make it useful for both society and patient safety.

#### 4.1.6 Distribution and right of return for medicines

For the distribution of medicines from producers to pharmacies, there are two companies: Oriola and Tamro. In practice, pharmacies have very little opportunity to choose or influence the terms these two distributors impose on them. Despite the fact that several pharmacy chains have their own distribution solutions for non-prescription medicines, parallel-imported medicines and goods, it has proven difficult to get pharmaceutical companies to deliver their goods using pharmacies' own distribution solutions.

A new law came into force in 2018, which means that pharmacies now have the right to return medicines that have not been collected by customers. The purpose of the law was to increase access to medicines by pharmacies keeping more products in stock. But as it stands, the law has failed to achieve its goal. For example, refrigerated items are excluded from the right of return, which means that the pharmacy has to bear the entire cost if the medicine is not sold, or if a customer orders it and then fails to collect it. This results in pharmacies not being able to afford the risk of keeping these often expensive medicines in stock.



<sup>1</sup>) Granlund D. och Rudholm N. (2018). Risker och kostnader för prissamordningar på den svenska generikamarknaden.

## 5. PHARMACY PERSONNEL

**12 300** people are employed by the sector.

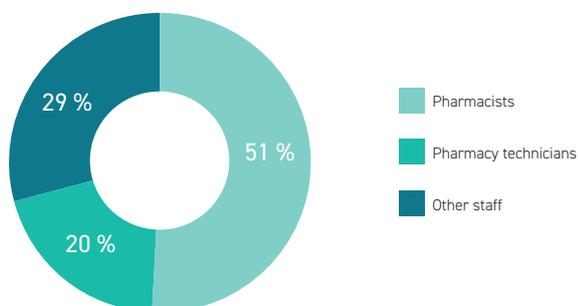
### 5.1 Pharmacies' most important resource

Providing individually tailored advice on medicines and helping with alleviation and recovery are at the core of pharmacies' business. To be able to provide advice on medications in a pharmacy requires the right qualification for the task. The pharmacy sector is characterised by personnel with a high level of competency and great expertise. This is why employees are pharmacies' most important resource.

Swedish pharmacies lead the way in Europe when it comes to employees' level of education. A total of 51 percent of employees at community pharmacies are graduate pharmacists, while 20 percent are pharmacy technicians who received their training at polytechnical universities.

#### Competency distribution for employees in community pharmacies, year 2020

Source: SA Service AB



#### 5.1.1 Apoteksfarmaceuter

'Pharmacist' is the collective name for licensed pharmacists who have completed a Master's degree (apote-kare) or a Bachelor's degree (receptarie). The law states that there must always be at least one pharmacist at Swedish pharmacies. Pharmacists are responsible for handling prescriptions at pharmacies and providing qualified advice on medicines. They perform an important monitoring role, ensuring that the prescribed medicine is correct. The pharmacist must contact the person who issued the prescription and point out if something doesn't seem right with the prescription. The pharmacist is also entitled to object to a generic substitution if this is justified. At many pharmacies,

pharmacists also provide certain pharmaceutical services. Pharmacies must also have a pharmacist who is responsible for quality and safety in relation to handling medicines.

To become a registered pharmacist, you need to complete a five-year course at university, offered at Uppsala, Gothenburg and Umeå (which also offers distance studies). To become a registered prescriptionist you need to complete a three-year higher education course, which is offered on site and remotely in Kalmar and Umeå, and on site in Uppsala and Gothenburg.

#### 5.1.2 Pharmacy technicians

Pharmacy technicians are primarily responsible for pharmacies' self-care advice and non-prescription medicines. Some technicians who are qualified to work with prescriptions also partly support the pharmacists in handling prescriptions. Technicians also work with other products and tasks at pharmacies. Both pharmacy technicians and pharmacists are able to determine when a customer should be referred to healthcare services, and when self-care is adequate. To work as a pharmacy technician you need to have completed a one-and-a-half-year course at a polytechnical university.

#### 5.1.3 Other pharmacy personnel

Other personnel at pharmacies may include self-care advisors, i.e., staff who have training in self-care and provide relevant advice, and pharmacy assistants who work the cash register and manage stock, etc. Pharmacies are also increasingly employing other specialists, such as skin care therapists and sometimes nurses.

### 5.2 Number of employees in the sector

In 2020, a total of approximately 12,300 individuals were working in pharmacy businesses in Sweden, of which just over 10,300 worked specifically at community pharmacies. Prior to reregulation, the number of employees at the then 930 community pharmacies corresponded to just over 6,200 full-time positions (full-time equivalents). In 2020, the equivalent figure was around 7,700 full-time positions at the just over 1,430 pharmacies.

#### 5.2.1 Number of employees per pharmacy

The pharmacy sector has experienced considerable growth since reregulation in 2009, and the number of employees in the sector has increased. However, the number of employees per pharmacy has seen a



Apotekens personal har många olika arbetsuppgifter som kan skilja sig åt beroende på var man jobbar. På ett e-handelsapotek kan en vardag se helt annorlunda ut än på ett apotek vid en vårdcentral.

## **Sofia, farmaceut**

### **Varför valde du att bli farmaceut?**

Jag ville plugga vidare efter gymnasiet men visste inte till vad! Jag läste lite om Farmaceutprogrammet och tyckte det lät spännande att lära sig om läkemedel och dess verkan på kroppen. Jag tyckte kemi var roligt och det läser man ju mycket av och tanken på jobb på apotek och även inom industri och tillverkning lät lockade.

### **Vilka är fördelarna/ nackdelarna med yrket?**

Man lär sig mycket hela tiden då man hela tiden ställs inför nya frågeställningar. Det är kul att hjälpa kunder med råd om hur man ska använda sitt läkemedel och hur man kan behandla olika åkommor. Det kommer ständigt nya läkemedel och produkter,

både receptfria och receptbelagda vilket är spännande.

Jag jobbar på ett nätapotek där det är högt tempo, vilket är väldigt roligt! Här måste man vara flexibel och hjälpa till där det behövs! Det kan ibland vara väldigt stressigt men vi har en bra teamkänsla och alla känner sig delaktiga.

### **Hur ser en typisk arbetsdag ut?**

Jag har lite olika roller varje dag. En dag kan jag sitta och godkänna receptbelagda beställningar och göra den tekniska kontrollen på de receptbelagda läkemedel vi skickar ut. En annan dag kan jag sitta och chatta eller prata i telefon med kunder som har frågor om sitt recept eller vill ha rådgivning om läkemedel. Det är ett väldigt varierande jobb!

slight decline, which is due to pharmacies having increased in number and becoming somewhat more efficient in their collective staffing and scheduling.

One natural effect of there being more pharmacies is that the number of dispensed prescriptions per pharmacy is lower. This affects staffing needs per pharmacy. It is possible to quantify the so-called dilution effect by examining the number of prescription items over the years. The number of prescription items (excluding dosage) rose from 72.6 million in 2009 to approximately 87.2 million in 2020. This means that the total number of prescriptions dispensed per full-time equivalent (FTE) declined by just over three percent since 2009 – from 11,710 prescription items per FTE and year in 2009, to 11,325 prescription items per FTE and year in 2020.

### 5.3 Skills supply challenges

There is essentially no unemployment in the sector, and the salary trend in recent years has been good. The number of pharmacists has grown in recent years, at an average of 1 percent per year since 2005. Employers report that the shortage of pharmacists is higher than



ever, both with regard to recently graduated and experienced pharmacists. Furthermore, a significant number of employees are expected to retire over the coming years, including many prescriptionists. In 2020, around 380 pharmacists aged 65 or over were working in the sector full-time or part-time, some 250 of whom were over the age of 67. In addition, the sector continues to grow.

The shortage of pharmacists is particularly great outside the major cities. There are already many examples of pharmacies that have been unable to open or forced to close due to the difficulty in recruiting pharmacists to smaller towns across Sweden. Pharmacists are also in greater demand in other parts of the health-care sector. In recent years, the situation has worsened as the prescriptionist qualification programmes in both Karlstad and Malmö have been discontinued.

The industry works together to increase the number of places in educational courses, increase the amount of people applying for pharmaceutical training and speed up the process for newly arrived pharmacists to obtain a Swedish licence. Another challenge for the industry is to attract more men to apply for training programmes to become pharmacists and to work in pharmacies. A great majority of employees are women.

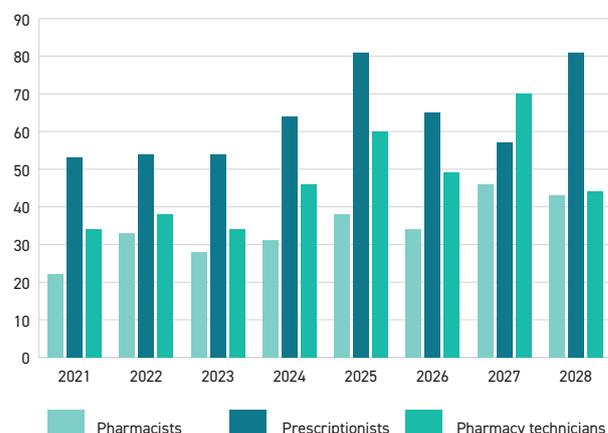
#### Number of pharmacists aged 65 or over who work full- or part-time

| Age               | Year 2020 |
|-------------------|-----------|
| 65-66 years       | 131       |
| 67 years or older | 252       |
| Total             | 383       |

Source: SA Service AB

#### Estimated number of people retiring for staff with various levels of educational background

Source: SA Service AB



## 6. PHARMACIES IN THE EYE OF THE PANDEMIC

The first reports of a new infectious and dangerous virus reached Sweden at the beginning of 2020. Soon pharmacies felt the first effects with increased sales of hand sanitiser and masks. Hand sanitiser is a relatively huge product in pharmacies but demand multiplied and stocks soon sold out. Masks, however, were not a major product at pharmacies before the pandemic, and thus soon ran out.

When the virus began to spread in Swedish society, we saw a wave of stockpiling in terms of both prescription and non-prescription medicine. The stockpiling wave was partly a result of wanting to be prepared in case you fell ill. Partly it was caused by the worry that reduced production in China and India and closed borders could lead to stocks of medicines in Sweden no longer being enough. During a few weeks at the end of April, the number of customers getting medicines at Swedish pharmacies increased by between 25 and 30 percent. For some non-prescription medicines against pain and fever, sales volumes per week equalled those otherwise seen per month. The increase in sales meant that it became difficult for pharmacies to keep up with restocking. The rise in orders to distributors meant that they had a hard time keeping up with shipping products at the rate that was required. A few pharmacies had to close for a number of days due to a lack of staff. Opportunities

for testing were rare during spring and the rate of staff absent due to sickness high. Many local centres and marketplaces limited their opening hours, which led to reduced flows of customers. This resulted in many pharmacies also limiting their opening hours during spring.

E-commerce increased substantially when Sweden's population began following the advice not to visit stores unnecessarily. A new customer group discovered e-commerce – the older age group needing medicines who were advised even more strongly against physical contact. Another change in customer behaviour was that as a result of more people working from home, the flow of customers in local shopping centres and external marketplaces dropped, but increased in locations closer to where people live.

For pharmacies that supply the healthcare sector, the increased demand for medicines used in intensive care presented a great challenge. The demand for the drug propofol increased strongly and what was under normal circumstances consumed during several months was now dispensed by pharmacies over the course of just a few weeks. Another challenge was the strong expansion of intensive care beds which was done, among other things, by setting up field hospitals, which also needed to be supplied with medicines.



## Changes at pharmacies

The pandemic meant that pharmacies needed to change their way of working and the sector took several joint initiatives to deal with the challenges that emerged. For example, limits on sales of hand sanitiser and non-prescription medicines were imposed, and there were also limits on the quantity of prescription medicines that could be received. Information about closed pharmacies was shared between pharmacies and preparations made to support each other with staff. Customers were informed of the importance of not visiting pharmacies at the slightest sign of illness and how letters of authorisation and non-governmental organisations could be used for risk groups to get their medicines without having to visit pharmacies themselves. Finally, it was important for pharmacies to provide correct information about the state of availability of medicines in order to avoid further stockpiling and concerns.

In consultation with the Swedish Medical Products Agency, a number of rule changes were introduced to ensure the availability of medicines during the pandemic. These included rules regarding the redistribution of medicines between pharmacies, being able to move stocks during short-term closures and the possibility to dispense prescriptions remotely. Many more issues

were discussed and there was a willingness to adopt other measures as well, such as a greater opportunity for splitting packages of medicines and handling medicines with a shorter shelf life than normally.

Thanks to the great commitment and co-operativeness of pharmacy staff, suppliers, distributors and authorities, Sweden has managed to keep pharmacies open during the pandemic. Sweden's crisis preparedness has been questioned, but when it comes to the pharmaceutical sector the conclusion is that pharmacies have assumed the responsibility required by a sector that is important to society. The Swedish model for the supply of medicines was sufficiently robust to cope with the crisis – with the exception of medicines used primarily in intensive care.

That we now have several vaccines against Covid 19 approved, does not mean an end to the challenges. The vaccination to be carried out is extensive. The pharmacies' mission and exposed situation means that staff should be prioritised for vaccination. By slightly tweaking regulations, pharmacists should also be able to participate in helping to vaccinate the population. This applies both to vaccines against Covid 19 but also vaccines against the seasonal flu or other vaccines in the general vaccination programmes.



## THE PHARMACIES' ASSIGNMENT

Pharmacies stand for safe and good use of medication and are thus an important part of health and medical care. The state describes this in three main tasks aimed at ensuring that pharmacies safeguard access to medications, provide advice and information on medications, and inform and implement generic substitutions. The skills available today at pharmacies are not being fully utilised. There are several situations where pharmacists can further facilitate and improve the use of medications. In addition, our customers have high expectations of the pharmacies, which helps pharmacies see that they have a greater social mandate so that they can offer a greater range of goods and services.

## 7. OUR SOCIAL MANDATE

### 7.1 The pharmacies' main tasks

**Pharmacies' social mission is to ensure the safe and correct use of medications, this is formulated through three main tasks:**

- Ensure that the consumer has access to prescribed medicines and goods as soon as possible.
- Provide expert and individually tailored information and advice.
- Implement and provide information about generic substitutions.

#### **Task 1 – Access to the supply of medicines and goods**

All licensed pharmacies are required to provide all medications and other products that are part of the benefits scheme when ordered on prescription or through the healthcare service. It may be of vital importance or crucial for a treatment that medicines are available when they are needed. This is particularly important in Sweden, as a majority of all

medicines are supplied via the pharmacies. In many other countries, medical care is responsible for a large proportion of the more unusual medicines.

Around 93 per cent of all medicines dispensed by pharmacies are available at the pharmacy itself for immediate pick-up by the customer. The remainder are ordered and can be dispensed the following day in accordance with the so-called 24-hour rule. An ever-increasing amount of medications are dispensed via e-commerce and then delivered either within a few hours or a day.

#### **Task 2 – Customised information and advice**

The correct use of a medicines is crucial to ensure that it has the intended effect. The pharmacy therefore also has the important task of providing customised advice when dispensing and making sure that the customer knows how to administer their medicines.

Low adherence to prescribed treatment is a major problem for the individual, and involves considerable costs for society. Pharmacies check all prescriptions and some 850,000 of them need to be corrected annually.

Several of these corrections are of a minor nature, but a large number are of a more serious nature. The costs for hospital admissions alone due to the incorrect use of medicines are estimated to cost SEK 200 million per year. In addition, the incorrect use of medicines causes unnecessary suffering for the patient.

Pharmacy staff play an important role in ensuring correct medication treatment, both for prescription and non-prescription medicines. So there is a big difference between going to a pharmacy for advice and purchasing non-prescription medicines, and purchasing non-prescription medicines somewhere else where staff are not permitted to give advice.

### **Task 3 – Implement and provide information about generic substitutions**

Society places tough demands on medicines financed via the benefit scheme. In order to keep costs for society down, pharmacies are obligated to make changes when there are equivalent medicines at lower prices – so-called generic medicines.

Since 2009, there has been a special product of the period system that specifies which medicines pharmacies should change to each month. Even if

pharmacies save a lot of money for society through these changes, the design of the system has consequences for patient safety and increases handling costs for pharmacies.

The system of providing a product of the period applies to some 1,300 so-called substitution groups each month. Even if pharmacies have another cheap generic medicine available, they are not allowed to sell this medicine if another product is product of the period for that particular month. In addition, many patients themselves want a specific product within a generic substitution group. When this is not the product of the period, the probability of it being kept in stock at the pharmacy diminishes, and the product must then be ordered. The same applies in cases where the prescriber has marked on the prescription that the product must not be substituted. The frequent substitution which means that medicines are constantly changing names and appearance confuses many patients. It particularly affects groups of patients who use many medicines at the same time, who are elderly or who have a mental impairment. The fact that the substitution system involves patient risks through incorrect medicines shows the limited research available in the field.



## 7.2 Requirements on pharmacies

### The following basic legal and regulatory requirements apply to pharmacies:

- All pharmacies must have a licence from the Swedish Medical Products Agency
- A pharmacist must be present when the pharmacy is open
- The premises must be suitable for pharmacy activities
- There must be a pharmacist responsible for reporting any irregularities to the Swedish Medical Products Agency
- Providing all medications and other products that are included in the benefit scheme when provided via prescription or ordered through the healthcare service
- Being able to manage electronic prescriptions, have access to a high-cost database and report sales information directly to the eHealth Agency
- Have their own system to check that the requirements on pharmacies are complied with – self-monitoring programme
- Provide individual and producer-independent information and guidance on pharmaceuticals, the use of medication and self-care
- Issue Schengen certificates, have the national pharmacy symbol at the pharmacy and
- offer instalment payment when paying for medications covered by the benefits scheme
- Manage the medications benefit scheme, including generic substitutions
- Secure data processing of personal data
- A functioning patient safety programme

### General quality requirements on pharmacies:

- The requirements are high on all Swedish pharmacies, regardless of owner. Requirements on pharmacies are stipulated in laws, ordinances and regulations by the Swedish Medical Products Agency, the Dental and Pharmaceutical Benefits Agency and the National Board of Health and Welfare. The requirements are the same, regardless of who owns the pharmacy.
- The quality systems at individual pharmacies are regulated by the Swedish Medical Products Agency. At all pharmacies there is a pharmacist responsible for pharmaceuticals, whose task is to ensure compliance with the regulations.
- By working preventively with clear routines and instructions, dividing responsibilities and skills development, the risk of incorrect dispensing and other irregularities is reduced. Follow-up through, for example, self-inspection, spot checks and sustainability controls are also part of the quality assurance work.
- Serious irregularities are reported to The Swedish Medical Products Agency and to the Health and Social Care Inspectorate (Inspektionen för vård och omsorg (IVO)), in accordance with Lex Maria.

## 8. AVAILABILITY OF MEDICINAL PRODUCTS

The Swedish pharmaceuticals market is organised in such a way that manufacturers of pharmaceuticals have a small number of large stocks in central locations in Sweden. Pharmacies have smaller stocks in as many locations as possible around the country. Every pharmacy adjusts its stocks of pharmaceuticals to its unique customer base.

### 8.1 The Swedish system

That it's easy to get to a pharmacy when you need to is only one aspect of the availability of medicines. More importantly, contact with the pharmacy means that you get the medicines you need when you need them. In Sweden, a very high proportion of all medicines go through pharmacies. In our neighbouring Nordic countries, it is more common for certain medicines to be dispensed to patients via hospitals. All pharmacies in Sweden must be able to dispense all medicines. This means that there is the same availability of medicines across the country, but this also poses a challenge for pharmacies. Medicines are not a homogeneous product group, but there are medicines that are used by tens of thousands of people and those used only by the odd patient. The Swedish medicines market is thus organised in such a way that it is the manufacturers of medicines who have the biggest stocks in central locations in Sweden, while pharmacies have smaller stocks in as many locations as possible. Each pharmacy adapts its stock to what kind of customers it has. The aim is that as many people as possible should get their medicines directly at the pharmacy counter, and others should not have to wait longer than until 4 p.m. the next weekday. Deciding on the best balance

between how much stock you should keep at the pharmacy and what products are non-stock items is a difficult decision for pharmacies. If you do not have a medicine in stock there is a risk that the customer chooses to go to another pharmacy, but you also want to avoid keeping large stocks of medicines that are not sold and must be destroyed. At the same time, it is difficult to decide which medicines should be in stock because there are many medicines that are "unusual" and every customer is unique.

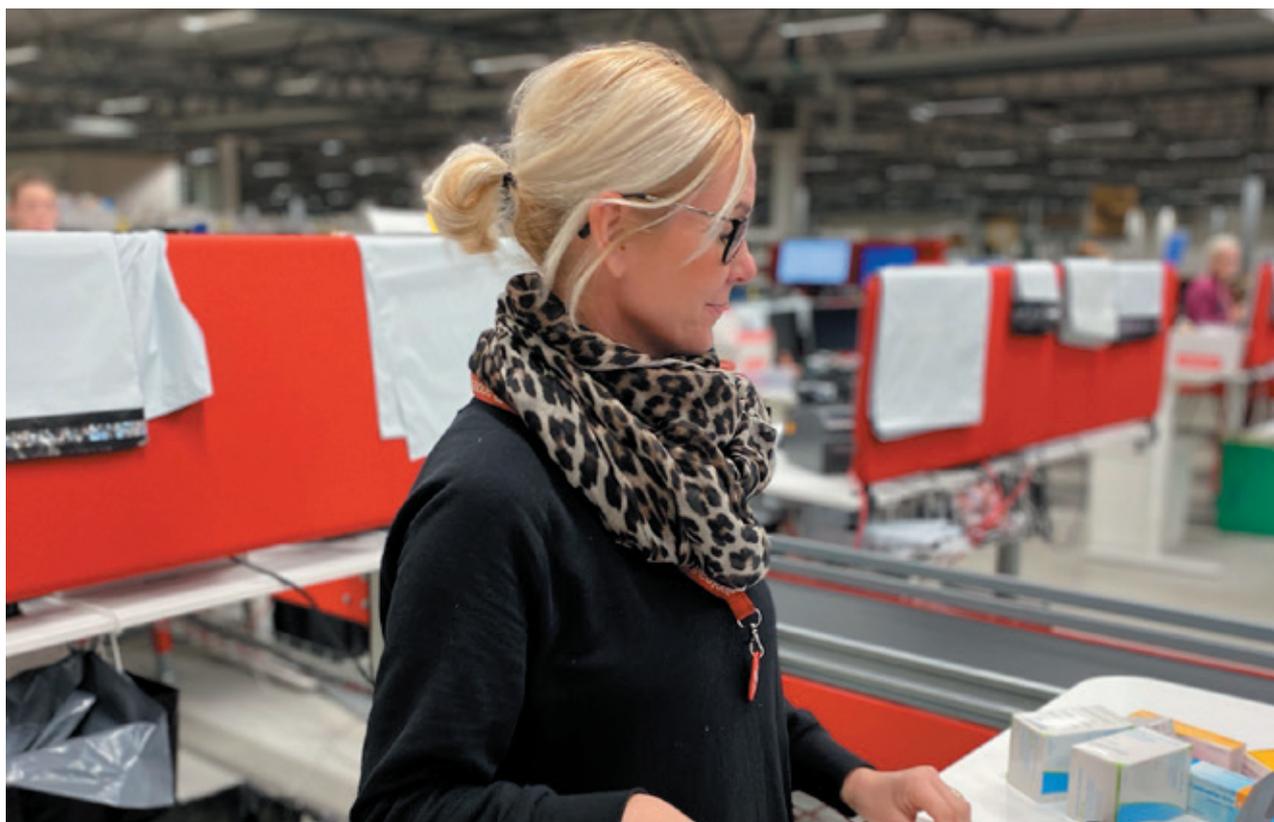
### 8.2 Stocks at the drug manufacturer

The majority of all medicines in Sweden can be found in the drug manufacturer's stocks. The manufacturer has its stock at a distributor who is also responsible for delivering the medicines to pharmacies. The manufacturer's stock at the distributor is enough for three to four months' consumption on average. The stock is continuously replenished from the manufacturer's factories, which are often located outside of Sweden. There are no requirements on how much stock a manufacturer must have in Sweden, and how much is held in stock in Sweden for that particular drug can vary between medicines and over time. The advantage of having large stocks at a small number of distributors is that it is easy to distribute the medicines to pharmacies according to demand without any stocks remaining in the "wrong" place in the chain.

### 8.3 Stocks at pharmacies

The country's 1,433 pharmacies keep some 7.5 million packages of prescription medicines in stock, distributed across almost 12,000 different medicines. The average pharmacy has around 5,000 packages in stock, distributed across some 2,300 different medicines. The major e-commerce pharmacies have even bigger stocks. The total stock out at pharmacies is equivalent to the volume sold in Sweden per month.

Pharmacies' stockkeeping is aimed at having as wide a range of products available as possible, based on the demand each pharmacy has. As pharmacies can get new deliveries every weekday, the stock of each individual drug does not need to be very big. Only a small number of medicines are sold in such



large quantities that they are sold several times a week in most pharmacies in the country. Of these, every pharmacy has a stock to last several weeks. Most common is that a drug is sold more rarely but pharmacies still have many of these medicines in stock to be able to provide good service to customers. Even though the pharmacy may not sell a certain drug more often than every two or three months it can still be in stock, but then only a few packages. This means that on average a pharmacy's stock will last for about a month, but if the manufacturer stops delivering individual products may run out at some pharmacies quite quickly, while at other pharmacies they may still be available for several months.

#### **8.4 Direktexpedieringsgrad**

Pharmacies aim to find a good balance between what should be in stock and what products are non-stock items. If you don't get this right, customers will not be happy with the service. In order to know how many customers receive their medicines directly from a pharmacy, surveys have been conducted at pharmacies on two occasions. This is referred to as the immediate dispensing rate and was measured by the Swedish Pharmacy Association in 2015 and by TLV in 2019. In the most recent survey, 92.6 per

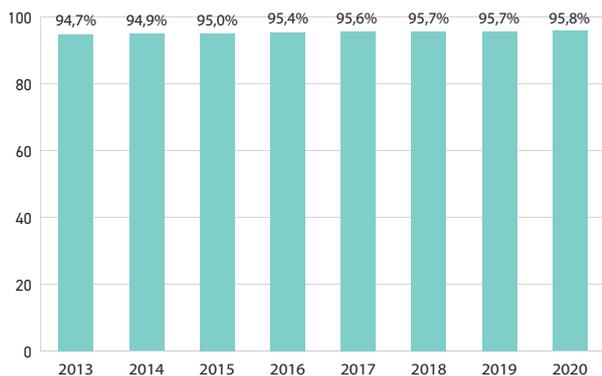
cent of the requested prescriptions were dispensed directly. This was a decrease from 94.9 per cent in 2015. The biggest part of this reduction was due to the strong increase in the number of medicines that could not be ordered from the drug manufacturer – from 0.8 percent of all prescriptions to 1.9 percent of all prescriptions. Since customers often have several prescriptions, just over four percent of them were told that some of their medicines were not available due to production problems or some other reason beyond pharmacies' control.

In addition to more problems with medicines that have run out at the manufacturer, the number of medicines used by just a few patients in Sweden has increased. This is a positive development, as it is due to new medicines against more uncommon illnesses and that medicines are being better adapted to every individual. But for pharmacies this development means that it is more difficult to have exactly the right drug in stock for each individual. This is also a reason for immediate dispensing having decreased.

Pharmacies also measure what is called service level, which is the proportion of medicines that can be dispensed without pre-ordering of all medicines a pharmacy dispenses.

The immediate dispensing rate also includes those instances when a customer for some reason chooses not to pre-order the drug, e.g. by instead going to another pharmacy, and is therefore somewhat lower than the service level. The service level has increased continuously over the years and last year reached 95.8 percent - the highest level since measuring began.

#### Service level, annual averages



Source: SA Service AB

### 8.5 Availability is not just about stock levels

Availability of medicines is not just about how much there is in stock. How many pharmacies there are and how long pharmacies remain open are both factors in how easy it is to get your medicine. It is easier for larger pharmacies to have more in stock, but having only large pharmacies will also mean fewer pharmacies.

In TLV's survey on immediate dispensing we can see that all pharmacies irrespective of size succeed in how they are operating today, even though there are differences between different pharmacies.

Another thing that affects a patient is the number of medicines taken. Regardless of whether all of a person's medicines are picked up at the same time or at different times, there is an increase in the risk that one of the medicines will, on occasion, have run out at the pharmaceutical company or rarely be asked for at the pharmacy. This means that there are many people who are sometimes affected by the fact that their medications cannot be dispensed by the pharmacy without pre-ordering.

The most important parameter is customers' perception of what constitutes good availability. Most believe that it is important that there should be many pharmacies with generous opening hours. For many it is also important that the drug is in stock, but having to pre-order a more uncommon drug is not regarded as something odd as long as delivery times are short. A growing group of customers considers e-commerce with home delivery as the best availability, for others reminder services from their local pharmacy may be more suitable. Pharmacies thus work not only with how many medicines are in stock but also with how to adapt their services so that all customers get their medicines the way they prefer.

## 9. AVAILABILITY OF PHARMACIES

Today there are

# 1 433 pharmacies

which is

# 54% more

than when the market was re-regulated in 2009.

### 9.1 Number of pharmacies

The pharmacy market was re-regulated in 2009 and the number of community pharmacies subsequently increased by about 500 or 54 percent and significant e-commerce. There are thus substantially more community pharmacies today and significant e-commerce. However, the rate of increase has slowed considerably in recent years, and in 2019 a net number of five new pharmacies were added and in 2020 this was seven. At the end of December 2020, Sweden had 1,433 community pharmacies. Despite the significant increase in the number of pharmacies, the Swedish pharmacy density is still among the lowest in Europe.

### 9.2 Pharmacies' opening hours

Opening hours are at least as important as the number of pharmacies with regard to availability. Since 2009, pharmacies' opening hours have increased dramatically – from just over 45 hours a week to 56 hours a week on average in 2020. This means that pharmacies today are open equivalent to a further 350 pharmacies compared with the period when there was a monopoly, in addition to the newly established pharmacies. The total amount of time pharmacies are open has increased by 90 per cent since re-regulation.

The number of pharmacies open on Sundays has risen from 154 to 575, which corresponds to an increase of about 270 per cent. Many pharmacies in the country today are open almost 100 hours a week, practically every day of the year.

### 9.3 Pharmacies per county and pharmacy density

All counties now have more pharmacies since re-regulation in 2009. Most new openings have occurred where the demand for pharmacies has been the greatest, which has increased availability and reduced waiting times at pharmacies.

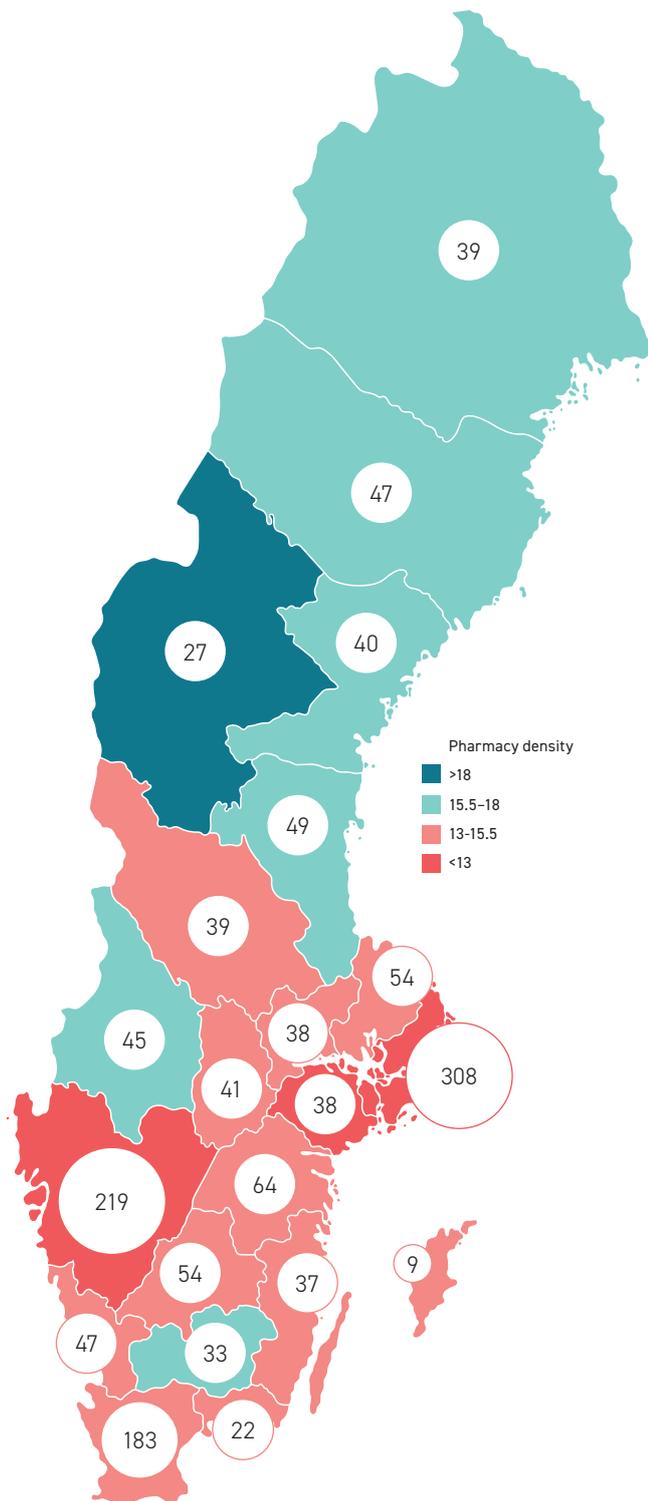
The largest percentage increase in the number of pharmacies has taken place in Uppsala and Stockholm county as well as Blekinge and Scania. However, in these counties pharmacy density was initially the lowest in the country, measured as the number of pharmacies per inhabitant. The smallest increase has taken place

#### Antal fysiska öppenvårdsapotek per aktör

| Apoteksaktör                    | Före omreglering | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        |
|---------------------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Apoteket AB                     | 929              | 345         | 365         | 375         | 372         | 370         | 372         | 388         | 394         | 394         | 397         | 402         |
| Apotek Hjärtat ICA <sup>1</sup> |                  | 30          | 42          | 48          | 58          | 67          | 391         | 385         | 386         | 388         | 390         | 391         |
| Kronans Apotek <sup>2</sup>     |                  | 189         | 209         | 219         | 300         | 305         | 309         | 323         | 325         | 326         | 323         | 324         |
| Apoteksgruppen                  |                  | 150         | 155         | 158         | 163         | 165         | 169         | 177         | 185         | 188         | 193         | 197         |
| LloydsApotek <sup>3</sup>       |                  | 50          | 81          | 77          | 79          | 83          | 80          | 79          | 78          | 78          | 78          | 77          |
| Apotek Hjärtat <sup>1</sup>     |                  | 256         | 270         | 277         | 306         | 307         | -           | -           | -           | -           | -           | -           |
| Medstop <sup>4</sup>            |                  | 63          | 64          | 65          | -           | -           | -           | -           | -           | -           | -           | -           |
| Vårdapoteket <sup>5</sup>       |                  | 24          | 24          | 27          | -           | -           | -           | -           | -           | -           | -           | -           |
| Andra aktörer                   |                  | 15          | 32          | 28          | 25          | 30          | 37          | 39          | 43          | 47          | 45          | 42          |
| <b>Summa</b>                    | <b>929</b>       | <b>1122</b> | <b>1242</b> | <b>1274</b> | <b>1303</b> | <b>1327</b> | <b>1358</b> | <b>1391</b> | <b>1411</b> | <b>1421</b> | <b>1426</b> | <b>1433</b> |

1) ICA Gruppens köp av Apotek Hjärtat genomfördes i början av 2015, och det gemensamma apoteksnamnet är Apotek Hjärtat. 2) Hette tidigare Kronans Droghandel. 3) Hette tidigare DocMorris. 4) Medstop köptes under 2013 av Kronans Apotek. 5) Vårdapoteket köptes under 2013 av Apotek Hjärtat. Anm. Mättidpunkt är slutet av december respektive år.  
Källa: SA Service AB och expeditiönsställeregistret, EXPO."

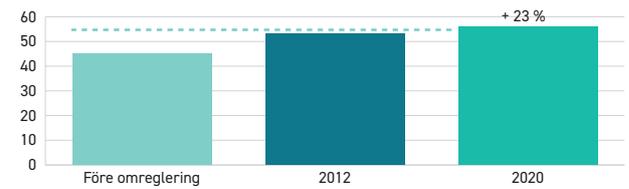
### Number of pharmacies and pharmacies per 100,000 inhabitants



The map shows pharmacy density per county measured as the number of pharmacies per 100,000 inhabitants. The figure illustrates pharmacy density in 2020, where counties with the highest pharmacy density are coloured in blue/green, and counties with the lowest pharmacy density are coloured in red/light red. The circles show the number of pharmacies per county.

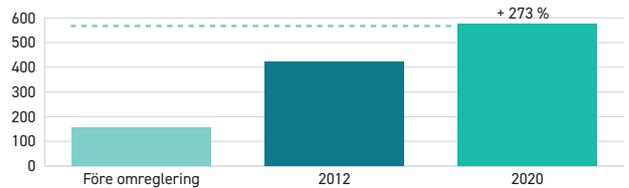
Source: SA Service AB and SCB

### Opening hours per pharmacy and week



Source: SA Service AB

### Number of pharmacies open on Sundays



Source: SA Service AB

### Number of community pharmacies and change per county

| County          | Before re-regulation | 2020 | Change, number | Change, percent |
|-----------------|----------------------|------|----------------|-----------------|
| Stockholm       | 159                  | 308  | +149           | +94%            |
| Uppsala         | 28                   | 54   | +26            | +93%            |
| Blekinge        | 12                   | 22   | +10            | +83%            |
| Skåne           | 103                  | 183  | +80            | +78%            |
| Halland         | 29                   | 47   | +18            | +62%            |
| Södermanland    | 24                   | 38   | +14            | +58%            |
| Kronoberg       | 21                   | 33   | +12            | +57%            |
| Riket           | 929                  | 1433 | +504           | +54%            |
| Västra Götaland | 142                  | 219  | +77            | +54%            |
| Västmanland     | 25                   | 38   | +13            | +52%            |
| Jönköping       | 36                   | 54   | +18            | +50%            |
| Gävleborg       | 34                   | 49   | +15            | +44%            |
| Örebro          | 30                   | 41   | +11            | +37%            |
| Östergötland    | 47                   | 64   | +17            | +36%            |
| Värmland        | 34                   | 45   | +11            | +32%            |
| Gotland         | 7                    | 9    | +2             | +29%            |
| Kalmar          | 29                   | 37   | +8             | +28%            |
| Västernorrland  | 33                   | 40   | +7             | +21%            |
| Jämtland        | 23                   | 27   | +4             | +17%            |
| Västerbotten    | 41                   | 47   | +6             | +15%            |
| Dalarna         | 35                   | 39   | +4             | +11%            |
| Norrbottn       | 37                   | 39   | +2             | +5%             |

Note: The time of measurement is the end of December for each year.  
Source: SA Service AB and the EXPO dispensaries registry.

in the counties of Norrbotten, Dalarna, Västerbotten and Jämtland. In these counties, however, the number of pharmacies per inhabitant was initially among the highest in the country. The establishment of new pharmacies thus has a clear and natural link to pharmacy density in relation to the number of inhabitants.

The map shows pharmacy density by county as the number of pharmacies per 100,000 inhabitants and illustrates pharmacy density in 2020, with the counties with the highest pharmacy density being coloured blue/green while counties with the lowest pharmacy density are coloured red/light red.

It shows that Jämtland and the other Norrland counties as well as Kronoberg and Värmland are the counties that have the highest pharmacy density, while Stockholm, Västra Götaland and Södermanland have the lowest pharmacy density in relation to population. The circles indicate the number of pharmacies per county and the larger circles correspond to more pharmacies. Most pharmacies are of course located in the three metropolitan counties that also have the most inhabitants, but at the same time pharmacy density is lower in these counties. For Sweden as a whole, the density of pharmacies increased during 2009–2020 from just under 10 to just under 14 pharmacies per 100,000 inhabitants.

#### 9.4 Good distribution throughout the country

In order to get a further picture of the distribution of pharmacies across the country, we have used the new municipal grouping that Sweden's Municipalities and Regions have defined and then analysed the conditions that prevailed in 2020.

The table shows that most pharmacies, or just under 40 per cent, are located in larger towns and muni-

icipalities near larger towns, followed by big cities and metropolitan municipalities (34 per cent) and smaller towns/urban centres and rural municipalities (28 per cent). So there is a good distribution of pharmacies



across the country and various municipal groups. Up to and including 2018, the number of pharmacies in sparsely populated areas remained unchanged since re-regulation, while in all other types of municipalities considerably more pharmacies had been added. Due to the new municipal grouping, we cannot report the corresponding numbers for 2020.

#### 9.5 Pharmacies in sparsely populated areas

In some parts of the country, it is difficult to run profitable pharmacy operations. Therefore, special support is available for pharmacies in sparsely populated areas under certain conditions to reduce their risk in case of a decline in the population base.

Provided that the state's regulated margin on prescription medicines does not continue to be eroded, there is no direct cause for concern that pharmacy

#### Number and proportion of community pharmacies by municipal group and main group 2020

| Main group  | Municipal group  | Number | Number per main group | Percent |
|---|--|--------|-----------------------|---------|
| A. Major cities and municipalities near major cities    | A1. Major cities   | 251    | 482                   | 33.6%   |
|   | A2. Commuter municipality near major city                | 231    |                       |         |
| B. Large towns and municipalities near large town       | B3. Large town   | 355    | 551                   | 38.5%   |
|   | B4. Commuter municipality near large town                | 107    |                       |         |
|   | B5. Long commute municipality near large town            | 89     |                       |         |
| C. Smaller towns/urban centres and rural municipalities | C6. Smaller town/urban centre                            | 194    | 400                   | 27.9%   |
|   | C7. Commuter municipality near smaller town/urban centre | 86     |                       |         |
|   | C8. Rural municipality                                   | 87     |                       |         |
|   | C9. Rural municipality with tourism                      | 33     |                       |         |
| Total   |  | 1,433  | 1,433                 | 100%    |

Note: The municipal group classification is based on the Swedish Association of Local Authorities and Regions (SALAR) definition from 2017. Source: SA Service AB, SCB and the dispensaries registry EXPO.

operations in sparsely populated areas are by definition unprofitable or more at threat than before, see below. Often many of these pharmacies are in an area where they have a position of local monopoly and a sufficient customer base. The profitability problems that the pharmacies have experienced since 2010 are mainly related to setting up shop in metropolitan areas, where competition between players is fierce. A development that plays a major role with regard to availability in sparsely populated areas and for rural inhabitants is the establishment of online pharmacies. According to an analysis by TLV, smaller locations have a higher proportion of e-commerce and a lower pharmacy density means higher e-commerce. E-commerce can therefore be seen as a complement to community pharmacies in sparsely populated areas.

### 9.6 Swedish pharmacy density from a European perspective

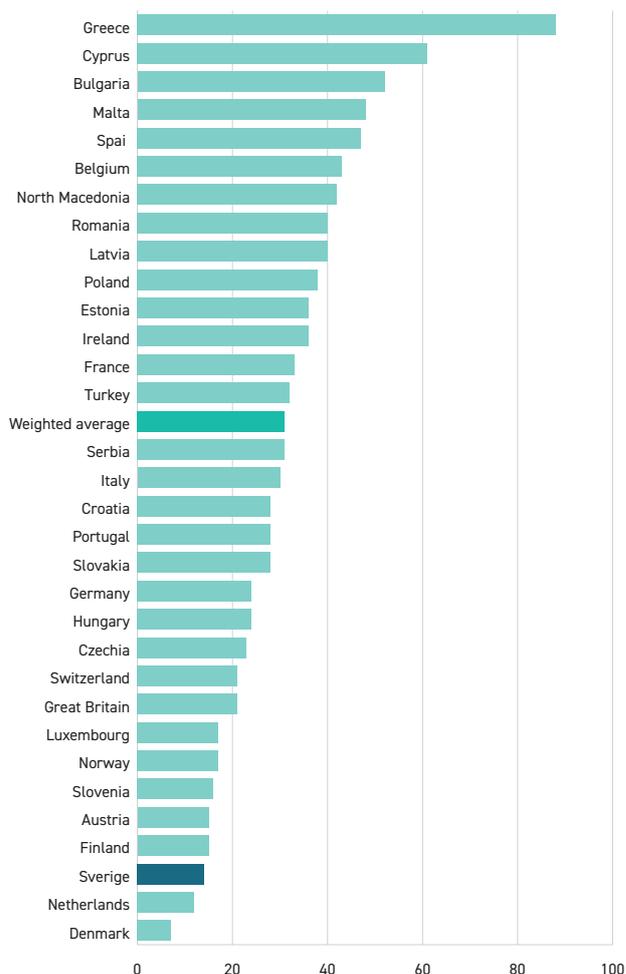
Until 2009, Sweden was the country with the lowest pharmacy density in Europe after Denmark, with just under 10 pharmacies per 100,000 inhabitants.

Pharmacy density increased after re-regulation, and by the end of 2020 there were 14 pharmacies per 100,000 inhabitants.

However, from a European perspective, pharmacy density in Sweden is still low. The latest available statistics on the number of inhabitants per pharmacy in most European countries are for 2017.

Statistics show that Sweden is still one of the three countries with the lowest pharmacy density after Denmark and the Netherlands (see diagram below). On average, the density of pharmacies is 31 pharmacies per 100,000 inhabitants among EU countries. So Swedes have about 45 percent of pharmacies European countries have on average, in relation to population. A contributing reason is that the Swedish population has increased relatively sharply in recent years. The setting up of new pharmacies in Sweden in recent years is completely offset by the increasing number of Swedes.

Pharmacy density, number of pharmacies per 100,000



Source: PGEU. Data mainly refer to 2017.

## 10. HOW WE DEVELOP PHARMACY SERVICES

### Pharmacists are an important part of the care chain.

High competency, generous opening hours and accessibility as well as high level of trust by customers.

**70 %** of the population also believe that care-related services should be located in proximity to or at pharmacies.



Pharmacies already offer services over and above their main task. Developments in this area are based on the main task, but also on the basis that pharmacies and pharmacists form a part of the healthcare system in Sweden. Future pharmacy operations are also driven by the opportunities offered through the introduction of the National Medication List (Nationella läkemedelslistan), the development of healthcare with increased digitalisation and increased personalisation. Customers' changing requirements and demand for pharmacies obviously have a huge impact on how pharmacies develop. Pharmacies can also form a larger proportion of health and medical care than today by offering vaccination to Sweden's population.

### 10.1 Quality assurance of medication treatment

Pharmacies today already carry out checks on the prescriptions that are to be dispensed to ensure they comply with what the prescriber has intended and that treatment is reasonable for the patient. During 2020, a requirement was introduced for pharmacies to check prescriptions against all electronically saved prescriptions. This is part of the introduction of the National Medication List – NLL. When NLL has been introduced in full, all prescription information will be accessible to the pharmacist when dispensing, which further increases safety. Pharmacists will be able to use the information in NLL to make minor

corrections themselves, e.g., remove medicines from the list that are not being used, and make suggestions for more extensive changes to the patient's doctor. For the quality assurance the pharmacies can get help/support from the decision-support system EES, which during 2020 was used 16 for million customer visits, and towards the end of the year pharmacists used the decision-support facility for 40 percent of medical prescriptions filled.<sup>1</sup>

### 10.2 Access to medication treatment

Pharmacies' mandate to provide medicines can be developed in such a way that it covers an even larger share of the total medication treatment based on patients' needs. In addition to dispensing only the prescriptions that the patient has been prescribed, pharmacists can also customise how patients receive their medicines and what form or package is used to facilitate their treatment. Several pharmacies in the Swedish market offer dose-dispensed medicines to private individuals and there are subscription and reminder services available to make it easier to always ensure that they have the medicines needed at home. During the pandemic, e-commerce has resulted in many who had difficulties visiting pharmacies in person now being able to get their medicines delivered home. In addition to strong general growth, pharmacies selling online are seeing new customers – especially many older ones – who have discovered the benefits of buying online.

The pharmacies ensure that the prescriber's intention with the prescription results in actual medicines in the customer's hands. Often this is very easy – simply dispensing the same or a generic medicine approved by the authorities. But sometimes more effort is required, e.g., if the medicine is not available from the pharmaceutical company. Some patients also need a particular type of package or tablets with a break-line, which requires customisation. Sometimes a smaller pack might be better for patients who are unsure whether treatment will continue. Pharmacies can assume greater responsibility than today with regard to choosing suitable packaging, which would also be the result of the introduction of a so-called

<sup>1</sup>) <https://www.ehalsomyndigheten.se/nyheter/2021/rekordstor-anvandning-av-elektroniskt-expertstod-pa-apotek/>

generic prescription where the doctor only specifies the substance, pharmaceutical form and strength of the prescription and not a specific product. Greater opportunities would also mean that pharmacies be given even better opportunities for solving situations where the drug manufacturer cannot supply the prescribed packaging. Pharmacies could also assume greater responsibility for access to treatment beyond the prescription's validity period. Many patients today are at risk of their medication treatment being interrupted because the prescription's validity period has expired. Pharmacists could in some cases extend – or re-prescribe – prescriptions for e.g., birth control pills, blood pressure medicines, diabetes medicines and others where the patient has had stable treatment. This was already introduced in 2019 in Denmark, and has become a sought-after service. In the long term, other groups of medicines could also be included where re-prescriptions can be issued after a simple follow-up (a blood pressure check, an evaluation of a patient's medical records, etc.).

### 10.3 Pharmaceutical services

There are many things that pharmacists do to improve medication treatment for their patients and more may be added. Clearly, advice can be provided at a different time than when a customer picks up a prescription and it may even be that such advice should be offered at a different time, as the patient may be more receptive to the information. This is the basis for the development of pharmaceutical services.

In many countries, there are pharmaceutical services that are reimbursed in addition to the dispensing of medicines. These may be, e.g., services offered to patients who are getting a new drug and then are given extra support or training in how to use an inhaler. In Sweden, trials with pharmaceutical services have been carried out for a long time, but no additional reimbursement has been on the table. Now TLV has been given the task of running a pilot scheme to review how pharmacies can be reimbursed for the benefit these services provide. This is to be conducted in a "policy lab" which means that services and reimbursement methods can be tested and evaluated continuously by means of close cooperation between pharmacies, authorities and other stakeholders

### 10.4 Integrated self-care

Pharmacies' self-care traditionally includes advisory services and sales of products against ailments that are considered to be possible for patients to diagnose and treat themselves, e.g., colds, headaches and pollen allergy. An important task for pharmacies is to determine when self-care is not appropriate and when to refer customers to healthcare facilities. At the same time, it is not always clear-cut and there is reason to find out more as to whether self-care as a concept should be expanded.

During 2020, the Swedish Medical Products Agency published a report regarding which skills would be required when providing self-care advice<sup>2</sup>. Apart from licensed pharmacists, the Swedish Medical Products Agency has determined that pharmacy technicians who have graduated from a vocational university are also authorised to provide advice on self-care. The Swedish Pharmacy Association, together with the union and vocational universities, has drawn up the syllabus that is used to ensure the correct competencies.

In cooperation with caregivers, several pharmacies in the Swedish market are developing a softer transition between self-care and medical care in the pharmacy's premises or together with digital caregivers. What can be offered in close relation to self-care at pharmacies is also being developed, e.g., by offering vaccination, the analysis of birthmarks and special health checks. In order for this cooperation between pharmacies and caregivers to always be conducted in a way that benefits the patient, the Swedish Pharmacists Association has drawn up an ethical framework for such cooperation.<sup>3</sup>

What pharmacies do could to a greater extent be integrated into the entire healthcare system in Sweden. In Great Britain it is possible to book visits at pharmacies for consultation about simpler ailments rather than visiting the doctor's surgery – some of these ailments are already included in self-care at Swedish pharmacies today. The visit is reimbursed through the healthcare system, and the patient is directed to the right level of care from the beginning.

Some ailments could today be managed through self-care if non-prescription medicines were available in those areas. With regard to e.g., impotency problems, the doctor does not normally provide any input when the patient is diagnosed. On the other hand,

2) <https://www.lakemedelsverket.se/49ef20/globalassets/dokument/regeringsuppdrag/rapport-kartlaggning-av-utbildningar-och-kompetenskrav-for-egenvardsradgivning-pa-apotek-1.pdf>  
3) <http://www.sverigesapoteksforening.se/wp-content/uploads/2021/02/201217-Etiskt-ramverk-för-samarbete-mellan-apotek-och-vård-.pdf>

those medicines that are available should not be used by certain risk groups and are thus prescription medicines. By introducing a new category of medicines – a "pharmacist only" selection – pharmacists could manage these risks at pharmacies. By using standardised forms that must be completed at the pharmacy, sales can be limited to those who do not belong to risk groups, which would increase availability. This possibility exists in Norway, for instance, where Viagra began to be sold in 2020 without prescription after the pharmacist has ensured that the patient does not belong to a risk group.

### 10.5 Vaccinations at pharmacies

Currently, vaccination is not a pharmaceutical task in Sweden. In many other countries, however, it is common for pharmacies to vaccinate. A compilation by the International Pharmaceutical Federation (FIP) shows that vaccination is administered by pharmacy staff in at least 26 countries. In another 10 countries, including Sweden, patients can be vaccinated at pharmacies but then by other health and medical care staff. Of the 26 countries where pharmacists vaccinate, there are also 10 countries where phar-

macists prescribe vaccines independently to patients, e.g., in Norway. In connection with the mass vaccination against Covid 19, there are also several countries where pharmacies help with vaccination.

In Sweden, vaccinations can today be done at pharmacies only in cooperation with caregivers. With some slight adjustments to regulations, pharmacists at Swedish pharmacies could both prescribe and administer vaccines. Pharmacists need short supplementary training that includes both theory and practice. An important part is being able to manage side-effects and allergic reactions. Vaccinations at pharmacies must be noted in medical records and reported to the vaccination registry. The medical record systems available on the market can easily be adapted to this. The great advantage of vaccinating at pharmacies is the good accessibility. Together with Sweden's pharmacists, the Swedish Pharmacists Association is working to make vaccinations at pharmacies a reality as soon as possible. We see that vaccination of risk groups against the flu and Covid 19 will be an important part for public health in the future.





## 11. PHARMACEUTICALS AND THE ENVIRONMENT

**1 400**

tons of leftover pharmaceuticals were collected by pharmacies in 2020

### 11.1 Environmental risk related to manufacturing

Customers increasingly ask questions about where their medicine is manufactured and its environmental impact. Often pharmacies cannot answer this because this is information that the pharmaceutical industry does not voluntarily disclose. This has contributed to pharmacies working increasingly actively with environmental and sustainability issues, both within the companies and jointly with the trade association.

Medicines contain biologically active substances that may present risks to nature. Exactly how medicines affect the environment is unknown to scientists today. The main risk associated with the dispersion of pharmaceutical substances in the environment is related to their manufacture. Developing countries account for a large share of the production of medicines. Today, environmental considerations are lacking in the international standard for pharmaceutical production. There is also limited knowledge

and transparency about production conditions and emissions related to the manufacture of medicines. This is unsatisfactory, according to the pharmacy sector. Just like the Swedish Medical Products Agency and the OECD, pharmacies are of the opinion that environmental criteria should be included in regulations on good manufacturing practice (GMP). For a long time, the Pharmacy Association has urged that environmental impact should be one of the criteria for TLV when choosing which medicine should be the generic product of the month at pharmacies. In the budget bill for 2021, the government is finally proposing to introduce an environmental bonus in the benefits system for medicines on a trial basis. Today, the authority only takes into account the lowest price when the product of the month is chosen.

### 11.2 Medicinal residues in Swedish nature

In Sweden, the by far largest discharge of medicinal residues occurs in connection with usage. There are several different types of active substances that we know are especially difficult for nature to break down, such as antibiotics and sex hormones. But even the non-prescription substance diclofenac is difficult to break down both by the body and in sewage treatment facilities. The substance therefore gets into

the environment to a great extent and affects living organisms such as fish. Many regions have removed diclofenac from their recommendation lists of prescription medicines, partly because of its environmentally damaging properties. Since 2018, there is an industry agreement that all Swedish pharmacies are to inform customers that diclofenac has a negative effect on the environment and should be used with caution. During 2020, diclofenac in tablet form was made a prescription drug, while gel is still sold without prescription in both pharmacies and other shops.

### 11.3 More starter packs

In order to reduce the amount of leftover medicines, the Swedish Pharmacists Association recommends that the pharmaceutical industry makes available starter packs and that prescribers prescribe smaller packs more frequently. Today, huge quantities of medicines are discarded because physicians have prescribed large packs which then have not been used, e.g., because the medicine was not suitable or the dose was changed. This can pose an environmental risk, but also increases the risk of incorrect medicine use in general. Many pharmaceutical companies do not provide starter packs and then neither the prescriber nor the pharmacy has any influence on pharmacy customers getting a greater quantity of medicine than what is needed for treatment.

### 11.4 Returning unused medicine

Unused medicines must be disposed of properly and incinerated at specially approved facilities. In order for this treatment to take place as safely as possible, the public is asked to hand in their unused medicines to pharmacies. By law, all Swedish community pharmacies must accept leftover medicine. In total, all of the pharmacies in Sweden collected over 1,400 tonnes of leftover medicines in 2020.

Pharmacies spend both time and money on accepting unused medicines. Pharmacies are not fully reimbursed for this work. On the contrary, the costs for pharmacies for accepting unused medicines increase every year and are now more than 20 million SEK. Furthermore, quite a number of incidents linked to the return of medication also take place. Often, needles and other hazardous waste is returned to pharmacies even though they are supposed to be returned to the municipalities' recycling centres. Municipalities do not always live up to their responsibilities in practice,

but instead most municipalities refer to pharmacies being responsible for collection. Pharmacies want municipalities' responsibility to be clarified.



### 11.5 Vålvald (Well-chosen) - pharmacies' guide for increased transparency

During 2020, the pharmacy sector co-operated intensely as part of the Swedish Pharmacists Association to launch a joint consumer guide featuring the pharmaceutical companies that are more transparent in their sustainability work. The fact that pharmaceutical companies do not want to disclose detailed information about manufacturing makes environmental and sustainability labelling of medicines impossible today. But some companies still make a greater effort than others concerning sustainability and more transparency and pharmacies want to reward this.

The guide Vålvald does not guarantee that a specific medicine is produced more sustainably than another, since pharmaceutical companies do not disclose such information. However, Vålvald guides consumers to those companies that meet the requirements for being covered by an externally audited sustainability report and are a member in the organisation The Pharmaceutical Supply Chain Initiative (PSCI) which works for transparency and sustainability issues in the pharmaceutical industry. Companies selling products with diclofenac will not be included in Vålvald adjacent to these products. From the start, eleven pharmaceutical companies meet the criteria.

Pharmacies' goal is to over time further develop the criteria for Vålvald so that Vålvald can become a sustainability guide which can truly provide guidance to the individual products that are produced more sustainably. By leveraging the power of consumers, we want to show that transparency and sustainability issues are competitive advantages for the pharmaceutical companies. Our goal is sustainable pharmaceutical production.

## 12. ABOUT THE SWEDISH PHARMACY ASSOCIATION

The Swedish Pharmacists Association represents the companies that conduct pharmacy operations. Through our members, we represent basically all community pharmacies in Sweden. The association shall ensure that, through its diversity, development and role, the pharmacy sector continues to generate social benefits and remains an important and contributing part of the care chain.

Our mission is to strive for stable and predictable conditions for pharmacies, where the most is made of the pharmacy sector's benefits to customers and the community. The association is an industry organisation, not an employers' organisation.

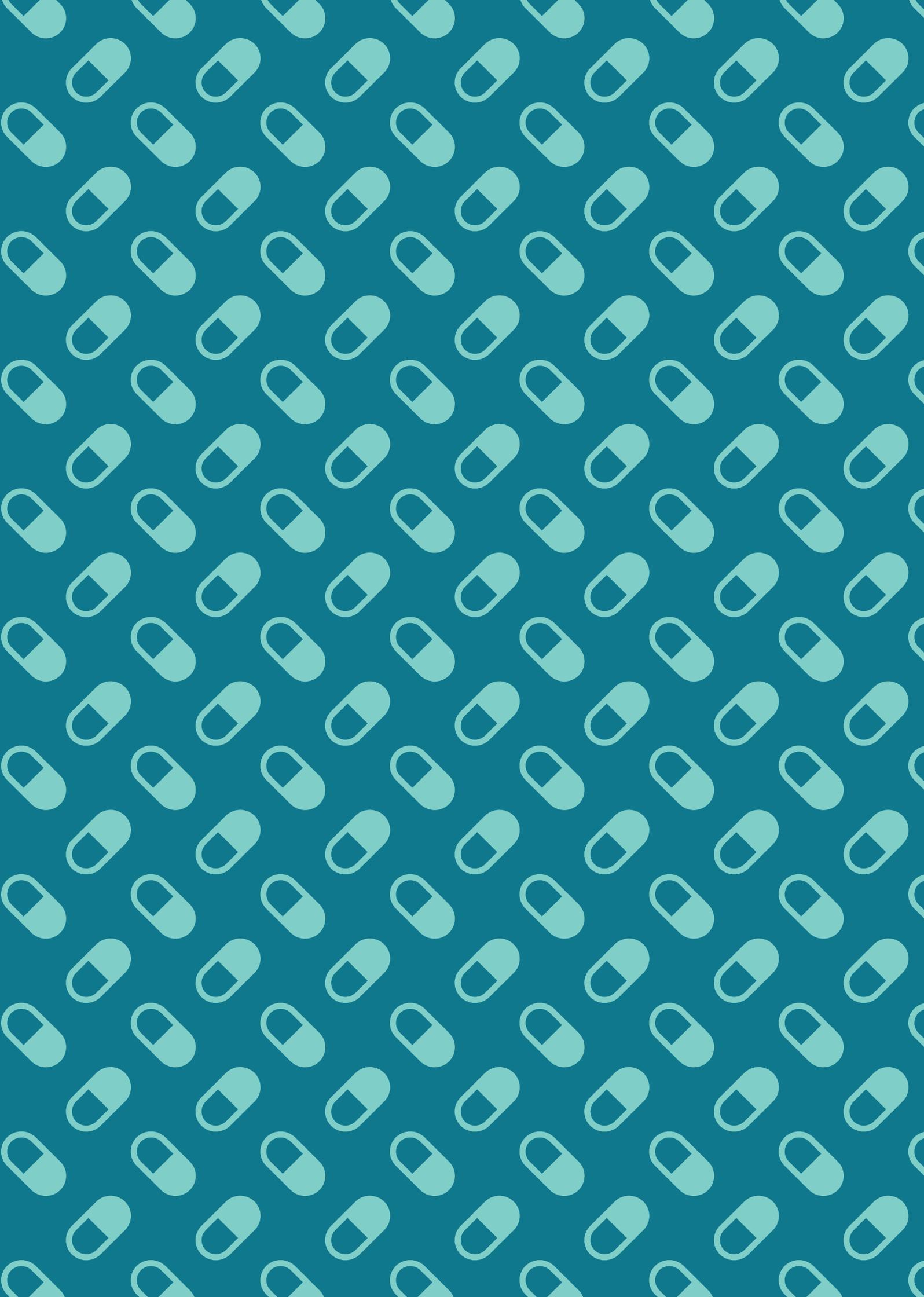
The Swedish Pharmacists Association also has a wholly-owned service company, SA Service AB, which works on behalf of its customers. The service company works, among other things, with legal and other advice in the pharmacy field, company-oriented projects and certain advertising and marketing issues the industry has in common. SA Service also provides sales statistics as well as up-to-date information and external monitoring of the pharmacy market and prepares material regarding the pharmacy sector. At the end of 2020, the Swedish Pharmacy Association had 10 members who together operated close to 100 percent of the country's 1,433 commu-

nity pharmacies and 9 distance-selling or internet pharmacies as well as 34 hospital pharmacies. One of the members of the association is the Swedish Independent Pharmacy Operators' Association (Sveriges Oberoende Apoteksaktörers Förening, SOAF), which organises some 40 independent pharmacy entrepreneurs. This means that we represent almost all pharmacies in Sweden – from the country's largest chains to small individually run pharmacies.

As an industry association, it is important to participate in the debate and show pharmacies' benefits and potential for society. One of our most important tasks, therefore, is to be the sector's voice in the outside world and help to increase knowledge of the sector and its issues.

The Swedish Pharmacists Association is a natural consultation body. We represent the industry vis-à-vis politicians and decision makers, authorities and the Swedish Government Offices as well as other trade associations. Particularly important issues in the sector's relations with the surrounding world are promoting high quality, good patient safety, good economic conditions,

high-quality pharmaceutical training programmes and a high level of competency within the sector.



SA SERVICE AB/SVERIGES APOTEKSFÖRENING  
REGERINGSGATAN 60, 111 56 STOCKHOLM  
INFO@SVERIGESAPOTEKSFORENING.SE | 070-239 16 06

**Sveriges  
Apoteksforening**

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[WWW.SVERIGESAPOTEKSFORENING.SE](http://WWW.SVERIGESAPOTEKSFORENING.SE)  
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