

**From:** <Kevin.Knagg@mail.doc.gov>{PRIVATE }  
**To:** <drugpricing@ita.doc.gov>, <burtonGS@state.gov>  
**Date:** Tue, Jul 20, 2004 5:25 AM  
**Subject:** U.S. Embassy Denmark

Hi Kristie,

We here at the Embassy in Denmark contacted the Chairman of the Pharmaceutical Committee of the American Chamber of Commerce regarding the pharma industry in Denmark and the lessons/comparisons that can be drawn regarding price controls here and proposals currently under discussion in the U.S.A.. This was in accordance with the cable we received in late June 2004. I know the reply date was 07/01/04 but Mr. O'Day was on leave and only returned on Monday, so I hope this response is still useful. As you can see he is also more than willing to discuss matters further with you, should you require a high-level contact in Denmark. His comments are below.

Best regards,

Kevin

Kevin James Knagg  
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----- Forwarded by Kevin Knagg/DENMARK/USFCS/USDOC on 07/20/2004 11:19 AM

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	"O'Day, Daniel
	{Admi~Hvidovre}"
	<daniel.oday@Roch
	e.COM>
	07/19/2004 12:15
	PM
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| | |  
| | To: Kevin.Knagg@mail.doc.gov |  
| | |  
| | cc: |  
| | |  
| | Subject: RE: U.S. Embassy request for assistance on pharma issue |

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Dear Kevin,

The following are my comments to Your request:

-Price Controls are active in Denmark from the standpoint of a commitment by the industry association with the government on keeping reimbursed products (retail) in Denmark to an average EU pricing level (in return for increased access to the reimbursed process for products). In the Hospital sector, the Annual National Tender (which covers about 80% of the Danish hospital business is used to control prices. On the retail level, the government is currently considering a new system to control prices to be introduced in 2005.

-The above price controls are implemented completely in Denmark. Surveys by the industry association (LIF) have indicated that member companies are keeping to the price commitment for retail reimbursed products at an EU average level.

-The impact of the price controls is strong, and does not encourage Pharma investment in Denmark. On the retail level, Denmark has very aggressive generic substitution rules, that curtail the tail end of a product's life cycle. On the hospital level, the single National tender has consolidated purchasing power, and is highly favorable to Generics and parallel importers. At the same time, due to reimbursement limitations and funding issues, new products have a very slow uptake in the Danish Market compared to their EU peer countries. This has an impact first and foremost on patients access to new innovative medicines and the health/survival benefits they offer, and secondly, on the industry in terms of their investment level in Denmark from and Marketing and Distribution side. Indirectly this also can have an effect on investment in R&D and production in Denmark, as companies often consider the overall pharma business environment when making large investment decisions. This has, in general, caused many companies to move major company investment to the US market from Europe, for example.

I would be happy to elaborate on any of these issues, or assist you with reviewing a consolidated overview that you may create from the multiple sources of information you are collecting. I appreciate your initiative. Let me know if I can further support.

Regards,  
Dan

-----Original Message-----

From: Kevin.Knagg@mail.doc.gov [mailto:Kevin.Knagg@mail.doc.gov]  
Sent: Tuesday, June 22, 2004 3:07 PM  
To: O'Day, Daniel {Admi~Hvidovre}  
Subject: U.S. Embassy request for assistance on pharma issue

Hi Daniel,

I am a Commercial Specialist with the Department of Commerce at the U.S. Embassy in Denmark. We've not met yet, but I usually go to the Amcham pharma committee meetings. I cover a number of industries, including pharmaceuticals. I have been asked to find individuals in Denmark that are involved at a high level in the pharma industry/sector, and ask them for their opinion(s).

The Medicare prescription drug, improvement and modernization act of 2003 tasked the Department of Commerce with conducting a global survey on drug pricing practices. The act has three basic aims:

- 1) to identify those countries that use price controls,
- 2) to assess how successfully those price controls are implemented,
- 3) to assess the impact of such price controls on fair pricing, innovation, generic competition, research and development within the country in question (in this case, Denmark).

Given these basic aims, I would like to ask your opinion as to the pricing of pharmaceuticals in Denmark, and what effects (if any) they have (both positive and negative). For your information, this question has been sent to high-level individuals within LIF, American Chamber of Commerce in Denmark, Association of Pharmacists, Danish Pharmacies Association, the Ministry of Health and the Danish Medicines Agency. We ask that you give us your opinions on the issue of pharmaceutical pricing in Denmark, based on the three aims identified above, and send them (via e-mail) to me at the Embassy as soon as possible. Your comments will of course remain confidential, and will be used to better understand the issue of pharmaceutical pricing in Denmark and help the Department of Commerce draw comparisons with pharmaceutical pricing structures existing within other countries.

Naturally as an American in Denmark, and head of the Pharmaceutical Committee for the AMCHAM, your comments are even more valuable to us.

Looking forward to hearing from you,

Kevin

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