Interview: Olia Vassileva – Executive Director, Bulgarian Association of Pharmaceutical Wholesalers (BAPW), Bulgaria



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23.10.2017

Tags: Bulgaria, BAPW, Association, Wholesaler, Logistics, Regulatory Reform

Olia Vassileva, executive director at the Bulgarian Association of Pharmaceutical Wholesalers (BAPW), gives a clear explanation of the challenges facing wholesalers in Bulgaria, its current as well as future role in the healthcare system, and its true commitment towards patient safety.

As an introduction, please briefly explain the main activities and responsibilities of the Bulgarian Association of Pharmaceutical Wholesalers (BAPW).

BAPW is the Bulgarian representative trade association whose mission is to advance the interests and values of those member companies who provide healthcare distribution, comprehensive medicine wholesaling and associated services to all Bulgarian pharmacies, hospitals, and healthcare institutions. The foundation companies of the Association are among the leaders of the pharmaceutical market in Bulgaria with more than 60 percent of market share of the public medicine supply. This leading market role and its forthcoming responsibilities, urge on to undertake an active public position regarding the development of the Pharmaceutical sector in Bulgaria.

Ms. Vassileva, you were appointed as Executive Director of BAPW in 2010. What are the key priorities on your agenda to ensure the success of BPAW's mission?

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As the Executive Director of BAPW, my main responsibility is to represent the interest of the company members. Indeed, pharmaceutical wholesalers are present in the entire medicine supply chain being the vital link between the pharmaceutical industry and the patient. It is important to mention that many services that wholesalers provide to pharmaceutical manufacturers and pharmacists are invisible to the patient but complement the distribution of medicines – which sometimes leas to certain under-appreciation of wholesalers' role. Full-line wholesalers therefore add value by undertaking services that are non-core to our supply chain partners, but that are of tremendous benefit, enabling them to focus on the patient. We play an important and increasingly integrated part in the healthcare economy.

What are the main trends within the Bulgarian drug supply environment?

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Over the past few years, the need for better allocation of government budgets across Europe has been a constant pressure on the margins for the players in the pharmaceutical chain. Hence, wholesalers are becoming more active players on the pharmaceutical market building their own pharmacy chains, offering their own brands and developing innovative services for the end users. On a local level, healthcare distributors should anticipate trends by developing new types of representation, which guarantees that the basic European principles are adhered and that Bulgarian patients have access to world-class quality and innovative services.

The pharmaceutical sector has been one of the fastest growing economic areas in Bulgaria with steady annual growth rates of 7-10 percent during the last decade. To what extent have your company members been benefitting from this positive trend?

In 2016, despite the high regulatory dynamism, the pharmaceutical market maintained its growth rate of nearly 8 percent in value. However, it is important to mention that Rx margins are at a critical minimum level of 73 percent for manufacturers, 3 percent for medicine wholesalers, 7 percent for pharmacies and 17 percent for VAT. Hence, wholesalers' margins are the lowest across the total value of the medicinal products. It simultaneously bears the main financial burden, insofar as it represents the buffer between the manufacturer of the medicinal product and the retailer or the healthcare facility – which receives funds for the granted medical products/the implemented activity from the NHIF over a defined period of time and after an audit has been conducted. At present, the gross margin for wholesalers is closer to the "sanitary" minimum, which still allows the wholesaler to conduct business.

What are the main concerns of pharmaceutical wholesalers in Bulgaria?

The main challenges we have faced over the past few years were the constant regulations for reductions in the price of medicines, cutting costs in the field of healthcare, and in particular, the reduction of the NHIF budget deficit. These measures have an indirect influence on pharmaceutical wholesalers since the price pressure on manufacturers is transferred along the entire chain to distributors and pharmacies.

Furthermore, wholesalers in Bulgaria are a big creditor to the healthcare system, which is a big challenge for us. Additionally, the level of high inter-company indebtedness has remained stable and in the pharmaceutical sector it is mainly caused by underfunding hospitals, the economic instability and the insufficient public resources for the purposes of healthcare.

Unfortunately, in the short term, I do not expect any change in the indebtedness of hospitals and the total exposure to the distributor members of BAPW exceeds BGN 150 million (USD 90 million). This is a serious debt that cannot be covered without creating a long-term framework for the purpose of optimizing medical activities, expenditure analysis and increasing internal control in hospitals. This is a social issue and we closely work with every hospital in order to find the best solution for debts without this influencing patients' access to healthcare.

But to continue on a more positive note, the Ministry of Health has begun to view wholesalers as strategic partners, which have been funding the system for years on end. I hope the team at the Ministry of Health will take long-term action for improving the status of the hospital market.

What specific steps should pharmaceutical wholesalers undertake in order to overcome the squeezed margins situation?

BAPW member companies need to collaborate in a more effective way, to improve service to customers up and down stream and increase the profit in the value chain required for reinvestment.

Technology can certainly create efficiency as well as efficacy improvements on this front. How are your members embracing the latest technologies in their operations?

Healthcare distribution embraces new technologies. Automation is high, delivering efficient order consolidation processes that arguably make our members some of the most proficient companies operating in the sector globally. Such efficiency brings great value to our partners. Further technological advancements are already under way. Hub and spoke, cold chain distribution, and the latest robotic developments ensure that our members are at the forefront of the industry.

The spirit of collaboration has been evident among Government, associations, patients, and industry. How is this sectorial collaboration philosophy reflected in BAPW operations?

The pharmaceutical stakeholders are key partner to the Ministry of Health in providing health services to patients. But it’s true that it’s a challenge for both sides to synthesise and find that golden ratio between the various interests in the sector. From our side, as an association, we are always willing to offer our full expert potential and resources in support of the effort of the government to implement reforms in the area of healthcare and to improve the efficiency of managing the processes in hospital aid and the expenditure of public funds. In this regard, we are grateful to the Ministry of Health for the open dialogue and their partnership and we hope we can continue this constructive communication for the good of the patients.

Parallel exports represent around 10 percent of the national pharmaceutical value and are jeopardizing patients’ access to highly needed medicines. What is the positioning of BAPW within such debate?

Parallel exports are a completely legal and regulated business within the EU but it is clear that this is creating pressure due to the product deficit on the market. This is where the government comes in to find the right regulation model in compliance with European legislation that will ensure access to medicine for the Bulgarian patient. We generally support the integration of a monitoring mechanism for certain medicinal products and for limiting their export when a deficit is established, which constitutes a threat to the life and health of Bulgarian patients under Article 36 of the Treaty on the Functioning of the European Union. The Ministry of Health has made commendable effort to create a mechanism for tracking the movement of medicines within the Bulgarian territory but only an electronic system could provide a transparent and effective process of such tracking.

What are the most prominent initiatives that BAPW is currently implementing to defend the interests of the member companies?

Currently, we are focused on the establishment of modern conditions for the development of pharmaceutical products and/or medical devices wholesale in compliance with the principles of Good Distribution Practice and all the factors that determine the optimum economic activity through the implementation of operational standards among BPAW’s members for professional and commercial ethics, customer service and increasing security.

Related to the latter, the association focuses on developing a National System of verification of medicinal products in Bulgaria in order to prevent the distribution of counterfeit – The pharmaceutical sector has united its forces to develop a verification system, which can check the authenticity of medicinal products. I can proudly say that the Bulgarian Medicine Verification Organization (BgMVO) – founded by the five organisations which represent the stakeholders taking part in the manufacturing and distribution of medicinal products – is at the forefront of this purpose and it was the second one founded in Europe.

Additionally, other important project for us is the initiative of the Ministry of Health for introduction of a public procurement model for the supply of medicines funded through the inpatient treatment system, which is expected to happen very soon. Electronic tenders are a renowned practice in many countries and it is one of the tools for achieving transparency in the procedure of arranging and purchasing medicine for hospitals and also providing better prices. Hence, we are leading a constructive dialogue with institutions to provide our full expertise and resources in support the government in this front. We believe that such electronic system will be constructed in a manner that will ensure free and fair market competition, as well as seamless access to medicinal products for people with health insurance.

How is BAPW collaborating with its European counterparts?

We act as a conductor of European standards and practices for their implementation in Bulgaria through our membership in the European Healthcare Distribution Association (GIRP), the umbrella organisation for pharmaceutical full-line wholesalers and distributors of healthcare products and services in Europe.

GIRP, as the representative trade organisation for full-line wholesalers, is actively engaged in a wide range of safe supply chain initiatives: European Medicine Verification System, International Medicinal Products Anti-Counterfeiting Taskforce (IMPACT), World Health Organisation, Council of Europe and European Union institutional activities and many more.

Looking forward, what makes you optimistic regarding both the future of pharmaceutical wholesalers in Bulgaria and the development of the country’s health system?

Our world is changing and our supply chains must change with it. I’m confident that BAPW members will continue being at the forefront of innovation and supply chain development driving and sharing best practices. Indeed, being a reliable partner in the supply chain we are delivering increasing value to our partners and to the healthcare.

Regarding the development of Bulgarian healthcare system, I am optimistic. Minister Petrov’s cabinet is known for its expertise and strong willingness and ability to change the system. I believe that when we are united we will succeed!

In a nutshell, what is your final message to our international audience?

As the vital link in healthcare, we are committed to developing and providing innovative and efficient healthcare products and services to improve health and wellbeing of patients, which is our main concern.

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