

Impact of rules and regulations on community pharmacies within the EU

1 February 2008 - ECORYS has carried out a study for the European Commission, DG Internal Market on how the various rules and regulations applicable to pharmacies impact on, amongst others, the value for money and quality of service provision of community pharmacies in the different Member States. The study concentrates on community pharmacists in the EU-25. The study is the result of approximately eighteen months work in the period 2006-2007.

The study reports on the various rules and regulations, applicable to community pharmacies. These rules and regulations are abundant. Rules and regulation exist in the field of educational requirements, licensing and registration, the scope of the professional monopoly to distribute (OTC) drugs. Moreover, operating requirements, like ownership restrictions, are often present, as well as requirements for the design of the practice. Last but not least, prices and margins are often regulated.

On the basis of the variety in these different rules and requirements, the study has investigated empirically how these differing national laws regulating pharmacies impact on the effective functioning of the Internal Market, and therefore on the performance of the European pharmacy services sector as a whole. This analysis has taken place on the basis of a sound theoretical study within the context of the Structure-Conduct-Performance paradigm. This is a theoretical framework that links the structure of the market and the conduct of operators on the market to the performance of the sector in terms of productivity (are resources being employed in an efficient way), allocative efficiency (cost-reflective pricing, or reasonable margins) and the quality of service provision.

The main conclusions of the report are that there is a strong negative relation between operating requirements (notably ownership restrictions for (non-)pharmacists, location requirements for pharmacies and entry barriers for pharmacists from other EU Member States) and productivity. A strong negative relationship was also identified between operating requirements and allocative efficiency. Less strong relationships were found between educational requirements and product range (proxying quality of service provision), between regulation of prices and product range, and between registration requirements and product range.

The report and the appendix can be downloaded from: http://ec.europa.eu/internal_market/services/pharmacy_en.htm