

# Pharmacies in Europe

Marcel Canoy, Chief economist and managing partner  
ECORYS Netherlands, Professor in health care economics  
University of Tilburg

*Workshop on access to high quality pharmacy services, Brussels, 15-10-2008*

# Context

- Single market for services
- Heavily regulated services
- Huge differences across Europe
- Are all these regulations effective and proportionate?
- Can they be abolished or modified, while securing quality?

# My experience with sector studies

- “We are generally in favour of competition but our sector is different”
- “We know there is a lot of regulation, but changing it will reduce quality”
- My conclusion: yes there are numerous regulations that serve public interests, but...
- Many of them are driven by history, an obsolete technological environment or effective lobbying by vested interests

# Examples

- Restrictions in ownerships, location of new pharmacies, foreign diplomas, horizontal and vertical cooperation, OTC sales
  - Allegedly needed to preserve quality
  - Why is quality not lower in MS that do not have these restrictions?

# Two approaches

- To what extent does regulation for pharmacists lead to the public goals?
  - DG COMP sector inquiry
  - OECD (2001)
  - IHS (2003)
  - BEPA single market workshops
- Does regulation for pharmacists influence performance?
  - **ECORYS study**
  - Country specific studies

# Objective of the study

- Describe different forms of regulation across Europe
- Analyse how regulation influences
  - QoS
  - the functioning of the Single Market
  - performance

# Methodology

- Identify regulation
  - 7 categories of regulation
- Identify performance
  - 3 performance indicators
- Link regulation to performance
  - Correlation analysis (ANOVA)

# Types of regulation

- Education
- Registration
- Professional monopoly
- Operating requirements
- Economic integration
- Design of the practice
- Price/margin regulation

# Performance

## Performance indicator

- Productive efficiency
- Allocative efficiency
- Dynamic efficiency

## Proxy

- » Physical output
- » Margin
- » Quality indicators

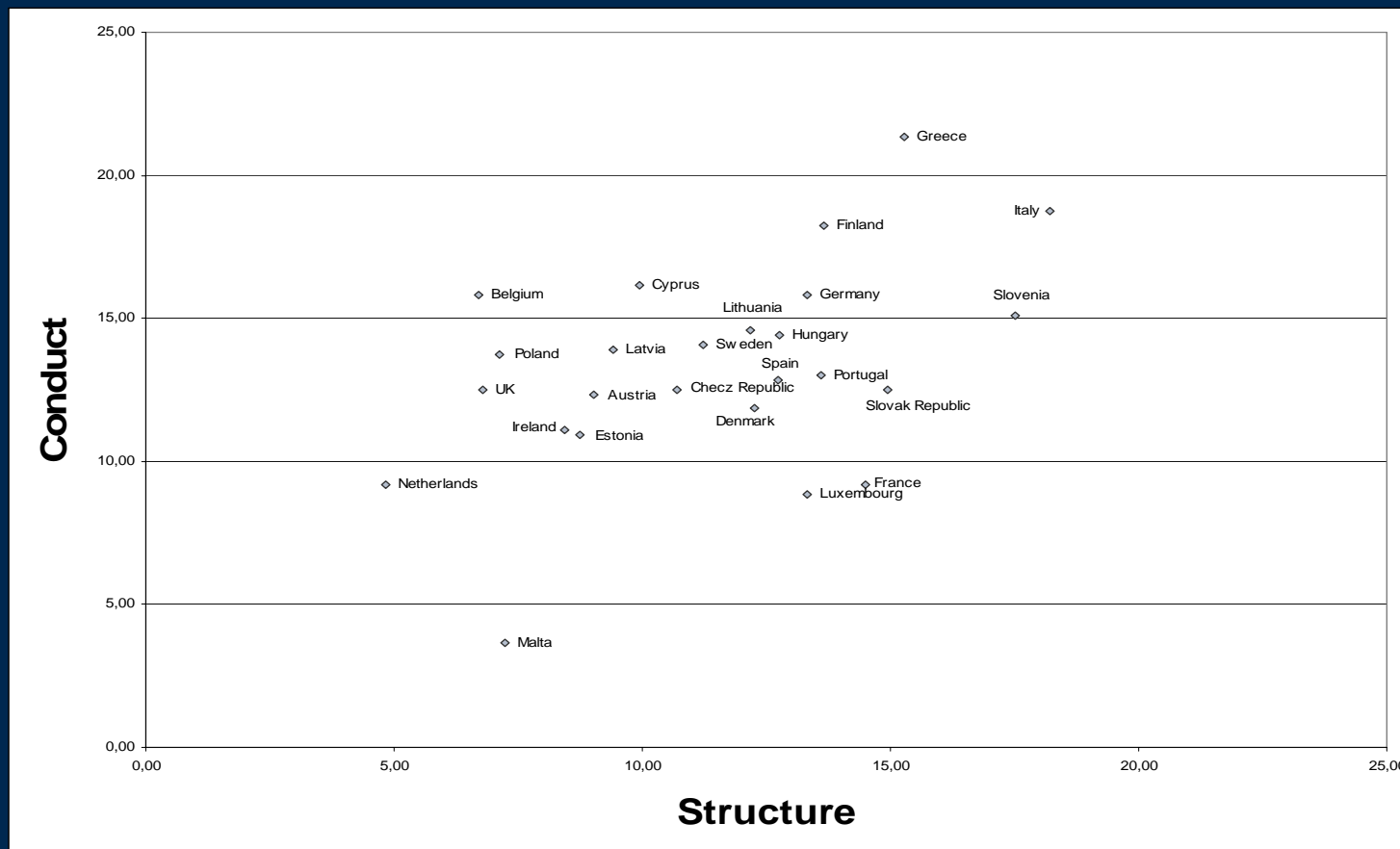
# Analysis

- ANOVA-analysis
  - Divide countries in 2 groups: high degree and low degree of regulation
  - Compare performance of both groups

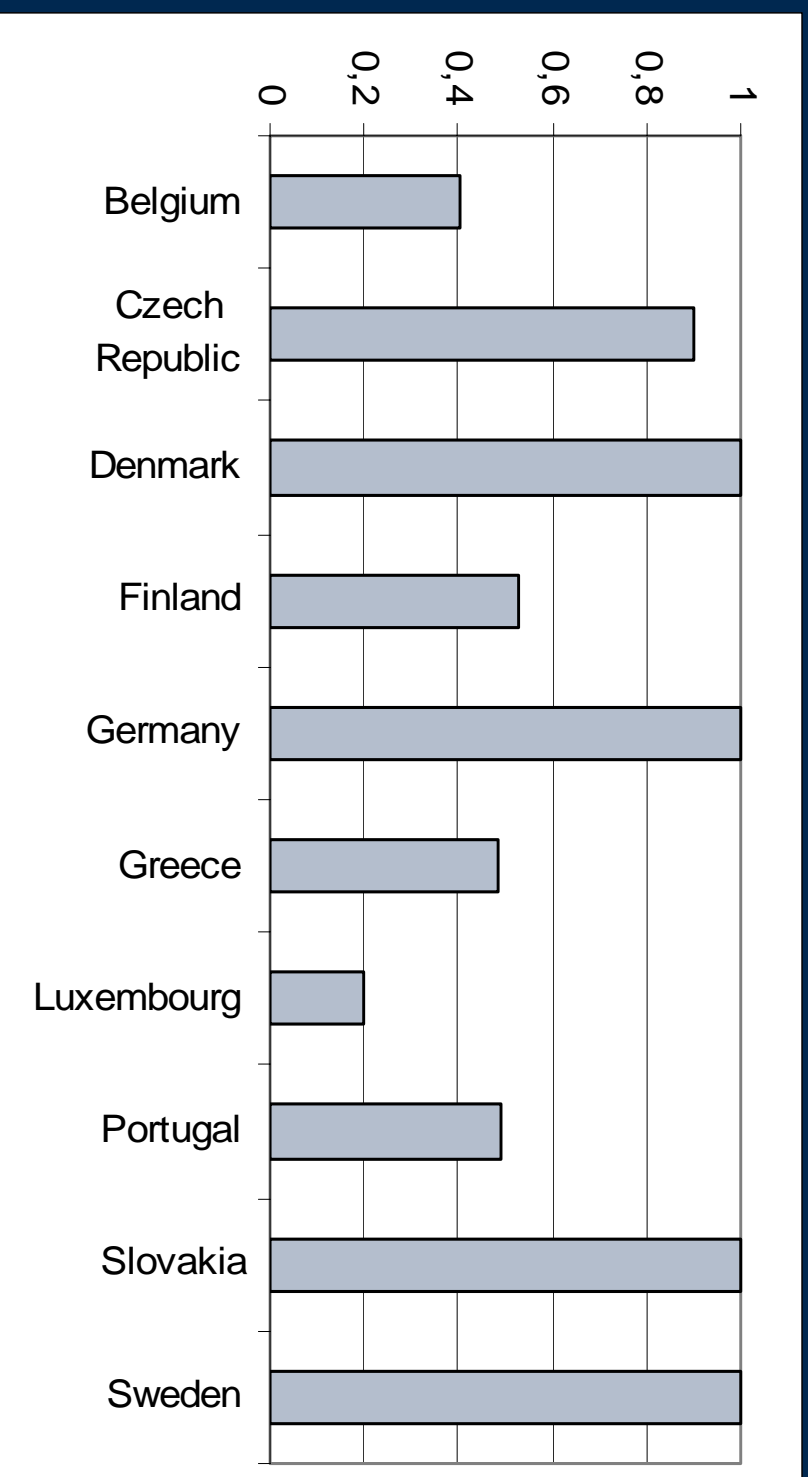
# Tools

- Collection of data on regulation
  - Legal text analysis
  - Questionnaire to Ministry and to national Pharmacist Representative Organisation
- Collection of data on performance
  - Public sources
  - Questionnaire to Ministry, PRO and pharmacists

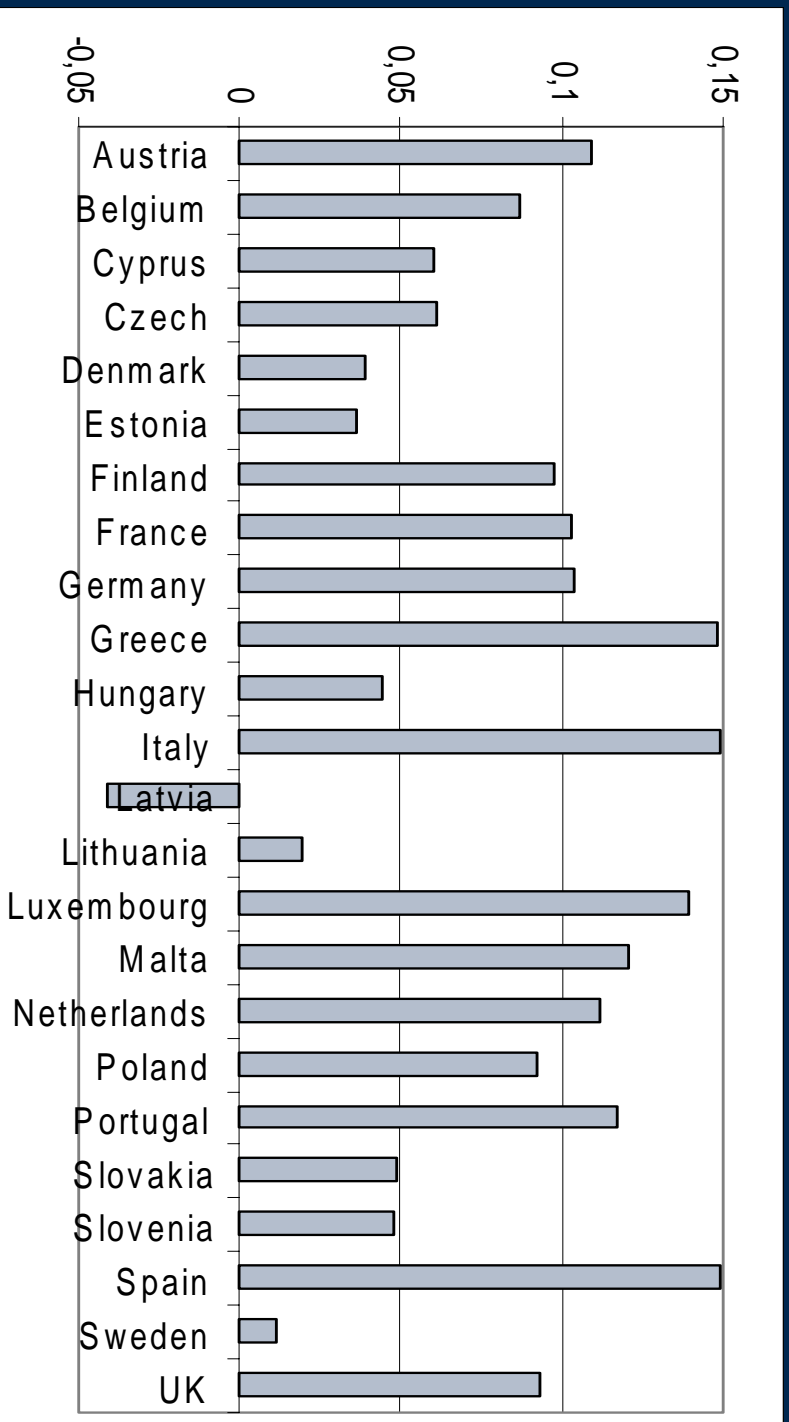
# Results (1) - regulation



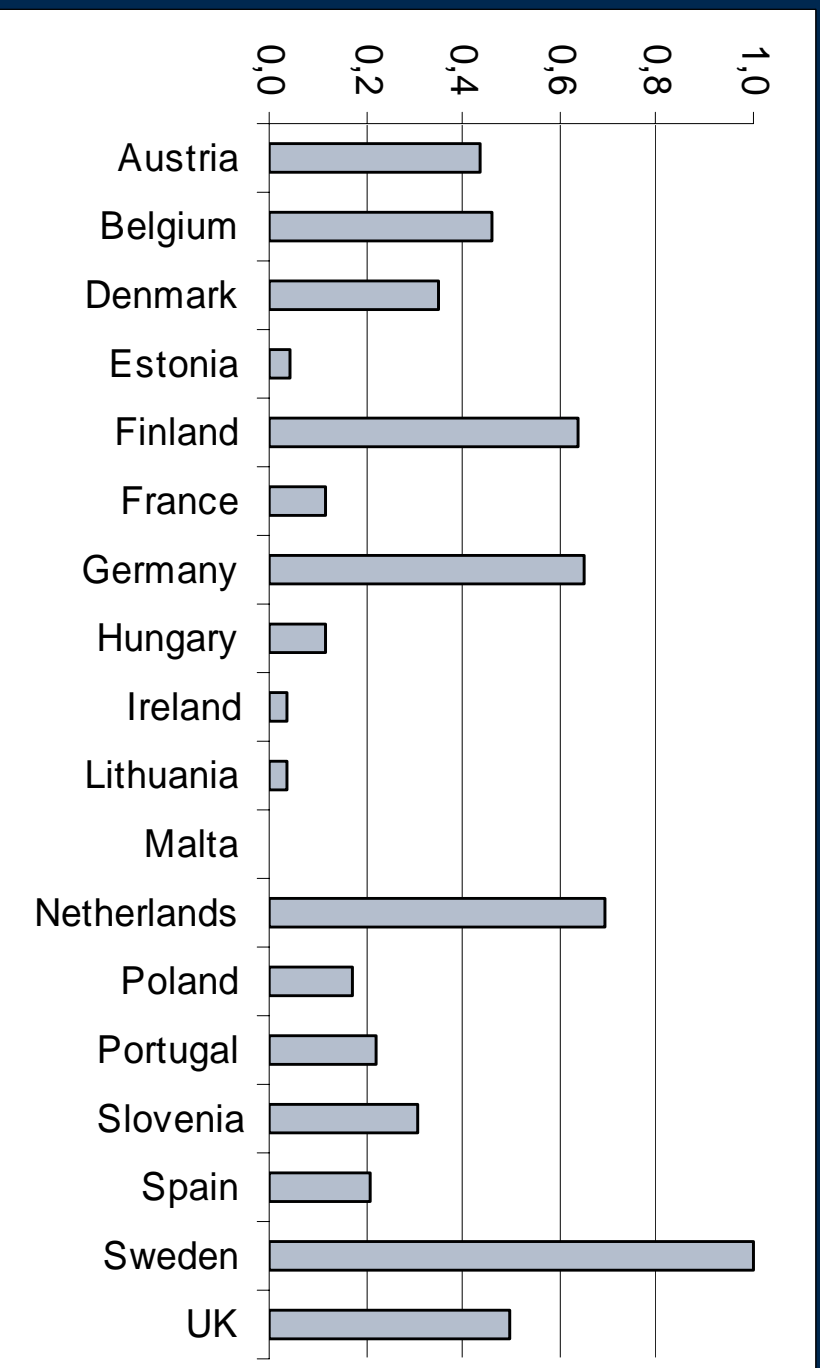
# Results (2) - productivity



# Results (3) – allocative efficiency



# Results (4) – dynamic efficiency



# Conclusions

- Negative relation between structure regulation and performance
- Especially operating requirements negatively influence productivity and allocative efficiency
- Less pronounced relationship between regulation and performance for other categories of relation

# Robustness

- Treat with caution, but no surprises
- Mixed result makes sense
- Confirmed by many other studies and indirect evidence
- Qualitative result much more important than quantitative result
- Shows there is ample room for improvement
- Need to look at detail for direction

# To conclude

- Think of the examples on restrictions
- If pharmacists believe the restrictions serve public goals
  - Why don't they provide the data that would show this?
  - Why do all serious studies using a variety of different tools and methods show the opposite?