

Tomáš Votruba - Executive Director, AVEL, Czech Republic



The shortage of medicines is a serious and growing issue. Here, it is very popular to blame the wholesalers. However, it is never the problem of the distribution, but always and only the problem of the producers

13.12.2019

Tags: [Czech Republic](#), [Distribution](#), [Wholesalers](#), [Drug Shortages](#), [VEL](#), [Association](#)

Tomáš Votruba of the Association of Full-Line Wholesalers (VEL), which gathers the three major players of the pharmaceutical distribution market in the Czech Republic, gives an overview of the current priorities and challenges for wholesalers, and how he advocates for the interests of his members by working closely with the government and the pharmacists. Whilst analyzing the whole distribution pipeline in the pharmaceutical industry, considering the major changes over the past four years, Votruba exposes his concern about the role of the government in addressing the problem of drug shortage and falsified medicines, and how these issues could be addressed in the future.

Since taking up your role as executive director of AVEL in 2015, what are your current priorities?

The primary aim of AVEL is to represent the interests of the members, who are full-line wholesalers having a full assortment of medicine products on the market, and not only a selected range of products. Currently, we have more than 7,000 individual types of medicines on the Czech market, and around 5,500 of these are traded, which each member must supply twice a day, on place and on time, whilst maintaining approximately two weeks of stocks.

Moreover, wholesalers are dealing with a pharmaceutical market that was a bit different four years ago. There have been three major changes:

Firstly, the steady evolution of the pressure on prices, which is not specific to the Czech Republic, but has been observed all around Europe. Governments, regulators and health insurance funds all want to have very low prices, and at the same time, with a high- quality service. Therefore, it brings a huge pressure on the wholesalers; indeed, production costs are, more or less, certain, and you can not exactly squeeze them. However, there is more of a risk from price pressures when it comes to their margins. Looking at the margin evolution, the volume of goods sold has increased, but with a lower margin of profit, which is the only source of income for wholesalers to cover their costs: activities, employees, etc. Therefore, there is continuous pressure on the wholesalers across Europe, and in the Czech Republic as well.

The second problem is the shortage of medicines, which is a serious and growing issue. Here, it is very popular to blame the wholesalers. However, it is never the problem of the distribution, but always and only the problem of the producers. If producers are not able to generate enough medicines in a given time and place, wholesalers are powerless. Moreover, politicians move to blame the issue of shortages on the wholesalers saying that they export their products abroad, but it is never the case. For instance, in March 2019, the Belgium Parliament approved a law regarding the unavailability of medicines and banned export for wholesalers. Then, in June, the Belgium Constitutional Court temporarily suspended this statutory provision limiting exports, which was finally rejected in October, as there was no evidence that the shortage was caused by export. Shortages are becoming more frequent and longer, which forces wholesalers to look for other options, making their life a real nightmare.

A third big topic is the possibility of fake medicines and the Falsified Medicines Directive (FMD) is another nightmare, which I will touch upon in more detail later.

These are three major issues, in addition to many others, such as digitalization and E-prescriptions bringing more workload and additional costs. Thus, these three topics are our current main priorities, which is keeping AVEL quite busy!

From these problems that wholesalers face, what would you say are the main difficulties they encounter in their role to ensure that pharmacists and patients receive their products?

Our focus is the distribution and supply from our stocks to our Czech partners in pharmacies, in time, and in the desired volume and value, so patients can have the medicines they need on the spot. Selling to pharmacists in the Czech Republic, rather than exporting, has remained our main focus. We just need a regular and solid business with them, built on trust and long-term good relationships, which pharmacists are currently receptive to.

In February 2017, an amendment to the Pharmaceuticals Act was signed by the President of the Czech Republic. What impact has this had on your members' activities?

New legislations always have an influence and bring with them a lot of changes. With a strong legislation system, a bill is prepared very carefully and discussed with all the stakeholders before being submitted to the parliament.

There are some very knowledgeable stakeholders in the MoH with solid experience in the pharmaceutical industry, but we need more knowledgeable minds to work on these legislations. Currently, another amendment is being submitted to the Parliament about the emergency system, which is a copy/paste version of the Slovakian legislation and will represent the supply of medicines to pharmacists under the conditions of shortages. This is useless because when there is a shortage coming, the pharmaceutical companies should be able to address it beforehand by managing their stocks or by warning other stakeholders.

To conclude, this legislation is not helping much.

Could you tell us more about the National Organization for the Authentication of Medicines (NOOL), which you are involved in?

The National Medicines Verification Organization (Czech MVO), responsible for implementing and operating the system for verifying the authenticity of medicines, was created based on this Falsified Medicine Directive (FMD). The idea of identifying any single pack excludes the option of fake medicine. Products that were released to the market before the start of the Operational Phase of the European Medicines Verification System (EMVS), on the 9th of February 2019 are a big issue. These products were produced under old rules and suddenly they had to be individually checked in line with new rules. This is causing endless problems. For wholesalers, there is no obligation to scan the items until they receive goods from the marketing authorization holder or other trusted

sources mentioned in the directive. However, from the early beginning, we do scan the products, so we would be able to stop the problem — a falsified medicine or products not responding to the national or European MVO database — if there is any. There is no obligation to do this, but we want to make the life of our customers, the pharmacists, easier.

About 10 percent of the current products in the pharmaceutical market do not comply with FMD. From the 31st of December 2019, they have to be officially in full concordance with FMD. So, all packs where the unique identifier does not coincide with NMVO data have to be stopped, which is the case for the long-term stocks. This will be making the life of wholesalers and pharmacists very challenging.

How do you assess the implementation of digital tools when it comes to pharmaceutical distribution and how has it been received by the member companies?

They are very helpful when the goals and the added value of such computerized systems are clearly established from the beginning. There are so many different products on the market and computerization is essential to monitor the stocks, distribution, quality, dispensing of medicines, etc. However, the issue arises in the case of the incompatibility of the different systems. These systems should guarantee efficient communication by the exchange of data and information making everyone's life, easier when it comes, for instance, to implementing the FMD.

As an example, every pharmacy is free to have the information system they prefer; there are several different producers for pharmaceutical information systems, managing data for dispensing, insurance companies, finance authorities, and so on; however, there is only one FMD and one Czech MVO and it should not be a problem for these to communicate with each other.

Regarding e-prescription, it is becoming quite easy to get it from the doctor and to then directly obtain it from the pharmacy. Over-the-counter medicines (OTCs) and food supplements can be ordered on the web and delivered anywhere within three hours. This is not a case of prescription medicines, which cannot be traded online. However, there are very early discussions about future prescription medicines via mail distribution in the Czech Republic, even though certain prerequisites must be guaranteed, such as maintaining the cold chain. Moreover, there must be a trackability of the product that proves that the right drug reaches the final patient. Still, this kind of distribution, in countries where it is permitted, serves less than ten percent of the population, and many patients have no intention to use it and prefer to go directly to the pharmacy. Furthermore,

pharmacies generally claim that they do not like this idea, even if they could be entitled to have their own delivery service, which is an important message to keep in mind.

What is the one country in Europe that you view as a reference model?

Every country has its individual issues, and no country is a star in fixing all problems. For instance, we have the margin of a certain percentage, which is degressive, the cheaper a product is, the higher the margin. In Germany it is different: the price is based on package size, which is cleverer, because the bigger the pack, the more work done in terms of storage and transport. However, the Swiss distribution market is probably the most innovative. For instance, they are now initiating discussion about a service fee for pharmacists, meaning that the price in pharmacy will be more about the services delivered by them, which is fairer considering that the payment will reflect not only the product but also the performance of the service. Broadly speaking, every system is different, but they are all improving.

You have a lot of energy, what keeps you motivated to work in the pharmaceutical industry?

My entire professional career has been in the healthcare sector, starting in the diagnostic industry for hospitals, and then switching to the pharmaceutical industry. This is a major field that can help in improving people's lives.

[See more interviews](#)