

## FEELING THE SQUEEZE: GIRP POSITION ON IMPACT OF INFLATIONARY PRESSURES ON THE FULL-SERVICE HEALTHCARE DISTRIBUTION SECTOR

### Key message

With fuel and electricity prices in Europe rising rapidly, full-service healthcare distributors (often also referred to as pharmaceutical full-line wholesalers) are confronted with additional pressures and financial burden at a time when they are still having to cope with the impacts of COVID-19 on the supply chain and their workforces.

Full-service healthcare distributors occupy a central and unique position in the supply chain. Nearly three-quarters of all medicinal products used to treat all illnesses and conditions in Europe are distributed through full-service healthcare distributors. The majority of European countries have government regulated distributor margins, so full-service healthcare distributors have little possibility to control their remuneration.

Operating in this regulated sector, full-service healthcare distributors cannot influence the demand of medicinal products or their prices as demand is steered by prescribing doctors. What's more, full-service healthcare distributors cannot adapt the selling prices of medicinal products to increasing energy costs prices, as prices are regulated by the national authorities. This is in stark contrast to other sectors of businesses, who can pass on price increases to their customers.

As a result, the sustained increase in energy prices is having an immediate and significant impact on the full-service healthcare distribution sector, resulting in higher fuel costs for drivers/transportation and in turn, posing an imminent and growing threat to the distribution of medical and non-medical products to pharmacies, hospitals, and other healthcare professionals.

### Recommendations

- ▶ GIRP calls on the EU institutions and policymakers to recognize the impact of full-service healthcare distributors as a vital link in the safe and efficient delivery of medicines and devices, and in doing so work with EU Member States to explore near-term workable solutions such as subsidies on energy and fuel costs and changes to pricing and reimbursement to compensate wholesalers for their rising costs. Should action not be taken, full-service healthcare distributors may be forced to reduce the number of deliveries, resulting in slower delivery times and thus, threatening patient access to medicines across the EU.
- ▶ GIRP calls on the EU institutions to encourage and work with EU Member States to promote measures, such as the review of current pricing and reimbursement mechanisms, and application of a sustainable remuneration for the sector, to support the financial viability of the full-service healthcare distribution sector which is a key factor for a healthcare system's overall resilience.
- ▶ GIRP calls on EU institutions to ensure that all new legislative and regulatory measures are subject to economic impact assessment reviews prior to their implementation. While the remuneration for full-service healthcare distributors is regulated at national level, EU institutions and policymakers should ensure the cost of compliance is made transparent to be properly covered by the different national remuneration systems for healthcare distributors.
- ▶ GIRP calls on EU institutions and member states to review current regulations and supporting guidance to industry, to identify efficiencies that could be safely made while retaining high standards of care and service. Measures such as the widespread adoption of more environmentally sustainable use of electronic invoicing for pharmacies, instead of paper invoicing, could save healthcare distributors hundreds of thousands of Euros a year.

GIRP, the European Healthcare Distribution Association, is the umbrella organisation for pharmaceutical full-service healthcare distributors in Europe. It represents the national associations of over 750 full-service

healthcare distributors serving 33 European countries, as well as major international and pan-European healthcare distribution companies.

### **Context/Background**

Energy prices have been rising for years and are becoming an ever-increasing expense factor for all companies along the entire supply chain. The energy-intensive trade sectors, such as logistics of temperature sensitive products like medicinal products, but also transporters, are reaching their limits. Furthermore, trade cannot make use of any options such as the special equalization regulation, although the companies are also in national and international competition. The economy depends on cross-sector support here. Stabilization of the expensive CO2 price at a high level will slow down innovation opportunities in the future if there are no reliefs to a comparable extent at the same time.

Union-wide uniform pricing and calculation methods for the CO2 price would at least reduce competitive pressure and remove bureaucratic hurdles. The focus here should be on EU emissions trading. The proposed construction of parallel structures through a new trading system for traffic and buildings is not taken into account. Even the complicated Carbon Leakage Regulation does not lead to a balance between climate protection and affordability. The amendment of the EU energy subsidies and the EU energy taxation directive will exacerbate the situation again. The primary goal must be that the energy policy triangle is balanced again and that European companies remain internationally competitive in the future.

### **GIRP**

European Healthcare Distribution Association  
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