

# Intentions Agreement between Denmark and Norway

## **Aspiration for joint price negotiations on selected medicines.**

This intentions agreement aims at introducing joint negotiations for Denmark and Norway on the price for selected medicines.

## **Background**

Both Denmark and Norway experience challenges with regard to security of supply of established medicines and the financing of new, expensive medicine.

After the financial crisis, the purchasing organisations have seen a consolidation of the pharmaceutical industry and the sell-out of generic medicines, and an industry that purchase new medical preparations from biotechnological companies. At the same time, the companies have tightened up business performance and decreased stock supplies. The market is characterised by fewer suppliers, fewer production sites and a tendency that more suppliers buy goods at the same producers. These factors all create a vulnerable supply chain.

Furthermore, the introduction of new and expensive medicines strain the budgets. At the same time patents on older medicine expire and generic products have entered the market. For these generic products the prices are so low that some suppliers are starting to withdraw from the market.

All this makes it imperative for the two countries to be at the forefront of the development and to be aware of the disparate placement of different medicines in the pharmaceutical cycle in order to address the correct initiatives. This applies to both new expensive medicines as well as older medicines with non-sufficient supply.

The challenges are the same in all Nordic countries. A strengthened Nordic cooperation on medicines has been suggested several times, e.g. in the Könberg report from 2014 on 'Future Nordic Health Cooperation'. In 2015, in continuation of the Könberg proposals, the Nordic Ministers of Health decided to initiate a proposal on cooperation opportunities in the area of medicines. In 2017, the Nordic Ministers of Health gave a mandate to establish a working group to exchange information and experience within the area of medicines. The mandate also gave an opportunity for one or more countries to establish closer cooperation on e.g. joint price negotiations.

Several cooperating constellations have been established in Europe during the last years. In June 2016, conclusions from EU Council meetings recommend the countries to engage in cooperating constellations.

Parallel to the work of the Nordic Council of Ministers, Amgro took the initiative to establish the Nordic Forum for Medicine in 2015. The work in the Nordic Forum for Medicines has created a fruitful dialogue between the purchasing organisations in Denmark and Norway which facilitates the establishment of joint negotiations (or tenders) on prices on selected medicines.

## **The Intention**

We have a common Nordic aspiration for providing the population with the right medicine, at the right time and place, including ensuring the security of supply and fast introduction of new efficient medicine at a fair price.

This intentions agreement has been agreed upon with the aim of opening up for joint negotiations (and tenders) between Denmark and Norway on the price of selected medicine.

Through attempting joint solutions and investigating advantages and disadvantages of joining forces with other countries we can gain experience on the effect of larger purchasing power. Furthermore, we can find out if we become a more attractive market for the suppliers, since they can offer larger volumes.

The other Nordic countries are most welcome to attach themselves to this cooperation when it is established.

The decision on which medicine will be used in the individual countries remain a national decision. Purchasing will also remain a national business.

The intention is to begin with a few established medicines and a few new ones. With regard to innovative medicines, it is expected that the joint negotiations will focus on medicines for small patient groups where very high prices are expected. The process of evaluating the medicines must be at a similar level in both countries in order not to delay the introduction. The experience gained from our cooperation must be evaluated continuously in order to assure increased value for both countries.

### **The task ahead**

The owner of the purchasing organisations involved must enter into a specific agreement and must define together the detailed procedures for how the practical cooperation can take place.

The intentions agreement is signed in two copies, dated:

On behalf of the Danish Ministry of Health

Ellen Trane Nørby

On behalf of the Ministry of Health  
and Care Services

Bent Høie