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Wholesalers highlight billions of Euros held in stock as profit squeeze continues
by Nick Smith

TALLINN, June 8 (APM) - International wholesalers have highlighted their huge investment in stock, arguing that at any given time they are "pre-financing" Europe's health systems to the tune of billions of euros.

According to a study funded by Europe's association of full-line wholesalers, GIRP, wholesalers have 11.5 billion euros of investment in stock to "guarantee the continuous availability of medicines" in Germany, Spain, France, Italy, the Netherlands and the UK alone.

According to research released on Monday, wholesalers "pre-finance the entire medicines market in these six countries for 46 days" and GIRP argues no other system offers this advantage to European health care systems.

At the same time wholesalers continue to complain about margins being squeezed both directly by payers and indirectly as the cost of medicines - and therefore the value of the percentage taken by the wholesaler - continues to fall.

The findings came from part of a package of data GIRP hopes will lead to changes in European law which will enshrine their role in member state health systems.

GIRP continues to lobby for changes in European law which will impose a "public service obligation" (PSO) on full-line wholesalers to carry out their role. A secondary effect of this would be an obligation on other supply chain players to aid wholesalers in meeting this role.

This would include pharma companies which will have to supply wholesalers with drugs and would no longer be permitted to rely on direct-to-pharmacy models alone which cut out the middle man.

So far GIRP's members have succeeding in getting a PSO into law in Italy, Spain, Greece, France, Germany and Belgium.

Speaking to APM on Tuesday, GIRP director general Monika Derecque-Pois, said she could not predict which countries would be next to introduce a PSO. However, the tranche of countries which joined the EU in 2004 were promising prospects, she said.

These were; Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

A second consideration is that along with the PSO, wholesalers in some countries have hammered out new deals with payers for their services, including Europe's biggest market, Germany.

On this, Derecque-Pois said the margins in Germany remain "very tight". However, drug delivery services alone were now a 'viable' business in Germany, in the absence of wholesalers providing additional services, something GIRP argues is not the case in many markets.

DISINCENTIVE TO PHARMA

Speaking to APM on Tuesday of the events, GIRP president Rene Jenny said he also believed the huge sums of money tied up in stock would be a disincentive, even to big pharma, to implement their own delivery systems.

GIRP also highlighted figures within the survey showing much higher pharmacist approval rates for full-line wholesaler delivery services rather than those provided by pharma companies.

While over 96% of pharmacists declared themselves 'satisfied' with delivery time of full-line wholesalers, this dropped to below 50% for direct sales models, according to the data.

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