**WPC MEMBER SURVEY - Funding & Payment Structures**

**RESPONSE - DENMARK**

# INTRODUCTION

This survey is designed to provide WPC members with a better understanding of funding and formal payment structures for community pharmacy in each WPC country. This includes payments for dispensing, payments for pharmacy services, and other general or specific purpose payments that are specific to community pharmacy.

The survey does not seek to collect specific fee levels or payment amounts. The focus is on the structure and types of payments, and on what is paid for by each funding stream, and on the relative significance of each component. The focus is not on comparing funding levels or fee amounts.

In some countries the funding arrangements may vary significantly between states, regions or funders. This survey is not intended to capture every variation. As far as possible, please provide the most appropriate answer in a national context.

The results of this survey will not be made public. Findings will be distributed only to WPC members only, for your internal use.

Responses, and any questions relating to this survey, should be emailed to the WPC Chief Economist at [stephen.armstrong@worldpharmacycouncil.org](mailto:stephen.armstrong@worldpharmacycouncil.org). If possible, responses would be appreciated by 31 March 2021. Thank you.

# DEFINITIONS

**To guide your completion of this questionnaire, please read the following definitions.**

*Fee-for service payments*

Fee-for-service payments have traditionally been the most common types of payments in the community pharmacy context (and also in most other healthcare settings) and are an amount paid per occasion of service.

*Capitation-style payments (including casemix or bundled payments)*

Capitation-style payments are those calculated based on the number of patients (and/or the types of patients, as in a casemix model) rather than on the number of occasions of service. Capitation-style payments may be bundled payments that cover more than one service type (this may also be the case with outcomes-based payments or lump-sum payments).

*Outcomes-based payments (including performance-based or value-based payments)*

In an outcomes-based model, payments (or payment levels) depend on defined measures of performance, benchmarks or targets. These may include direct or indirect measurements of patient outcomes, or metrics related to quality.

*Lump sum payments per pharmacy*

Lump sum payments are amounts per pharmacy paid at regular intervals (eg. monthly, quarterly or annually) to either all pharmacies or particular groups of eligible pharmacies. Lump sum payments differ from Capitation-style or Outcome-based payments in that the amounts are not related to the number of patients serviced or to any specific performance measure. Examples of lump sum payments include payments made to all registered pharmacies, or to all pharmacies that are registered for a particular program. The amount of lump sum payments may vary from pharmacy to pharmacy based on certain criteria (but will not vary directly in proportion to service volume, as that would make it a fee-for-service).

# Section 1 - Dispensing

Fees and other payments for dispensing are those amounts that are additional to the cost price of the medicine, and represent a gross profit margin on the dispensing service.

Please note that this question is *not* referring to the pharmacy’s purchase price of the medicine. It is referring only to amounts additional to the purchase price, that are intended to ensure the viability of the dispensing service.

**Question 1.1 - Through what process(es) are fees and/or other payments for dispensing determined? (please select all that apply):**

| **Select those that apply** | **Method for determining fee or payment level for dispensing** |
| --- | --- |
|  | Regulation/legislation |
|  | Formal negotiation at a national, state or regional level |
|  | Analysis of the cost of dispensing |
|  | Commercial negotiation between individual pharmacies (or groups of pharmacies) and the payer |
|  | Consumer-focused competition |
|  | Other (please specify):  Sales of a group of over-the-counter drugs have been liberalized. The price of these are only regulated by the market. |

**Question 1.2 - What is/are the most common fee or payment structure(s) for dispensing in your country? (please select all that apply):**

| **Select all that apply** | **Fee or payment structure for dispensing** |
| --- | --- |
|  | Flat fee(s) per item dispensed (this may include additional amounts for specific categories of drugs) |
|  | Differential fees depending on whether the dispensing is an original (first-time or acute) or repeat (refill) |
|  | Differential fees depending on the total number of items dispensed on one occasion |
|  | Differential fees depending on the total number of items dispensed annually by the pharmacy |
|  | Differential fee depending on the period of treatment dispensed (for example, higher fees for more than one month’s quantity) |
|  | Specific fee or differential fee for generic substitution or dispensing a generic medicine |
|  | Mark-up or margin on the cost price of the medicine |
|  |  |
|  | Capitation-style payments (including casemix or bundled payments) |
|  | Outcomes-based payments (including performance-based or value-based payments) |
|  | Lump sum payments per pharmacy (not linked to prescription numbers, patient numbers or to outcomes, performance or value) |
|  | Unregulated or semi-regulated fees/charges/surcharges paid by patients |
|  | Other (please specify): |

**Question 1.3**

In relation to dispensing, are different payment structures or levels applicable for specific types of pharmacy (only include those pharmacies supplying to the community, not hospital pharmacies), such as those listed below?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Distance-selling or internet/mail-order pharmacies | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe): | |
| Centralised or hub-and-spoke dispensing models | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe):  Pharmacies receive a fee per. delivery of medicine (can contain multiple packages) they dispense through this type of distribution | |
| Rural or remote location pharmacies | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe):  Rural pharmacies receives a subsidy that falls in proportion to the pharmacy's total turnover | |
| Pharmacies servicing care facilities for aged people | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe): | |
| Specialised pharmacies | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe): | |
| Other (please specify): | |  |  | | --- | --- | |  | No | |  | Yes (please briefly describe): | |

**Question 1.4**

Please briefly describe the market situation with regard to purchasing of prescription-only medicines by pharmacies. Specifically, please briefly cover the following points:

* What, if any, regulations exist with regard to the purchase price of prescription-only medicines? The suppliers are in principle free to set their prices. They notify these prices to the Danish Medicines Agency and can change the price every 14 days. However, the original producers have concluded a price agreement which means that they may not raise the average prices beyond what the average price was during a reference period.
* Is there a regulated cap or limit on the amount of purchasing margin made/retained by pharmacies?  
  The pharmacy's sale prices (and thus the pharmacies' profit) are calculated on the basis of the registered pharmacy purchase price.
* Are reimbursement prices regularly reviewed in response to changes in market prices?  
  The drug reimbursement is based on the patient's drug consumption within an individual reimbursement year. The greater the expense, the greater the share paid by the government. However, not all medicines have subsidies.
* Does the government (or do other third party payers) conduct a competitive process amongst drug manufacturers to determine prices and/or which products are available to be funded?  
  Regulation in Denmark largely relies on market mechanisms. However, the government regularly reviews various areas of medicine and assesses whether a given additional price is justified. If this is not the case, the subsidy can be taken away from a given group of medicines, thereby shifting consumption to another, cheaper group of medicines with (approximately) the same effect.

**Question 1.5**

Questions 1.1 to 1.4 provided a high level overview of funding arrangements for dispensing. If you think other details would be useful to WPC members to allow a better overall understanding of your country’s funding model for dispensing, please provide further details below:

Please continue to Section 2 below.

# Section 2 - Payments for services related to dispensing/supply

This section relates to payments received for add-on or associated services that are related to individual occasions of dispensing/supply.

**Question 2.1 - please complete the table below**

| **Service** | **What is/are the fee or payment sources for this service?**  **(please select all that apply)** | | **What type(s) of fee/payment are applicable for this service?**  **(refer to definitions at the start of this document)** | | **How are the levels of fees/payments determined? (please select all that apply)** | | **Are payments for this service capped (limited) in any way, eg. on a national or a per pharmacy basis? If so, please briefly describe this arrangement.** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1:**  **Compliance aids/packaging**  **I understand this question to include dose-dispensing** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | | |
| **2:**  **Home delivery of prescription medicines** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify):  There is a minimum-fee, that is regulated. Otherwise there is free pricing. If the drugt is sold via internet, there is no minimum-fee | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | | |
| **3:**  **Staged supply (supply in instalments)** | | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | |
| **4:**  **Prescription renewal or extension** | | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe):    In Denmark the doctor can renewal or extension the pricription. It is free for the patient but the patient has to pay for the medicine. The pharmacy gets the same fee for dispensing this kind of precriptions as when the pharmacy dispense for the first time. | |
| **5:**  **Prescription adaption (eg. pharmacist-initiated change of dosage or formulation)** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | | |
| **6:**  **Refusal to dispense (“non-dispensing”)** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | | |
| **7:**  **Other dispensing-related services (please specify and add rows as needed)** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | | |

# Section 3 - Payments for other services

This section covers payments for services that are not specifically related to individual episodes of dispensing.

**Question 3.1 – Please complete the table below**

| **Service** | **What is/are the fee or payment sources for this service?**  **(please select all that apply)** | **What type(s) of fee/payment are applicable for this service?**  **(refer to definitions at the start of this document)** | **How are the levels of fees/payments determined? (please select all that apply)** | **Are payments for this service capped (limited) in any way, eg. on a national or a per pharmacy basis? If so, please briefly describe this arrangement.** |
| --- | --- | --- | --- | --- |
| **1:**  **Medication management or medication review services** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify):  Sometimes the municipality or a nursing home pays the pharmacy to do a medication review for the citizens at the nursing home | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe):  Typically, the pharmacy will enter into a contract with the municipality or the individual nursing home to make a certain number of medication reviews. It will not be an ongoing contract | |
| **2:**  **Chronic disease management services** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | |
| **3:**  **Services relating to public health, OTC medicine supply and/or common (minor) illness** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | |
| **4:**  **Vaccination services** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition  The government pays for influenzavaccinations for risk groups (over 65 years). Other patients pay themselves, and here there is no price regulation | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | |
|  |  |  |  |  |
| **5:**  **Pharmacist prescribing (in a community pharmacy setting)** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe):  The possibility of pharmacist prescribing at Danish pharmacies is limited to a specific group of drugs and the pharmacist can only do once then the patient has to go back and see the doctor | |
| **6:**  **Consultations (not covered by one of the categories above)**  **We have:**  **New medicin service**  **Complianceservice**  **Asthma technic Assesment** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify): | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe):  There is a cap on how many services sector in total can deliver (regulated generally, not the individual pharmacies). | |
| **7:**  **Other services (please specify and add rows as needed)**  **Some pharmacies offer smoking seccation** | |  |  | | --- | --- | |  | Government | |  | Insurer | |  | Patient | |  | None/Not applicable | |  | Other (specify):  Sometimes it’s paid by the municipality | | |  |  | | --- | --- | |  | Fee-for service | |  | Capitation-style | |  | Outcomes-based | |  | Lump sum | | |  |  | | --- | --- | |  | Regulation/legislation | |  | Formal negotiation at a national, state or regional level | |  | Negotiation between individual pharmacies (or groups of pharmacies) and the payer | |  | Consumer-focused competition | |  | Other (please specify): | | |  |  | | --- | --- | |  | No | |  | Yes (please describe): | |

# Section 4 - Payments not relating to specific services (including payments relating to quality, standards or pharmacy accreditation)

This section relates to any other fees or payments made to some or all community pharmacies as part of formal arrangements, which are not specifically related to dispensing or to other services. These may include, but are not limited to, payments relating to staff training, records, compliance with premises standards or other general quality measures. It may also include payments for specific groups of pharmacies, such as those in rural areas.

Under each of the following headings, please briefly describe any fees or payments that are not related to dispensing or to other services (and therefore have not been covered in earlier sections). If there are no payments in the category, simply write “None”.

**Question 4.1 – Please complete the table below**

| **Type of payment** | **Description(s) and payment source(s)**  **(only include significant payments that have not been included in previous sections)** |
| --- | --- |
| Capitation-style payments (including casemix or bundled payments) |  |
| Outcomes-based, performance-based or value-based payments |  |
| Lump sum payments per pharmacy, including establishment or infrastructure payments or subsidies (such as for IT, automation, consultation infrastructure and staff training) (Note: Lump sum payments may include payments that vary from pharmacy to pharmacy based on certain criteria, but not in direct proportion to service volume) |  |

# Section 5 - Relative size of funding components

**Question 5.1**

Of all of the fees and other payments that you have listed in this document, please list the top five in order of value for a typical community pharmacy in your country. For example, a list may be (1) dispensing fees, (2) payments for medication reviews, (3) outcomes-based quality payments, etc.

In the right hand column, please provide your best estimate of the proportion of overall third-party funding (government and insurer) each of the listed fees or payments represents for a typical (average) community pharmacy. A rough estimate will be fine, as this is only to provide a guide as to the relative importance of each fee/payment.

|  |  |  |
| --- | --- | --- |
| Rank | **Fee or payment name** | **Approximate or estimated percentage of overall Government and other Third Party funding represented by this fee or payment\*** |
| 1 | Dispensing fees | 50 % |
| 2 | Sale of non-medical goods | 0 % |
| 3 | Various subsidies for certain types of pharmacies | 50 % |
| 4 | Dose-dispensing of drugs | 60 % |
| 5 | Various health related services | 100 % |

# Section 6 – Process for review, adjustment or indexation of payments

**Question 6.1**

As briefly as possible, please describe any process that exists to review, adjust or index the amounts paid **for the top five services you listed in the previous question**. Examples may include, but are not limited to:

* Renegotiation after a set period of time
* Annual adjustment based on an inflation measure
* Adjustment within a fixed or pre-determined pool of funding

| **Fee or payment number corresponding to your Question 5.1 response** | **Method of review or adjustment for amounts paid** |
| --- | --- |
| **1 Dispensing fees** | |  |  | | --- | --- | |  | Renegotiation after a set period of time | |  | Annual adjustment based on an inflation measure | |  | Adjustment within a fixed or pre-determined pool of funding |   Other, and/or further details:  Dispensing fees are determined with a view to the pharmacies' total earnings reaching an agreed target. If the turnover is higher than expected, the dispensing fees are lowered. Conversely, if revenue is lower than expected. |
| **2 Sale of non-medical goods** | |  |  | | --- | --- | |  | Renegotiation after a set period of time | |  | Annual adjustment based on an inflation measure | |  | Adjustment within a fixed or pre-determined pool of funding |   Other, and/or further details:  These types of goods may not be included in the scope of the questionnaire, but they make up a large part of the pharmacies' total earnings. That's why they're included anyway.  There is no regulation of the prices the pharmacies charge. On the other hand, there is a regulation of how much the sector as a whole can retain. If this limit is exceeded, the proceeds will be set off against the price of medicines. |
| **3 Various subsidies for certain types of pharmacies** | |  |  | | --- | --- | |  | Renegotiation after a set period of time | |  | Annual adjustment based on an inflation measure | |  | Adjustment within a fixed or pre-determined pool of funding |   Other, and/or further details:  There are a number of subsidies for individual pharmacies that will go too far in going into detail with. They include for ensuring a geographical distribution and for having night duty. |
| **4 Dose-dispensing of drugs** | |  |  | | --- | --- | |  | Renegotiation after a set period of time | |  | Annual adjustment based on an inflation measure | |  | Adjustment within a fixed or pre-determined pool of funding |   Other, and/or further details:  The price calculation for dose-dispensed medicines largely follows the price calculation for ordinary medicines |
| **5 Various health related services** | |  |  | | --- | --- | |  | Renegotiation after a set period of time | |  | Annual adjustment based on an inflation measure | |  | Adjustment within a fixed or pre-determined pool of funding |   Other, and/or further details:  Typically, the individual service is priced in connection with the start-up. After that an inflation adjustment takes place |

**Question 6.2**

What (if any) changes to payment models and structures are currently being discussed or pushed in your country, or are likely to be discussed or pushed in the foreseeable future? Please include any changes that your organisation is seeking, as well as those that may be being pushed by other parties such as government or other payers.

|  |
| --- |
| **Answer:**  For many years, there has been pressure for a liberalization of the distribution of medicines in Denmark. Since 2001 most OTC medicines can be sold outside pharmacies. The latest discussions which ended in 2015 a change where the exclusive right to distribute POM medicines remained at pharmacies, but the establishment of new units were set free for pharmacists. Pharmacists continue to be appointed by the government.  The economic governance, however, is no longer tenable, since after the new law from 2015 is now established more than 60 percent new pharmacy units.  There is therefore instigated work between a number of ministries and Pharmaceutical Association in order to clarify these problems and ideally also propose changes to the current system.  However, there is a great risk that the ministries will have a desire for further liberalization in relation to the one that has already been implemented. |

**THANK YOU FOR COMPLETING THIS QUESTIONNAIRE. Please email your completed response to** [**stephen.armstrong@worldpharmacycouncil.org**](mailto:stephen.armstrong@worldpharmacycouncil.org)**.**