

Flemming Sonne - CEO, Amgros, Denmark



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Flemming Sonne of Denmark's public hospital medicine procurement body Amgros outlines the scope and mission of the group, how its remit has increased to include security of supply in the wake of the COVID-19 pandemic, and why international collaboration and knowledge-sharing is crucial, especially in the new era of complex and expensive cell and gene therapies.

Could you begin by outlining the scope and mission of Amgros?

Amgros is an organisation tasked by the Danish regions with conducting all the medicine procurement for hospital pharmacies in Denmark, of which there are eight. Amgros is the contract owner for all procurements in the hospital sector (not the GP sector), takes care of market supply, and follows up on legal aspects. Our activities make up around 63 percent of the total market. We also take care of publicly-paid hearing aids for the Danish market, in both public and private clinics and purchase around 100,000 hearing aids a year.

Having started out as a very small company 30 years ago, Amgros has grown significantly and [now owns marketing licences for about 65 SAD pharmaceuticals manufactured by hospital pharmacies themselves](#). Our role also includes significant amounts of industry data analysis, and we supply IT systems to the hospital pharmacies and regions. Horizon scanning is another part of our remit and we have health economists on staff.

Following the outbreak of the COVID-19 pandemic, Amgros has begun to take measures to safeguard against future supply shortages, and now has a stockpile of DKK 700 million (EUR 94 million) worth of medicines. These medicines range from average products to critical treatment products and critical supply products which can be difficult to source.

To what extent does having one unified procurement body for the five regions create savings for the system and how has the centralisation of the procurement process evolved in Denmark?

Together with our partners in the Danish procurement set-up, we save Danish society billions of DKK every year.

Although I have not been with Amgros for the full 30 years of its existence, I have worked for the organisation for 17 years and overseen the growth of our staff from six to 130. With every such centralisation process there are advantages and disadvantages. One centralised organization creates a reduction in question marks but a potential disadvantage is the creation of a monopoly that does not do the work well enough. However, our aim here is always to be at the cutting-edge, creating value as a company. We can talk with one voice for the hospital pharmacies and the regions and create critical mass for their interests, despite Denmark being a relatively small country within Europe. Additionally, the close collaboration we have with our owners means that problems can be solved collaboratively as and when they arise.

We also conduct research into how best to invest and create the most value. We then bring these findings to the Amgros Board, which is made up of politicians from the health regions that own Amgros.

Additionally, we collaborate closely with the pharmaceutical industry and can communicate effectively with them. Our efficient system, with follow-up and implementation embedded, allows us to drive towards finding the best value and price, creating the biggest savings for the regions.

The cost-saving goals of Amgros and those of the profit-driven private industry are somewhat different; how do you ensure that there is a positive and constructive dialogue and not an antagonistic one?

It can be antagonistic at times! However, although Lif represents the interests of the pharmaceutical industry, their main aim – to make things better for patients – is the same as ours. Sometimes we agree on the right way to reach this goal and sometimes we do not. We have many discussions with the pharmaceutical industry, including negotiations on new products coming to the market, which can become heated, but we always try and make our points in a friendly way and allow the industry to see the benefits of working collaboratively with us.

The industry might sometimes see Amgros as quite conservative and inflexible, although this is largely due to the quite restrictive EU legislation to which we are bound. However, most of the time we engage in dialogue and are open to discussion of alternative pricing mechanisms such as managed entry agreements (MEAs) and Netflix-style subscription models. As CEO I am always open to discussions as well as identifying problems within our own organisation to learn from them and do better in the future.

Post-COVID, the remit of procurement bodies like Amgros seems to have been extended to include issues like security of supply. How do you hope to strike a balance between these new concerns and your core mandate of keeping medicine prices low?

We have devised a model at Amgros whereby we systematically monitor individual pharmaceuticals and their positions in what we call the pharmaceutical lifecycle, which overall comprises six stages.

Stage 1 is where a brand-new patented pharmaceutical is introduced on the market. At this stage, Amgros can negotiate a price lower than the supplier's list price. At stages 2-4, other similar pharmaceuticals with the same effect, but another primary ingredient, enter the market. If these pharmaceuticals are approved for the same treatment, there will be analogue competition. At stages 4-6, the patent for the pharmaceutical has expired, and there will be generic competition. Competition can be very intense during these stages, and usually there will be a strong downward pressure on prices.

Just as companies need strategic marketing plans for all these lifecycle stages, so does Amgros. We try to act like a private company, implementing our marketing plan in the same way.

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Moreover, different approaches are needed for new and expensive products which require in-depth conversations with the Danish Medicines Council, and more basic products where the issue may be supply rather than costs.

Cell and gene therapies often come with extremely high price tags, with companies arguing that this is justified for potential one-time cures. However, a lot of work still needs to be done to convince all stakeholders of their worth. What has Amgros' approach been thus far?

Over the past few years, we have seen several of these new kinds of personalised treatments coming online but the personalised medicine revolution has only just begun. A new launch product is a good example of a DNA treatment where we had to decide whether we should pay half a million Danish Kroner per year or 15 million for the treatment and then get the result in the next 30 years. It requires a change in mindset in the way that these drugs are assessed.

Together with the Danish Medicines Council and the Association of the Danish Regions we will collaborate and work to find answers, but – due to the relatively small size of Denmark – we must learn from other countries in Europe. For this reason, in 2015 we established a Nordic Pharmaceutical Forum, for which I am the chairman, where we meet up through various working groups and networks and conduct some cross border tenders. The first such tender, between Denmark, Norway, and Iceland has already taken place and the second one is currently running. We have a close cooperation about new and expensive products. Handling these issues internationally and collaboratively makes sense because every country is in the same boat and facing similar problems.

Are these sorts of agreements with Denmark's neighbours about creating a critical mass in terms of market size for new products or are they more focused on knowledge sharing?

It is both. The volume in Denmark is good enough for some products and some within the Danish industry see these agreements as a disaster as the Norwegian system is much slower. We have some learning points here that we should take home. Smaller markets taken together create a greater volume, more security, and the ability to learn from each other. We are also discussing the possibility of cross border negotiation when new products come onto the market and we have tried

to invite it. However, there are several significant differences between the healthcare systems of Denmark, Norway, Sweden, and especially Iceland, which is an extremely small country.

One of the advantages of Denmark is its treasure trove of holistic patient data. Might this be the key to solving some of these problems? How is it currently being utilised by Amgro?

Data is the main issue to doing our work well and there are still some areas, such as new products coming to the market in orphan indications, where the follow-up data on outcomes is lacking. We are involved together with the Danish state and the health regions in a lot of different working groups to find out how to get even more data out of the system. We have the data, but the question is how we can access it to use it in our procurement process and then follow up in our negotiations.

One of our strategic initiatives is to be very strong and data on AI. From next year we will have two people working full time with AI. We already have about 12 people working full time on analysing data to provide to the regions today but also how to make the best contracts for the future. Currently, we group products of a similar type together, but greater use of data will allow us to better differentiate between them and set price levels. This is especially relevant for biosimilars.

Having touched on the concept of taking inspiration from other countries, might the use of data be a way in which Amgro and Denmark can serve as a thought leader itself internationally as other countries look to optimise their healthcare systems and find more cost-effective solutions?

This is a part of our strategy and one that our board has accepted that we should invest in. Currently, we only have one person working full time internationally with organizations in Canada, France, and BeneluxA (Belgium, the Netherlands, Luxembourg, Austria, and Ireland). We recently put out a shared statement with BeneluxA on affordability and market supply for the small countries.

Of course, we would like to be an organisation that inspires others, especially across Europe, but our primary focus remains supplying the Danish market and patients in our hospitals. We therefore must find the right balance. From next year, we will have two people working full time on the international operations as well as heavy involvement from a member of the management team.

We have taken a lot of inspiration from the Swedish setup in terms of horizon scanning, as well as some of the negotiations used in Norway; they have taught us and we have taught them. We are now involved in a big EU project on building up a central negotiation for horizon scanning and recently participated in a webinar with representatives from 1000 different purchasers in China.

Having been with Amgro for 17 years and overseen significant growth, what would you still like to achieve with the organisation?

We constantly work with all our staff to do things the right way and create value for our owners. The world has changed enormously since I started in Amgro and decision making has moved from the local level to the regional, national, and now international cluster level. The reason I took the decision to start the Nordic Pharmaceutical Forum was that clusters will have an even greater say in the future. I look forward to Amgro and Denmark being part of wider clusters and having a seat at the table in EU decision making. I would also like to see our product lifecycle model be implemented in Europe, where a broader perspective is needed. The WHO already uses this model and finds it quite attractive.

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