

Facts and Figures
Swiss pharmacies 2016

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Dear reader



In this brochure you will find everything you need to know about Swiss pharmacies. We show that Swiss pharmacies are essential in primary care. And how low costs are compared to other players in healthcare. Or – and that pleases me most – how popular they are! Thereby, we let facts and figures speak for themselves. Political and administrative authorities have given the green light with the recent revision of the Medical Professions Act (MedBG) and the Therapeutic Products Act (HMG): the expertise of pharmacists will be put to even better use in future. Everybody will benefit from this extended competence, pharmacy teams, physicians, hospitals, nursing homes – and, above all, you dear reader. Because people and their health come first for us.

I wish you informative reading.

A handwritten signature in blue ink, appearing to read 'Fabian Vaucher', written in a cursive style.

Fabian Vaucher
Managing President pharmaSuisse

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Fact 1 | Pharmacies are the initial contact for health problems.

It does not matter when, how and where you encounter a health problem in Switzerland – the nearest pharmacy is not far. 5,292 pharmacists work in 1,774 pharmacies for the well-being of customers and patients. Thanks to their 5-year university course of studies, subsequent advanced training as well as life-long education they are not only the specialists for medicines but also qualified health experts and thus an indispensable part of primary care. Hitherto neither their expertise nor the pharmacies' infrastructure have been optimally exploited. This is going to change now: the population's increasing demand for easily accessible health services as well as dwindling resources in the light of a growing shortage of general practitioners require a new distribution of roles in primary care. The Federal Parliament has therefore decided to make better use of pharmacists' expertise in future.

Out of 1,000 people 750 encounter a health problem within three months. 250 people thereof decide to see a physician directly. 500 could solve their problems at the pharmacy thanks to easy access and competent consultation: pharmacists assume initial consultation and triage. They provide a solution themselves or advise their customers to see a physician or go to an emergency ward. Because a lot of people prefer going to a pharmacy rather than seeing a physician, pharmacies make a key contribution to public health. This applies to the chronically ill as well as to acutely sick people. It also helps keep all healthy people fit – by means of prevention services such as e.g. vaccination or other prevention consultations. Additionally, pharmacies contribute substantially to saving costs at the expense of health insurance premiums.

The role of pharmacists

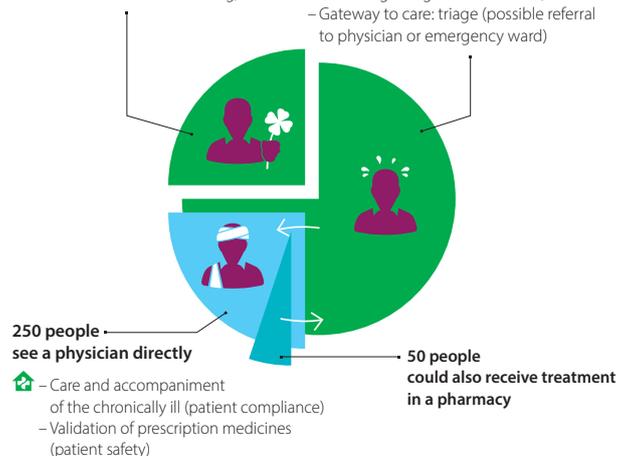
illustrated by a sample of 1,000 people

250 people are healthy

- Initial contact to stay healthy (selfcare)
- Prevention and health promotion (e.g. vaccination, colorectal cancer screening)

750 people have a health problem within three months

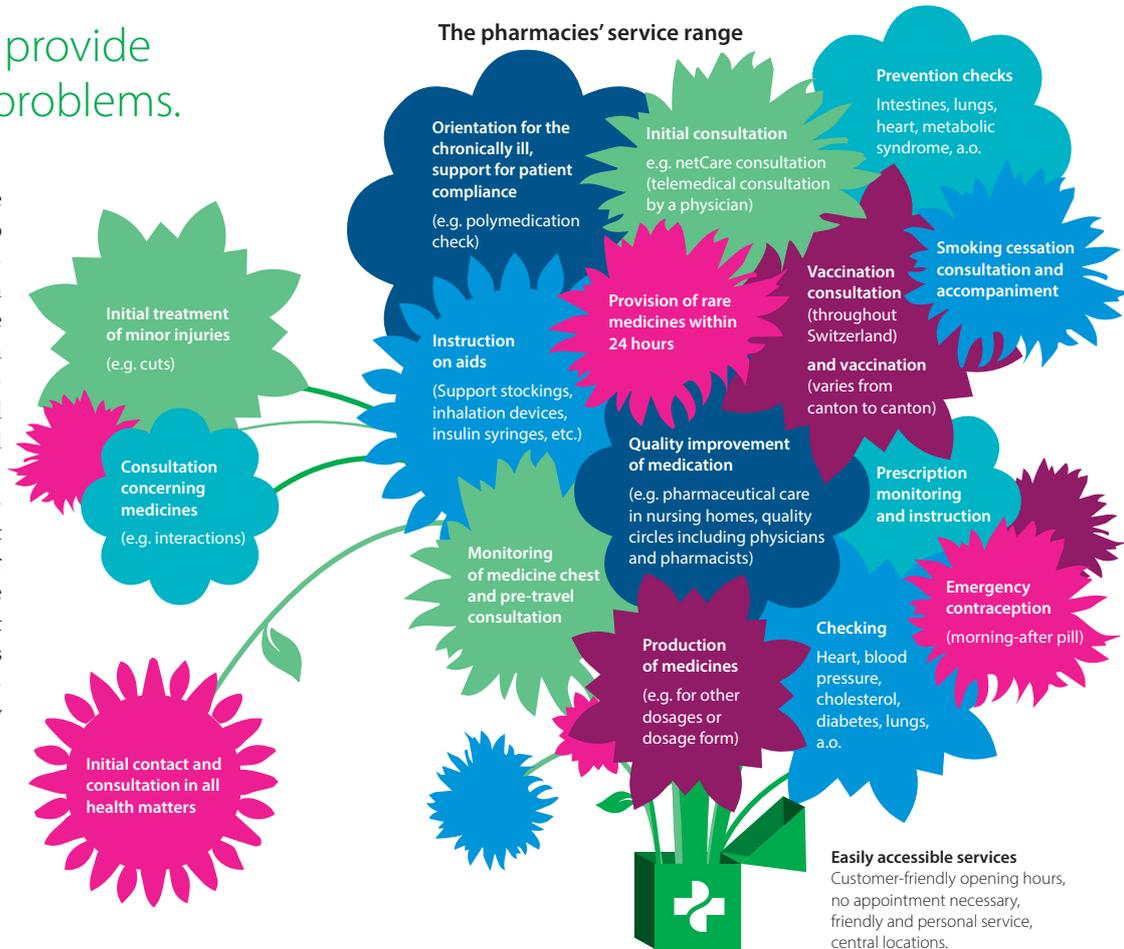
- Initial contact in order to get well
- Consultation and treatment in the event of minor ailments and health problems (non-prescription medicines and also prescription medicines according to algorithm in future)
- Gateway to care: triage (possible referral to physician or emergency ward)



Source: White KL, Williams TF, Greenberg BG. The ecology of medical care. N Engl J Med. 1961;265:885-92.

Fact 2 | Pharmacists provide solutions for health problems.

In the pharmacy customers appreciate the fact that pharmacists are able to provide a comprehensive initial consultation for many health problems. In so-called triage pharmacists determine whether they can dispense medication themselves (symptom-oriented therapy) or a referral to a physician or a hospital is necessary. General practitioners and emergency wards should not be burdened with straight-forward cases. Furthermore, pharmacies assume important responsibilities in prevention due to their access to healthy people who do not see a physician. It is all the more important that the regulatory framework allows for the preservation of a good infrastructure and that services are fairly remunerated.



Fact 3 | Pharmacies receive more competences.

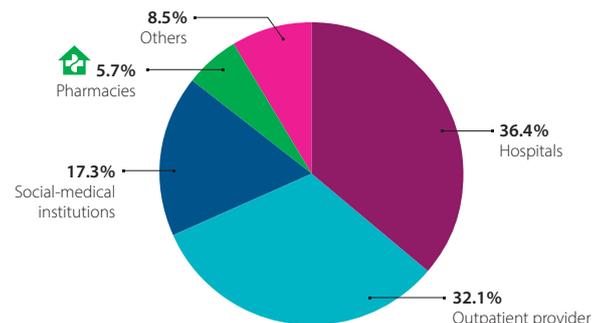
With the revision of the Medical Professions Act (MedBG) in spring 2015 the legislator laid the foundation for the new role to be assumed by pharmacists in primary care. The extended competences also entail new requirements. Pharmacists will already learn in their course of studies how to vaccinate as well as diagnose and treat common health problems and illnesses. In addition, advanced training shall be mandatory for independent professional practice – as for physicians. Consequently, the revised Therapeutic Products Act (HMG) grants pharmacists extended dispensation competences, among others for certain prescription medicines after a personal contact with the patient.

Protection for the whole population

With these innovations everybody wins: general practitioners and emergency wards are relieved of medically straightforward cases and can better focus on patients with severe problems. Thereby, unnecessary treatment costs and waiting times are minimised. In the event of acute illness pharmacists quickly provide the required initial treatment – even without an appointment. Preventive measures are also more easily accessible so that illnesses can be prevented or at least be diagnosed and treated in time.

Fact 4 | Only 5.7% of health costs are incurred by pharmacies.

Healthcare turnover by service providers



Hospitals	CHF 25,872.6 m	36.4%
Outpatient provider	CHF 22,879.9 m	32.1%
Social-medical institutions	CHF 12,313.3 m	17.3%
Pharmacies incl. cost of goods of 64.3% (see p. 26)	CHF 4,049.2 m	5.7%
Others:	CHF 6,051.9 m	8.5%
Insurers	CHF 2,822.8 m	4.0%
State	CHF 1,164.4 m	1.6%
Therapeutic devices	CHF 1,055.4 m	1.5%
Non-profit organisations	CHF 779.8 m	1.1%
Drugstores	CHF 229.6 m	0.3%
Total	CHF 71,166.9 m	

Source: Swiss Federal Statistical Office, healthcare costs according to service providers 2014

Fact 5 | Healthcare is an ever growing economic sector.

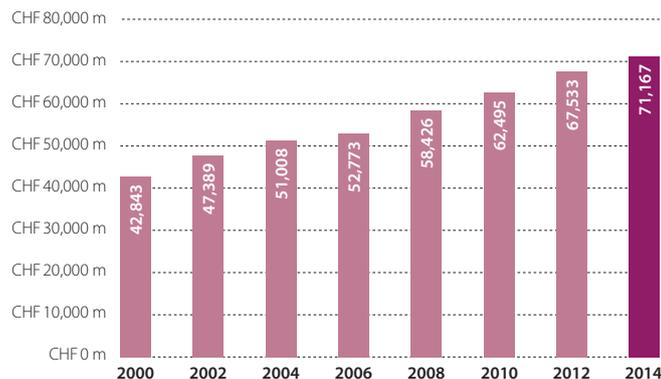
With a volume of 71 billion Swiss francs, healthcare is an important economic sector – and a still growing market.

Healthcare costs have increased from 42.8 to 71.2 billion Swiss francs since the year 2000.

Increasing demand for medical services

The healthcare sector will become even more important in future because due to a growing population and a shifting population structure – with more and more chronically ill – the demand for medical services will increase. Additionally, the rapid scientific and technological development continually provides new treatment options which incur increasing costs in healthcare.

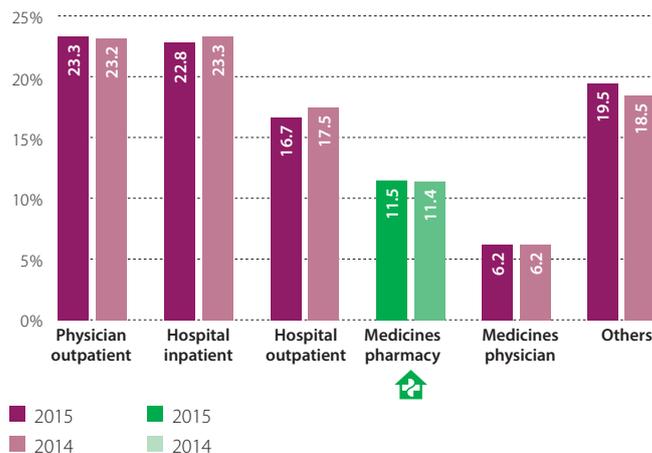
Total turnover in healthcare



Source: Swiss Federal Statistical Office, healthcare financing according to sources 2014

Fact 6 | Hospitals and physicians are the big cost factors and cost drivers.

Compulsory health insurance (CHI): gross benefits according to cost categories



Source: Federal Office of Public Health; Compulsory health insurance (CHI) 2015 (STAT KV 15) and 2014 (STAT KV 14)

	2015		2014			
Physician outpatient	CHF	7,006.8 m	23.3%	CHF	6,632.6 m	23.2%
Hospital inpatient	CHF	6,879.6 m	22.8%	CHF	6,662.0 m	23.3%
Hospital outpatient	CHF	5,043.2 m	16.7%	CHF	5,003.4 m	17.5%
Medicines pharmacy	CHF	3,461.4 m	11.5%	CHF	3,273.7 m	11.4%
there of LOA *	CHF	256.1 m		CHF	256.5 m	
Distribution share**	CHF	907.7 m		CHF	889.2 m	
Medicines physician	CHF	1,862.5 m	6.2%	CHF	1,761.7 m	6.2%
Others:	CHF	5,868.9 m	19.5%	CHF	5,305.6 m	18.5%
Nursing home	CHF	1,799.4 m	6.0%	CHF	1,796.4 m	6.3%
Laboratory	CHF	1,121.6 m	3.7%	CHF	912.9 m	3.2%
Physiotherapy	CHF	896.6 m	3.0%	CHF	787.1 m	2.7%
Home-care service (Spitex)	CHF	793.8 m	2.6%	CHF	736.4 m	2.6%
Aids and devices	CHF	612.1 m	2.0%	CHF	472.9 m	1.7%
Other services	CHF	645.4 m	2.1%	CHF	599.9 m	2.1%
Total		CHF 30,122.4 m			CHF 28,639.0 m	

* Service-based remuneration

** Source: IMS Health Switzerland, estimation by pharmaSuisse

Fact 7 | Physicians sell one quarter of all medicines in Switzerland.

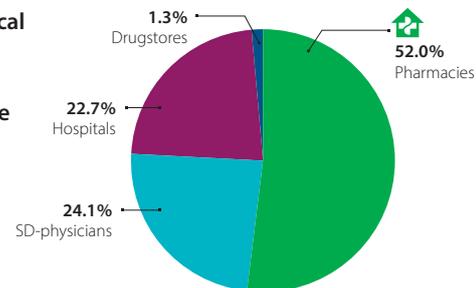
Public pharmacies are the main pillar of medication supply, but they are not the only dispensation channel for medicines. Additional sales channels are physicians in some cantons as well as hospitals, mail-order pharmacies and – for non-prescription medicines – drugstores.

Variably regulated from canton to canton

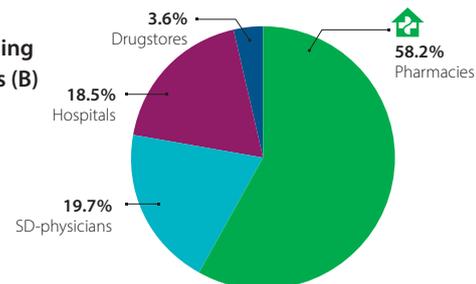
In Switzerland dispensation regulations for prescription medicines vary from canton to canton (see page 19). In some cantons these medicines may be dispensed exclusively by pharmacies (Rx). In other cantons physicians may have a private pharmacy (self-dispensation, short SD) and sell medicines. Some cantons allow limited self-dispensation (mixed form).

The use of syringes, for instance, in medical practices or during home visits by physicians is considered an emergency and is therefore permitted anywhere and any time.

Swiss pharmaceutical market: sales at ex-factory prices (EFP) according to service providers (A)



Swiss pharmaceutical market: number of packages according to service providers (B)



Service provider	At EFP (A)		Packages (B)	
Pharmacies	CHF 2,797.1 m	52.0%	CHF 122.8 m	58.2%
SD-physicians	CHF 1,295.1 m	24.1%	CHF 41.6 m	19.7%
Hospitals	CHF 1,221.9 m	22.7%	CHF 39.0 m	18.5%
Drugstores	CHF 68.5 m	1.3%	CHF 7.6 m	3.6%
Total 2015	CHF 5,382.6 m		CHF 211.0 m	

Source: Interpharma with data basis IMS Health Switzerland, 2016

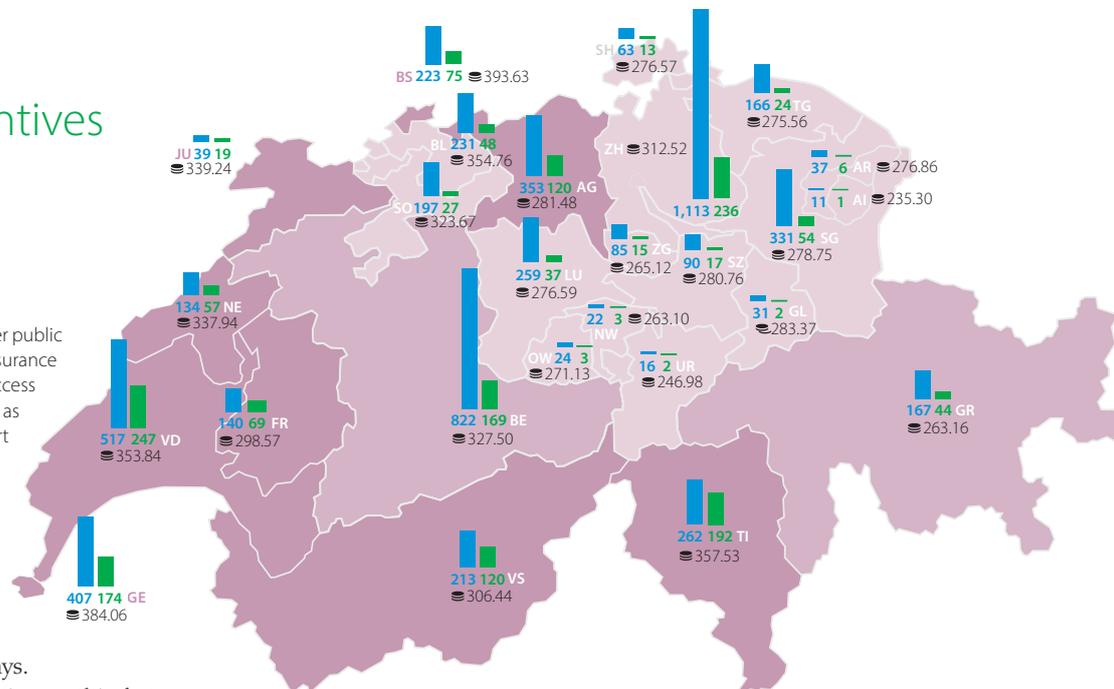
Fact 8 | Wrong incentives increase risk of supply problems.

The graph shows in which regions there are fewer public pharmacies. This not only means that quality assurance of medication by pharmacists is lost but also access to safe self-treatment with medicinal products as well as a number of useful services for the support of a healthy lifestyle.

Security of supply at risk

Moreover, the necessary infrastructure to deal with issues of security of supply is lacking – not least in off-peak times as well as Sundays and public holidays.

In light of a shortage of general practitioners this fact becomes all the more critical: should physicians assert their demand for extended self-dispensation, there would be serious consequences for primary care. There is a risk that security of supply is endangered. As on the one hand, self-dispensation is a threat to the pharmacy network, and on the other hand, many medical practises are unable to ensure succession due to a shortage of general practitioners. Therefore, both medical as well as pharmaceutical care is compromised.



Fact 9 | Switzerland's population pays one billion out of their own pocket.

Many health problems can be directly examined in pharmacies and treated with non-prescription medicines. In this way pharmacists ensure safe and effective self-medication: customers can cure straightforward illnesses with indicated medicines after a pharmaceutical consultation – without seeing a physician or going to a hospital emergency ward. Thus the number of consultations decreases and treatment costs for medical trivialities are reduced.

Consultations in pharmacies curb cost increase

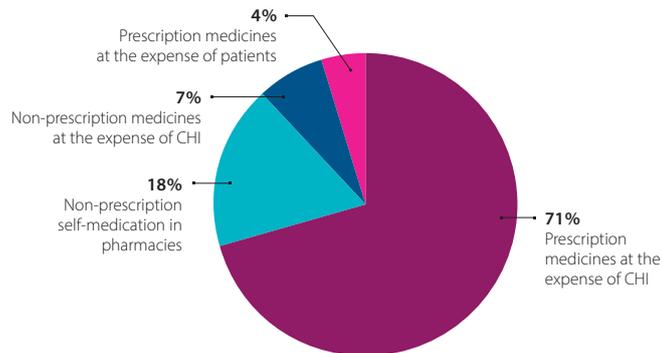
On the other hand, pharmacists identify patients who require medical treatment, which prevents unnecessary subsequent costs due to non-treatment. Here, too, pharmacists contribute to curbing cost increase in basic insurance.

The population's greater willingness to pay

On average people invested at least 732 million Swiss francs in self-paid medicines through the pharmacy channel in 2015. This share is obtained by subtracting the costs for prescription medicines at the expense of compulsory health insurance (CHI) (2,943 million) and self-paid medication (193 million, a.o. the pill, the morning-after pill, Viagra) as well as non-prescription

medicines at the expense of CHI (297 million) from the costs of medicines sold in pharmacies (4,165 million). To this should be added the premiums for possible voluntary supplementary insurance, which pays for medicines not covered by basic insurance.

Allocation of medication costs in pharmacies



Prescription medicines at the expense of CHI	CHF	2,943.4 m	71%
Non-prescription self-medication in pharmacies	CHF	731.9 m	18%
Non-prescription medicines at the expense of CHI (products prescribed by physicians, which can also be obtained in pharmacies without prescription)	CHF	297.3 m	7%
Prescription medicines at the expense of patients (a.o. the pill, the morning-after pill, Viagra)	CHF	192.7 m	4%
Total		CHF 4,165.3 m	

Source: Data basis IMS Health Switzerland, 2016, reference year = 2015

Fact 10 | Pharmacies have done their homework. When will the other players follow suit?

Since 2001, pharmacists have a proven tariff system at their disposal: service-based remuneration (LOA). LOA is to ensure that pharmacists can charge for their services for the dispensation of medicines which require prescription and are covered by mandatory health insurance largely independently of their price and quantity. Since the introduction of the tariff agreement LOA medication costs have been increasing significantly more slowly than all the other health costs.

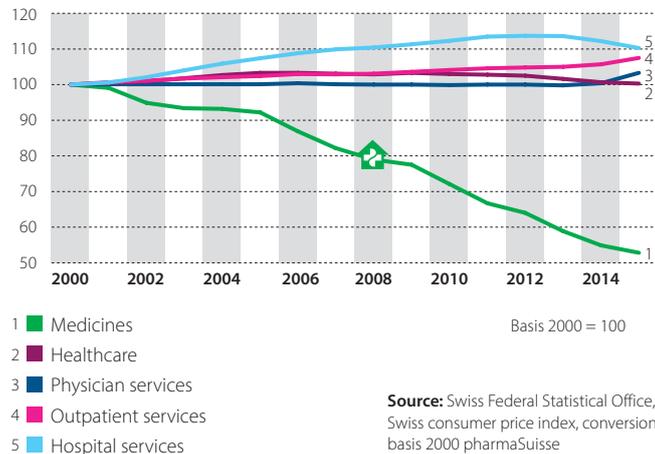
Earnings have been declining for years

Pharmacies' earnings per dispensed package have been declining for years due to various cost saving measures. This threatening development is exemplified by the price indices of various product groups in healthcare. The price indices represent the development of the average earnings on various product groups. The price index for medicines differs significantly from that of other areas of healthcare and is declining rapidly: it has fallen from 100 to 52.8 since the year 2000.

Economic challenge

Today, over 20% of pharmacies find themselves in an economically difficult situation due to reduced profitability. With the existing

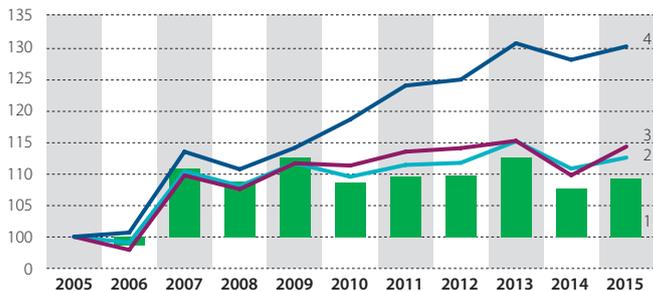
Price index medicines and healthcare services



price model these pharmacies cannot cope with further diminishing earnings. Revenue necessary to cover personnel, infrastructure and other operating costs has been continually decreasing due to mandated price reductions in past years. The price index for medicines has lost 47.2 index points between 2000 and 2015. This corresponds to a reduction of almost 50%. Despite partial compensation of losses through increased quantities it is becoming more and more difficult to cover rising personnel and operating costs in pharmacies. Moreover, pharmacies have to invest in infrastructure, advanced training and continuing education. If there are not sufficient funds to ensure this, the pharmacies' existence is at stake in the long-term.

Fact 11 | With the tariff agreement LOA* pharmacies save over one billion Swiss francs.

Cost development of “Medicines subject to LOA”



Indicators for dispensation of prescription medicines at the expense of compulsory health insurance (CHI) by pharmacies, basis 2005 = 100

- 1 ■ Earnings Federal Office of Public Health price system net
- 2 ■ Earnings from dispensation of medicines A, B of specialties list (SL)
- 3 ■ Invoiced amount
- 4 ■ Sales volume in packages

*LOA = service-based remuneration, tariff agreement between health insurers and pharmacies.

Source: Medicpool, calculations pharmaSuisse

The volume of prescription medicines at the expense of basic insurance continues to rise dramatically – as opposed to pharmacists’ earnings which run counter to this development. Particularly for the low- and extremely high-priced medicines expenditure surpasses revenue. Thus the gap between expenditure and revenue continues to grow and affects many pharmacies economically. Highest-possible safety for patients, fair remuneration and removal of financial disincentives: these are the objectives of the tariff agreement LOA.

Price-independent charging

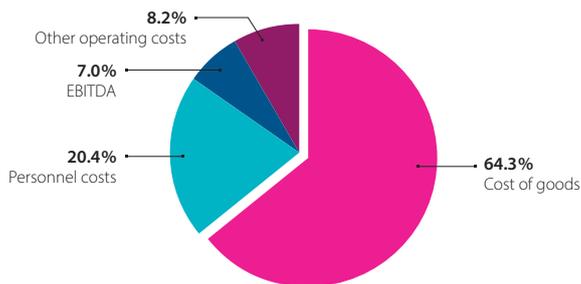
Since its introduction in 2001 LOA has been ensuring that pharmacists can charge for their services for the dispensation of medicines which require prescription and are covered by mandatory health insurance largely independently of their price. Thanks to this remuneration system pharmacies have saved more than a billion Swiss francs in favour of premium payers since 2001.

Due to increasing volumes and lagging development of earnings LOA must be further developed. While expenditure and sales volume in pharmacies continue to grow, pharmacists’ earnings cannot keep up with this development.

Fact 12 | Further price reductions can only be compensated with staff reduction.

In order to continue making their essential contribution to primary care pharmacies have to be able to successfully compete as SMEs in the economic environment. The special situation of pharmacies: for one part of their products, namely the medicines which are covered by health insurance, they are not free to set their own

Operating revenue allocation according to financial key figures



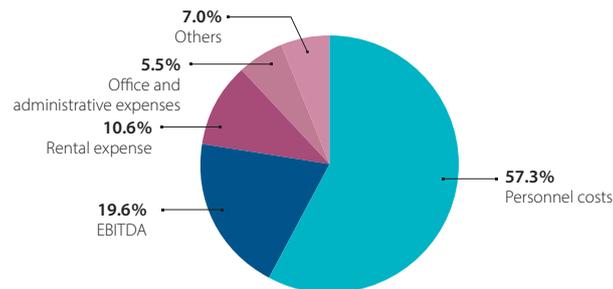
Cost of goods	CHF 1,812,885	64.3%
Personnel costs	CHF 575,667	20.4%
EBITDA	CHF 197,513	7.0%
Other operating costs	CHF 232,007	8.2%

prices. The officially mandated price reductions in light of increasing operating costs and salaries result in decreasing gross margins.

High personnel costs

The average gross margin was 35.7 percent of operating revenue in 2014 (see graph). Pharmacies spend 20.4 percent of operating revenue on personnel costs, additional 8.2 percent cover other operating costs (a.o. infrastructure and logistics costs) so that a

Operating revenue allocation minus cost of goods



Personnel costs	CHF 575,667	57.3%
EBITDA	CHF 197,513	19.6%
Rental expense	CHF 106,450	10.6%
Office and administrative expenses	CHF 55,727	5.5%
Others:	CHF 69,890	7.0%
Maintenance, repairs, replacements	CHF 37,191	3.7%
Marketing	CHF 29,626	2.9%
Other operating expenses	CHF 3,073	0.3%

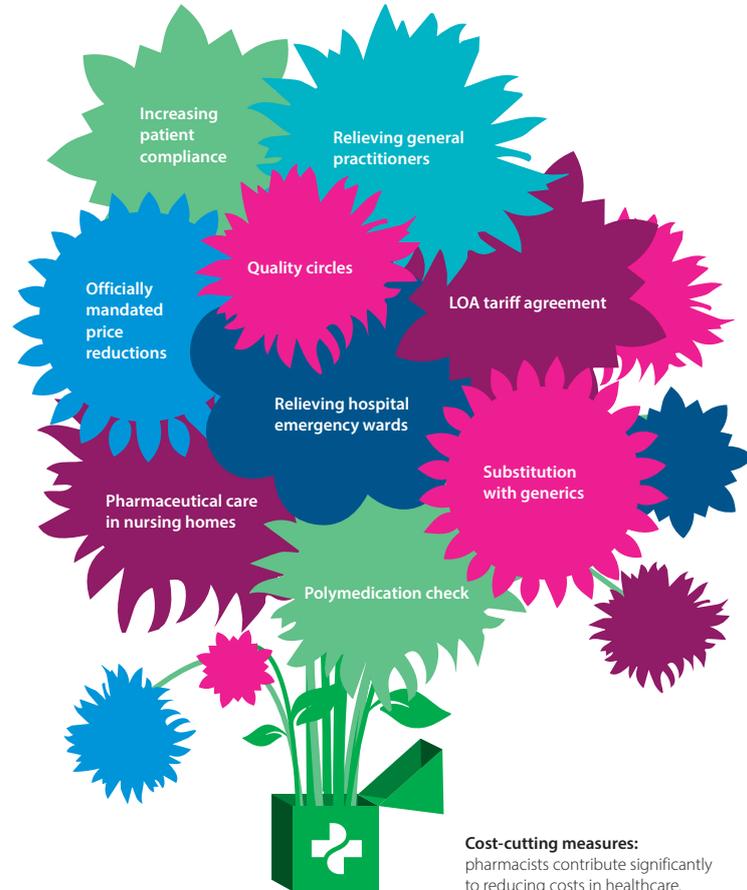
Source: Survey of rolling costs in pharmacies (RoKa) 2015 (fiscal year 2014)

middle-sized Swiss pharmacy achieved an operational profitability before taxes and depreciation (EBITDA) of 7.0 percent. However, depending on the size, location, orientation and environment of the pharmacy this can vary significantly.

20% of pharmacies endangered

Pharmacies have to reinvest a part of this sum, for instance in software, infrastructure and continuing education. Today, 20 percent of pharmacies find themselves in an economically difficult situation due to low profitability. These pharmacies cannot cope with further price reductions.

Range of cost reductions by pharmacists



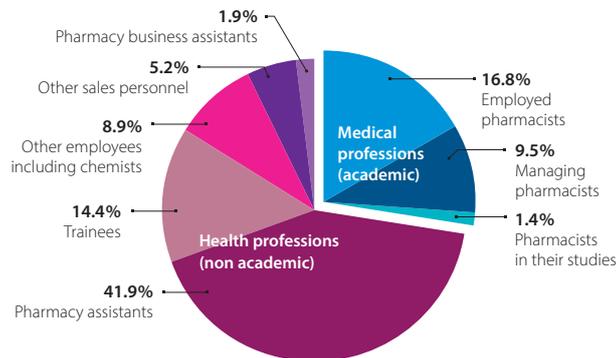
Fact 13 | In Switzerland 20,145 people earn their salary in pharmacies.

With their highly qualified health personnel pharmacies are not only an essential pillar of primary care but also enterprises and as such an important part of Swiss industry. They employ 20,145 people in total, including pharmacists as medical personnel, and as training institutions help approximately 1,000 trainees start their careers.

Popular part-time jobs

Pharmacies offer opportunities to work part-time, which allow especially mothers to reconcile work and family.

Employees in pharmacies (medical- and health professions)



Medical professions (academic)

Employed pharmacists	3,387	16.8%
Managing pharmacists	1,905	9.5%
Pharmacists in their studies	282	1.4%

Health professions (non academic)

Pharmacy assistants	8,450	41.9%
Trainees	2,893	14.4%
Other employees including chemists	1,799	8.9%
Other sales personnel	1,041	5.2%
Pharmacy business assistants	388	1.9%

Total employees in pharmacies **20,145**

Source: Survey of rolling costs in pharmacies (RoKa) 2015 (fiscal year 2014)

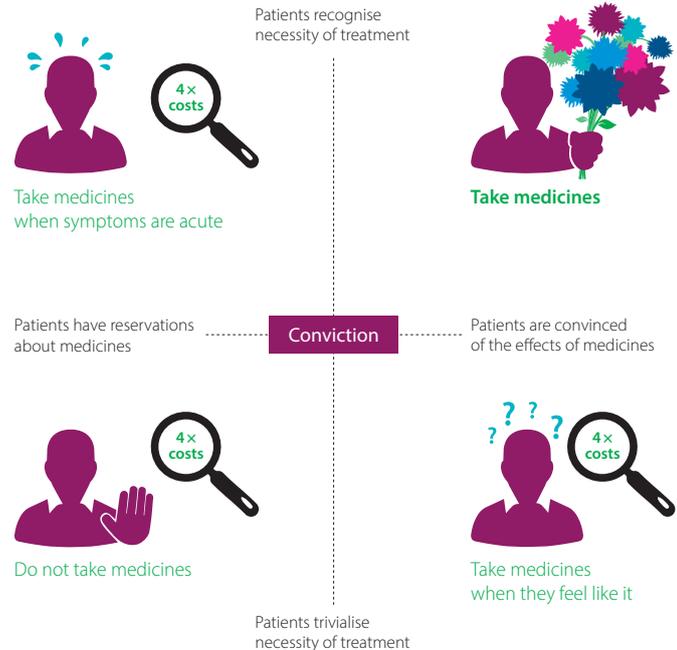
Fact 14 | Patient non-compliance costs 30 billion Swiss francs annually in Switzerland.

Each year tons of medicines are thrown in the bin – an enormous waste which must be restricted. By means of better communication between health specialists prescription quality is improved so that only actually needed medicines are prescribed. Digital exchange as intended with the patient file can, for instance, prevent medicines being prescribed twice.

Insufficient patient compliance

In addition, patient compliance has to be improved. Only those who understand the necessity of treatment as well as the consequences of treatment interruption take their medication. Unfortunately, many medicines are thrown in the bin: out of fear of side-effects, for instance, or because patients do not believe they really need these medicines. This is often the case with gradually developing conditions such as high blood pressure, diabetes or kidney disorders because the consequences of the disease only become apparent in the late stages – namely when there has been irreparable damage. Therefore, one of the core responsibilities of pharmacists is to provide important background information. And this is only possible if medicines are obtained in pharmacies.

Greatest challenge of the chronically-ill: patient compliance



Fact 15 | Pharmacies save billions annually.

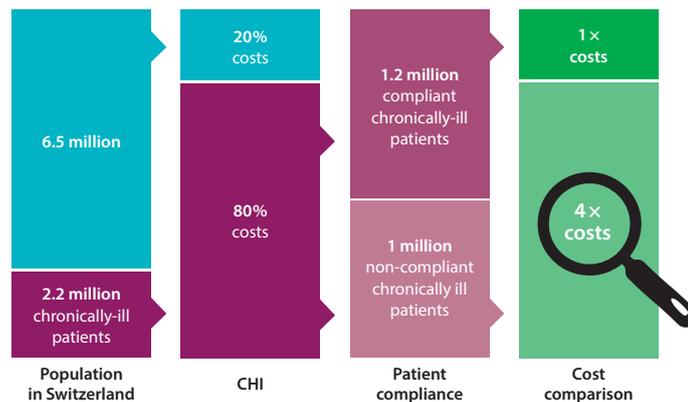
In Switzerland 80 percent of compulsory health insurance (CHI) costs are incurred by 2.2 million chronically ill patients. A chronically ill patient who adheres to the prescribed treatment costs 10,000 Swiss francs per year on average. A non-compliant chronically ill patient costs four times more. Therefore, improving patient compliance has great saving potential. The role of pharmacists becomes all the more central: already today they help patients to improve and maintain their compliance, for instance, with the polymedication check. The additional potential is enormous.

In addition to officially mandated price reductions and changes to the remuneration system (LOA), there is generic substitution by pharmacists – with corresponding regulation in the Health Insurance Act. If patients insist on receiving the original products, although an equivalent generic is available, their deductible will increase from 10 to 20 percent.

Consultation improves patient compliance

The polymedication check is a further cost-cutting measure whereby pharmacists check all prescribed medicines a patient takes and ensure correct application and compliance with targeted consultation.

Patient compliance reduces costs

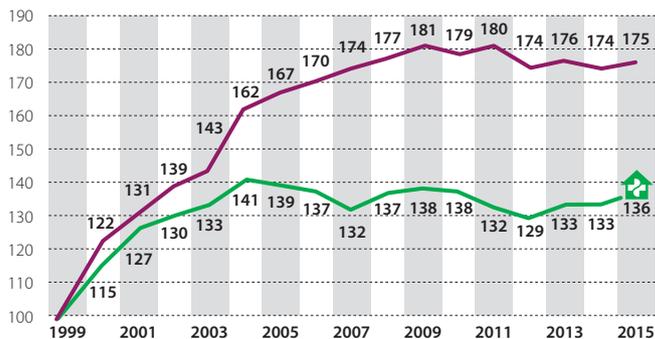


Source: Swiss Health Observatory Obsan, Federal Office of Public Health

Fact 16 | Quality circles reduce costs.

Besides patient safety quality circles including physicians and pharmacists serve the purpose of cost optimisation. Thereby, pharmacists consult physicians who want to improve their prescription practice. This inter-professional cooperation helps find the best-possible medication at a reasonable price.

Medication costs with and without quality circles



■ Quality circle pharmacists-physicians (example Fribourg-Pionniers)

■ Control group without quality circle

Basis 1999 = 100

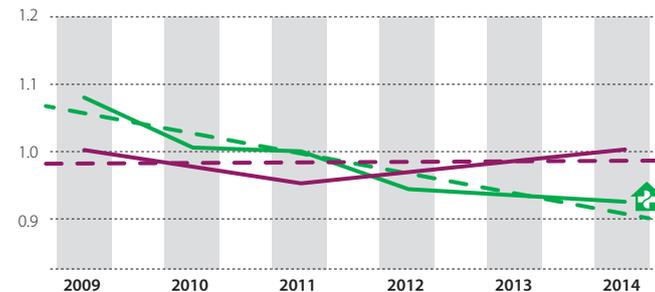
Source: Prescription data OFAC 2016

The example shows: Cost increase without a quality circle was 75 percent, with a quality circle it could be reduced to 35 percent. The physicians who participated in the quality circle saved approximately 225,000 Swiss francs in 2015.

Fact 17 | Pharmaceutical care in nursing homes reduces costs.

The programme effect of pharmaceutical care shows that the average daily medication costs decreased by approximately 20 percent between 2009 and 2014. Whereas costs in the control group, including other nursing homes without pharmaceutical care, rose slightly.

Trends of medication costs in nursing homes with and without pharmaceutical care



■ Nursing homes with pharmaceutical care

■ Nursing homes without pharmaceutical care

Solid line: average value from analyses compared to nursing homes without pharmaceutical care, reference year 2009

Dashed line: trends

Source: Helsana, report "Pharmaceutical Care in Nursing Homes" of 16/06/2016

Fact 18 | Maximum price of medicines is fixed by the authorities.

The retail price of medicines on the specialities list (SL) is fixed by the authorities. It consists of ex-factory price, distribution share, with which pharmacists pay for, among others, their costs for infrastructure, logistics and personnel as well as wholesalers and value-added tax.

Price composition of medicines subject to prescription and covered by health insurance

Competence	Turnover	Beneficiaries
Health insurers and pharmacies	8.5% LOA 	Pharmacy – Tariff agreement on service-based remuneration
Federal Office of Public Health	18.2%  fixed margin	Wholesalers and pharmacies – Personnel, infrastructure – Capital costs, warehousing and outstanding receivables – Transport, wholesale
	7.3% %-margin	
Federal Office of Public Health and pharmaceutical industry		
Total costs		
Retail price of medicines	66.0% ex-factory price of manufacturer	Pharmaceutical industry – Research and development – Marketing and approval – Profit margin

Source: pharmaSuisse

Fact 19 | Pharmacists earn the least with expensive medicines.

The distribution share comprises a price-related surcharge (%) and a fixed surcharge per package. The price-related surcharge decreases from an ex-factory price of 880 Swiss francs and is completely dropped for medicines which cost 2,570 Swiss francs and more, which causes problems with high-priced medicines.

Distribution shares – dispensation categories* A and B without LOA (service-based remuneration)

Price category		■ Ex-factory price	■ + Surcharge per package	■ + Price-related surcharge
1	CHF	0.05–4.99	CHF 4.00	12%
2	CHF	5.00–10.99	CHF 8.00	12%
3	CHF	11.00–14.99	CHF 12.00	12%
4	CHF	15.00–879.99	CHF 16.00	12%
5	CHF	880.00–2,569.99	CHF 60.00	7%
6	from CHF	2,570.00	CHF 240.00	0%

Source: Federal Office of Public Health

The prices of more expensive medicines have risen exponentially in the last three years, while they have actively been reduced for low-priced medicines. However, exactly these price categories at the lower and higher ends of the scale constitute an ordeal for some service providers because the rules of price-independent remuneration has been suspended in these areas.

Price examples

Price category	Medicine	Price in CHF (excl. VAT)	
1	Novalgin film-coated tabl 500 mg, 10 tablets	■ Ex-factory price	1.21
		■ Surcharge per package	4.00
		■ Price-related surcharge (12%)	0.15
		Retail price rounded	5.35
1	Amoxicillin Spirig HC film-coated tabl 375 mg, 16 tablets	■ Ex-factory price	3.38
		■ Surcharge per package	4.00
		■ Price-related surcharge (12%)	0.41
		Retail price rounded	7.80
2	Candesartan Sandoz tabl 16 mg, 28 tablets	■ Ex-factory price	8.17
		■ Surcharge per package	8.00
		■ Price-related surcharge (12%)	0.98
		Retail price	17.15
3	Keppra film-coated tabl 250 mg, 30 tablets	■ Ex-factory price	14.99
		■ Surcharge per package	12.00
		■ Price-related surcharge (12%)	1.80
		Retail price rounded	28.80
4	Abilify tabl 10 mg, 28 tablets	■ Ex-factory price	136.53
		■ Surcharge per package	16.00
		■ Price-related surcharge (12%)	16.38
		Retail price rounded	168.90
5	Rebif inj sol 22 mcg/0.5 ml ready-to-fill syr. 12 units	■ Ex-factory price	1224.73
		■ Surcharge per package	60.00
		■ Price-related surcharge (7%)	85.73
		Retail price rounded	1,370.45
6	Revlimid caps 25 mg, 21 caps	■ Ex-factory price	7619.66
		■ Surcharge per package	240.00
		■ Price-related surcharge (0%)	0.00
		Retail price rounded	7,859.65

Example the medicine Sovaldi according to current pricing system price category 6

■ Ex-factory price	CHF	15,469.77
+ ■ Surcharge per package	CHF	240.00
+ ■ Price-related surcharge (0%)	CHF	00.00
= Retail price excl. VAT	CHF	15,709.77
<hr/>		
+ VAT 2.5%	CHF	392.73
= Retail price incl. VAT	CHF	16,102.50

With the fixed surcharge of 240 Swiss francs the costs for wholesaler, infrastructure and personnel as well as capital costs should be covered. This is far from sufficient.

Cost allocation for medicines of varying prices



- Ex-factory price (CHF)
- Surcharge per package (CHF)
- Price-related surcharge (CHF)

Source: pharmaSuisse

Fact 20 | With expensive medicines pharmacists lose out.

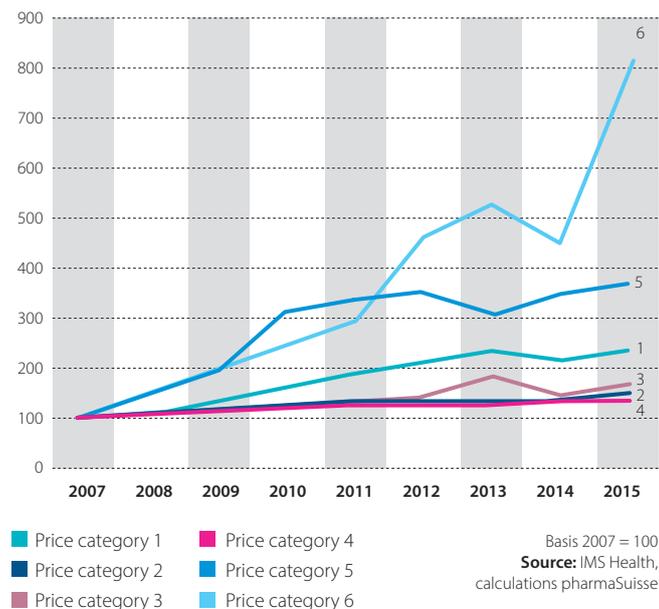
Dispensation of very expensive medicines is loss-making for pharmacists. This is due to several reasons: On the one hand, wholesalers demand significantly higher surcharges because warehousing risks are higher with such rare products. At the same time, interest costs rise. They accrue because it can take several months from medicine purchase to dispensation to customer and remuneration by health insurance. These costs can be quite considerable in the case of medicines with an ex-factory price of 10,000 Swiss francs per package and more. Simultaneously, higher warehousing and transport costs arise due to special storage conditions. But the margin is capped from an ex-factory price of 2,570 Swiss francs and more – at 240 Swiss francs, which is split between wholesalers and pharmacists (examples see page 42 and 43).

Significant shifts within price categories

However, pharmacists hardly make money on very low-priced medicines either. This is due to the fact that warehousing and logistics costs eat up the distribution share. Until quite recently, the share of the very low- and very high-priced medicines was rather small. But significant shifts within price categories took place in past years: now, a lot more medicines are in the lowest or highest price categories – hence, in exactly those areas where more costs arise for pharmacists than revenue is generated. This is due, on the one hand, to officially mandated price reductions which create more and more low-priced medicines. On the other

hand, technological progress has led to very expensive new developments. Thus, the price gap has continually been widening. This renders the tariff agreement on service-based remuneration (LOA) meaningless and puts its achievements at risk. Therefore, the price categories must be adjusted, which is why the Federal Council has commissioned the Federal Office of Public Health to have an independent analysis of price-categories conducted by the end of February 2016.

Development of sales volume per price category



Fact 21 | Pharmacies provide tested top-quality.

Quality and patient safety are the highest priorities in pharmacies. That is why professional dispensation of prescription medicines is regularly checked with test purchases, namely by a so-called Mystery Patient, who hands in a prescription. The criteria are defined by the joint quality commission of pharmaSuisse with Tarifsuisse/Curafutura (PQK) on the basis of the tariff agreement on service-based remuneration (LOA). Until now test purchases have taken place each year in pharmacies which have signed the LOA agreement.

Tests in all pharmacies

Since 2016, the tests have been carried out in all Swiss pharmacies. In 2015, 98.8 percent of the 686 tested pharmacies achieved the required minimum number of points straightaway. Most of the remaining pharmacies have subsequently passed the second time. A pharmacy which fails the second test purchase is subjected to a more severe on-site examination. If the audit fails or cooperation is refused, the pharmacy may face serious sanctions by the joint confidentiality commission consisting of health insurers and pharmacists.

Number of quality-tested pharmacies and results



The number of positive results is clearly increasing. On the one hand, this is due to the popularity of mystery shopping and its indicators and, on the other hand, relies on regular execution.

Fact 22 | Four-eye checks by pharmacists increase patient safety.

During regular opening hours as well as in emergencies there is always at least one pharmacist in the pharmacy who checks each prescription.

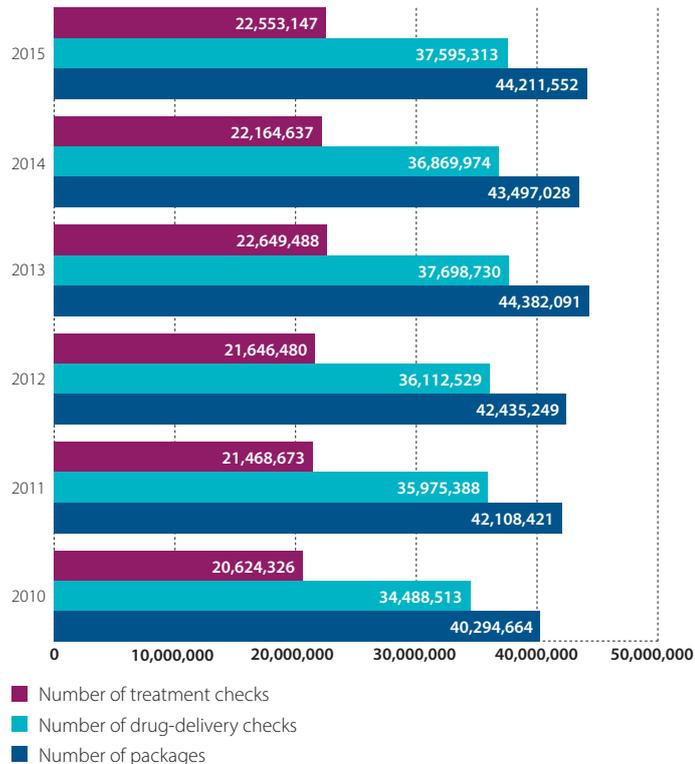
Drug-delivery check

With a drug-delivery check, the pharmacist makes sure that there are no contradictions or inconsistencies in a prescription. In the case of illegibility or questions about dosage the pharmacist contacts the treating physician. Moreover, the pharmacist informs the patient about possible risks and side-effects of the various prescribed medicines and proposes other alternatives to the treating physician when detecting interactions in the prescription.

Treatment check

In the so-called treatment check the pharmacist also checks the prescribed medication against the patient file, in which all medicines are listed that the patient has purchased on prescription from this pharmacy. Thus the pharmacist maintains an overview over current medication even when the patient is undergoing treatment with several physicians.

Dispensed packages, medication and purchase checks of prescribed medicines at the expense of compulsory health insurance (CHI)



Source: Medicpool

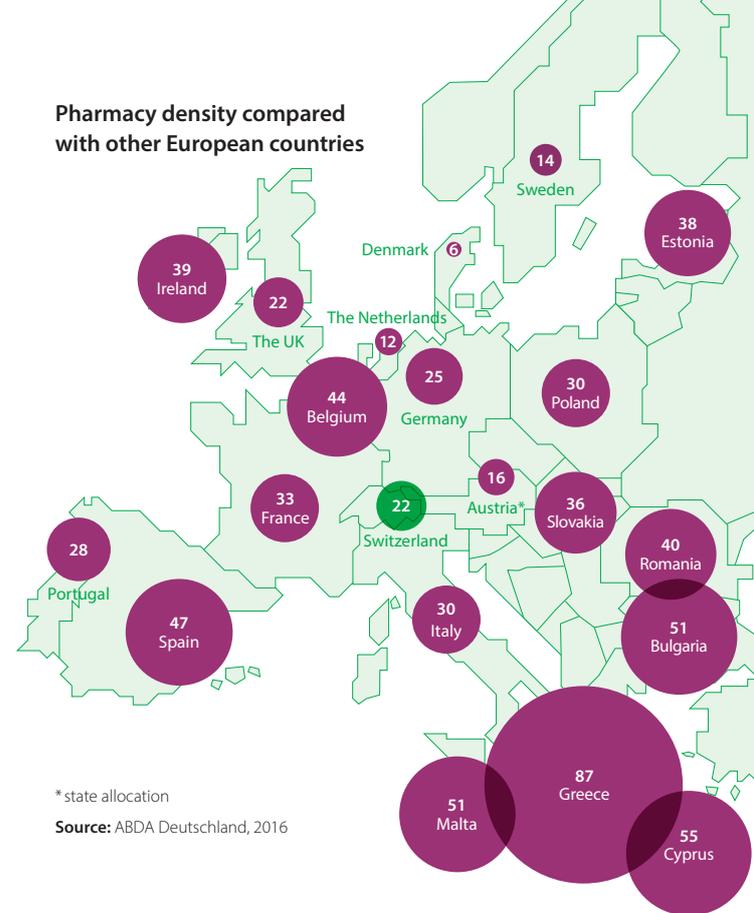
Fact 23 | Swiss pharmacy density is modest.

Even if pharmacy density in Switzerland is modest compared to surrounding countries, we have a high-quality network in Switzerland. As initial point of contact Swiss pharmacies ensure that provision of medicines as well as related services are easily accessible. They make an essential contribution to primary care including health-promotion and preventive measures.

Essential for primary care

The number of pharmacies has remained relatively stable in past years – in spite of an increasing population and life expectancy. By the end of 2015 there were 1,774 pharmacies, which is 10 more net than at the end of 2014. When looking at closures and openings it is striking that mainly cities are affected by structural changes: New pharmacies are opening in highly frequented areas such as railway stations, shopping malls and inner cities. Conversely, city neighbourhoods and rural areas experience the opposite. If there is a shortage of pharmacies in these areas, it can have a severe impact on local primary care for the chronically ill.

Pharmacy density compared with other European countries



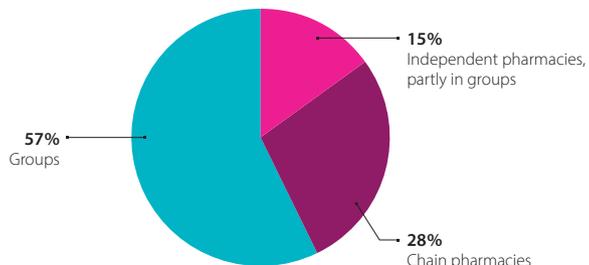
With 22 pharmacies per 100,000 inhabitants Switzerland lies below the European average. The member states of the European Union have a pharmacy density of 31 per 100,000 inhabitants on average.

Fact 24 | In a competitive market chains and groups are extremely dynamic.

In Switzerland there are independent pharmacies and chain pharmacies. Chains belong to a centrally managed enterprise, whereby the managing pharmacist as the responsible medical person works for the enterprise. Apart from the actual chains there are so-called mini chains (5 to 15 pharmacies).

Groups exploit synergies

Independent pharmacies join together in groups in order to benefit from synergies through, among others, coordinated purchase, marketing and continuing education. Pharmacists remain independent owners and manage their pharmacies independently, this includes so-called multi-ownership (up to 4 pharmacies). Some pharmacies belong to several groups.



	2015	2014	Changes
Total pharmacies	1,774	1,764	0.6%
Count of independent pharmacies incl. Mini-Chains (5 – 15 pharmacies) and multi-ownership (up to 4 pharmacies)	264	244	8.2%

Chain pharmacies	2015	2014	Changes
Galenica Group:	311	311	0.0%
Amavita	145	146	-0.7%
Sun Store*	102	104	-1.9%
Coop Vitality	64	61	4.9%
Pharmacies BENU*	88	88	0.0%
Dr. Bähler Droga	50	51	-2.0%
Pharmacies Topwell	35	33	6.1%
Pharmacie Populaire de Genève*	20	19	5.3%
Total Chain pharmacies	504	502	0.4%

* Chain pharmacies not affiliated with pharmaSuisse

Groups	2015	2014	Changes
Winconcept Partner**	161	161	0.0%
TopPharm**	122	119	2.5%
Salveo Automedication	116	118	-1.7%
fortis	102	114	-10.5%
Pharmapower	97	102	-4.9%
Pharmacies Rotpunkt**	93	92	1.1%
pharmacieplus**	89	89	0.0%
Pharmavital	74	70	5.7%
DirectCare	56	56	0.0%
Spazio Salute**	28	28	0.0%
MedicaPlus**	21	21	0.0%
Grischa-Pharma	20	20	0.0%
apoplus	15	16	-6.3%
Amavita Partners	12	12	0.0%
Total Groups	1,006	1,018	-1.2%

** Group pharmacies with joint market presence

Source: pharmaSuisse and information from Chain pharmacies and Groups

Fact 25 | When it comes to medication, pharmacists know best.

Pharmacists learn all their lives, this is ensured by the three-part educational system of Swiss pharmacists. It consists of a course of studies, mandatory advanced training, probably starting by 2017 or 2018, as well as mandatory continuing education.

Mandatory advanced training as for physicians

Since 2013, Switzerland has been the first country worldwide with an officially recognised advanced-training course in public pharmacy, which leads to a specialised pharmacist title. It is intended for those embarking on a career who want to consolidate and broaden their knowledge after their studies. Managers or deputy managers of public pharmacies must acquire this officially recognised advanced-training title in public pharmacy in future. Apart from specialist pharmaceutical training, there are various other advanced-training courses with the help of which pharmacists can acquire new expertise, such as vaccination or working with net-Care. The two-year advanced training for specialised pharmacists costs approximately 25,000 Swiss francs. Mandatory continuing education courses incur additional annual costs.

Lifelong continuing education

Lifelong continuing education is, apart from advanced training, mandatory for pharmacists. All things considered, they have to invest about one evening per week in their continuing education – and this in addition to their everyday work life in the pharmacy. Thereby, they can choose from more than 1,400 events per year. For pharmacists lifelong learning is costly not only in terms of time but also financial expenditure because they have to bear the costs themselves.

Education, advanced training, continuing education

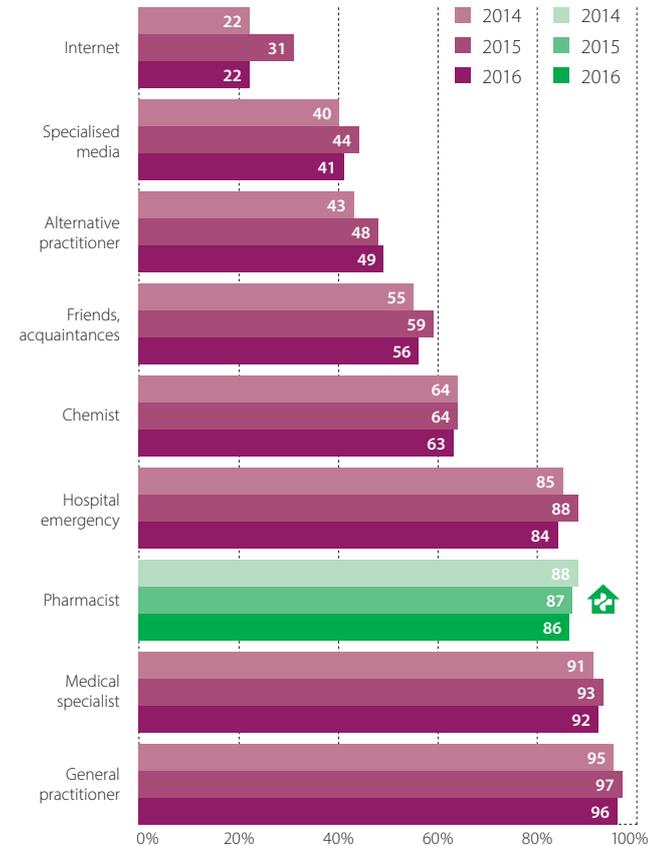


First-class work requires first-class knowledge. It is important that pharmacists are equipped with the proper knowledge and skills in order to deal with their demanding tasks. Therefore, education, advanced training as well as continuing education are always being further developed – for scientifically sound work which corresponds with the population's actual needs.

Fact 26 | Trust in pharmacists is very high.

In the eyes of the Swiss population pharmacists are health professionals who enjoy a high level of trust. A survey conducted by the research institute GFS Bern has also shown that there is great interest in new offers from pharmacies such as health and prevention tests. In the case of minor health problems the larger part of the population would rather go to the pharmacy than see a physician in 2016, as an interview of 1,200 people shows. This may be due to satisfaction with service performance, a high level of trust in pharmacists and proximity. Moreover, clearly defined socio-demographic groups, who are significantly more likely to go to pharmacies with minor health problems, have become apparent; above all younger people living in the French part of Switzerland and people with average health insurance deductibles.

Trust in players who deal with illnesses of normal course



Source: GFS Bern, pharmaSuisse, Pharmacy Monitor 2016

Fact 27 | More pharmacists are needed in Switzerland.

Three universities in Switzerland offer the complete course of studies in pharmacy: the University of Basel, the ETH Zurich and the University of Geneva. It is planned that Bern will soon offer the same opportunity. The number of students has remained stable in recent years, whereby the high proportion of women is noticeable.

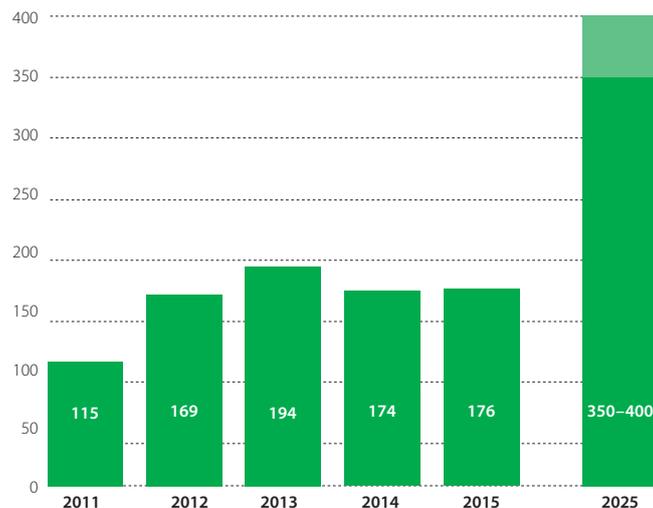
What do students of pharmacy learn?

The course of studies in pharmacy takes 5 years und is very practice-oriented. Consequently students are optimally prepared to conduct initial consultation in pharmacies. Especially in the last year of studies, the year of residency, students focus on practice-oriented pharmacy. Thereby, they learn to compile a thorough anamnesis on the basis of which they can decide whether they should dispense a medicine to the patient or make a referral to a physician or a hospital.

More expertise

With the revision of the Medical Professions Act Parliament has decided that future generations of pharmacists should additionally acquire basic expertise in vaccination as well as diagnosis and treatment of frequent health problems and illnesses.

Pharmacy degree in Switzerland



■ Certified pharmacists

Source: FPH Public pharmacy

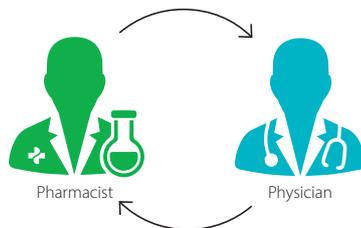
The number of pharmacy diplomas shows how many people successfully complete the course of studies in pharmacy. Naturally, the number of enrolments is higher. In 2015, 350 to 400 trained pharmacists per year will be required to meet the possible needs and ensure optimal primary care for the population of Switzerland.

Fact 28 | Pharmacies work hand in hand with physicians and health insurances.

netCare combines initial consultation in the pharmacy based on standardised triage with the possibility of a medical consultation: the customer is treated and receives, depending on the result, a non-prescription medicine or is referred to a physician or an emergency ward. Thereby, the “doctor’s appointment” takes place directly in the pharmacy via teleconference (e.g. MedGate) – if need be, the physician called also prescribes medication. This service is suitable for frequent ailments and minor injuries and makes seeing a physician or going to an emergency ward of a hospital superfluous. 24 various health problems can be directly examined in the pharmacy.

The most frequent are:

- Red eye
- Fungal skin infection
- Eczema
- Back pain
- Bladder infection
- Sore throat (pharyngitis)

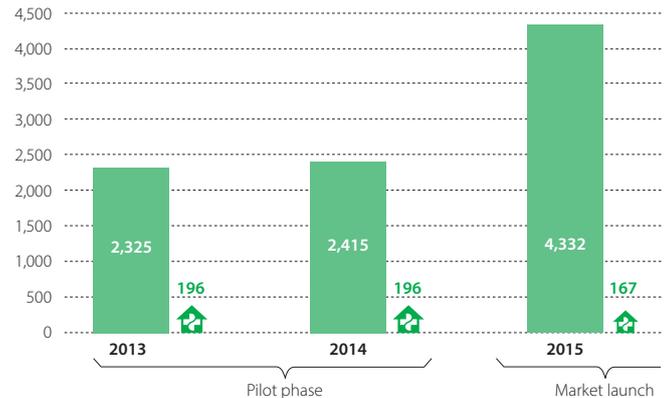


Without an appointment

Another advantage: netCare can also be used without an appointment in off-peak times, in the evenings and on weekends when medical practices are closed. By the end of 2015 a total of 167 pharmacies offered netCare.

Health insurances also recognise customer friendliness and cost saving potential: netCare is the basis for alternative insurance models such as Swica with Medpharm (Start 2016) and Sympany with Casamed Pharm (start 2017).

netCare in pharmacies

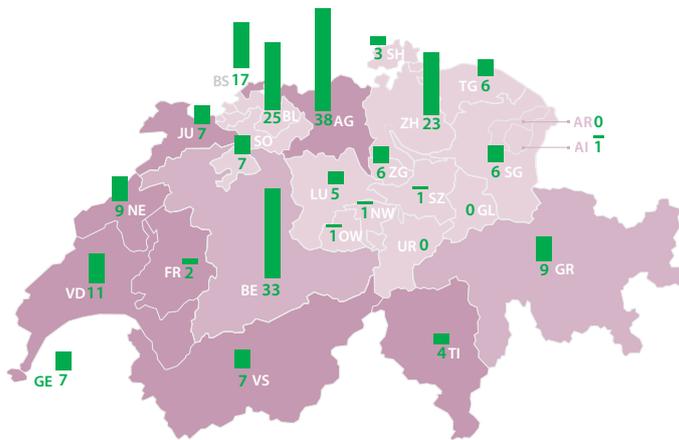


■ netCare consultations
 🏠 netCare pharmacies



Source: pharmaSuisse

netCare pharmacies per canton (status October 2016)



Dispensation of medicines:

- Dispensation in pharmacy (Rx)
- Mixed form (MF)
- Self dispensation (SD)

netCare pharmacies

Source: pharmaSuisse



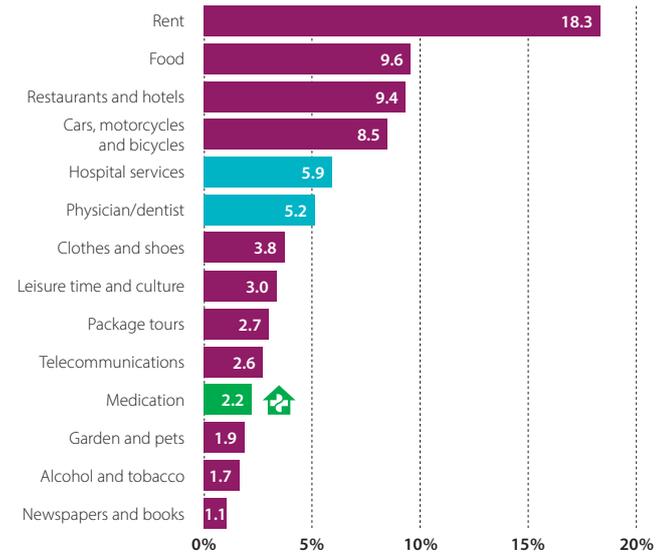
The number of netCare pharmacies varies considerably. The map once again illustrates that medical care is regionally different in Switzerland. 229 pharmacies offered netCare at the end of October 2016.

Fact 29 | Medication is a small burden on the budget.

Compared to other budgetary items expenses for medication are small. Expenditure for hospitals and doctor's appointments are a greater burden for the budget: they are more than twice as high.

Expenditure structure of Swiss households

Basket of goods of Swiss consumer price index (in %) 2015



Source: Swiss consumer price index, weighting 2015, Swiss Federal Statistical Office, 2015

Fact 30 | Online mail order is dangerous and does not pay off.

In September 2015, the Federal Supreme Court confirmed that online mail order for non-prescription medicinal products without presenting a medical prescription is not permitted according to the Therapeutic Products Act (HMG). A patient questionnaire does not suffice for online mail order for such medicinal products. Personal contact between specialist and patient is necessary before medicinal products can be dispensed or dispatched. Only in this way can state of health be satisfactorily clarified and the rules of the medical and pharmaceutical sciences complied with, says the Federal Supreme Court.

Dangerous contraband

Patient safety is the highest priority in Switzerland. Therefore, quality standards and tests are set correspondingly high in order to ensure the population's protection.



An example: in 2016, 103 countries participated in the international week of action "PANGAEA IX" to combat illegal online mail order for medicinal products coordinated by Interpol. The relevant authorities worldwide examined 332,936 shipments, of which they confiscated 170,217 and ordered the closure of 4,938 websites which offered illegal medicinal products. Swiss customs authorities, Swissmedic and Antidoping Switzerland inspected over 2,000 shipments at Basel-Mulhouse airport and Mülligen post office in Zurich. 765 packages contained medicines and doping agents, 82 of which were confiscated. The great majority of illegally imported medicinal products come from India (23%), followed by Germany (18%) and Cambodia (16%).

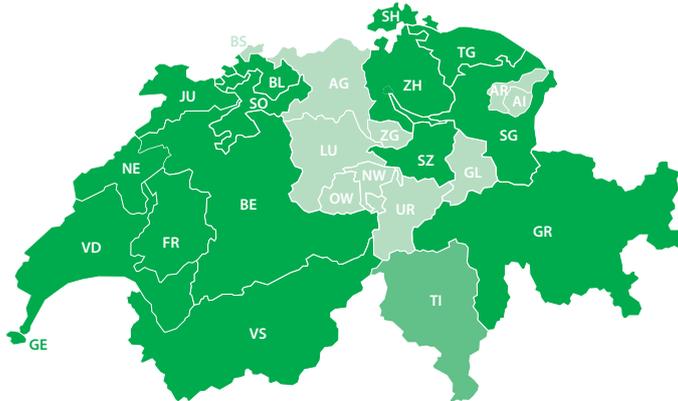
The wrong place to save money

Apart from major health risks originating from illegal medicines consumers have to be prepared to make sacrifices for lower prices: because price-reduction rounds have put great pressure on the cost structure in online mail order and encourage linking orders with unnecessarily large quantities. Furthermore, the people who order these medicinal products also run the risk of personal data, such as credit card details, being misused by criminal organisations. Anyone who orders online and subsequently takes medicines and doping agents of unknown origin is exposing themselves to major health and financial risks.

Source: Swissmedic, pharmaSuisse

Fact 31 | Thanks to prevention in pharmacies the healthy stay healthy longer.

The benefits of easily accessible prevention measures in pharmacies, such as colorectal cancer screening and vaccination of adults, are immense. In the end, the whole population benefits from high vaccination coverage, especially those who cannot undergo vaccination for health reasons.



- Direct vaccination and vaccination consultation
- Vaccination with prescription and vaccination consultation
- Vaccination consultation



www.impfapotheke.ch



Detected at an early stage colorectal cancer can be cured completely. Since 2016, more than 700 pharmacies have been offering a simple stool test taken at home. Thus people over 50 – especially also people who never see a physician – can test their colorectal cancer risk.

www.nein-zu-darmkrebs.ch

26,080 people

Total risk evaluations during campaign 2016

23,024 people

Consent to data analysis

58 people

Thus early detected cases of colorectal cancer (calculated)

86 people

Thus prevented cases of colorectal cancer (calculated)

Quelle: pharmaSuisse

We thank you for your attention
and wish you good health.



pharmaSuisse

Schweizerischer Apothekerverband

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