



TOGETHER, WE HELP
LAY THE FOUNDATION FOR
BETTER HEALTHCARE



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AMGROS PLAYS AN IMPORTANT ROLE IN THE DANISH HEALTHCARE SERVICE

Amgros plays an active role in developing the healthcare service. We forge cooperation with and between all parties to help ensure that public hospitals have the right medicines to treat patients, and that hearing clinics can distribute modern hearing aids to people with loss of hearing.

In this context, Amgros has an important role in the Danish healthcare system. We serve as a link to finding solutions that benefit many parties. Political, clinical and commercial partners.

This is a complex task, requiring specialist competences. Above all, it demands that we have solid insight into the different contexts in which we operate. And into the contexts in which our partners operate.

Therefore, we have a wide range of specialist groups, including pharmaconomists, pharmacists, health economists and lawyers. We collaborate across departments, specialist areas and specialist groups. And on the basis of our clear and strong values to be thorough, bold and curious.


Together with other healthcare stakeholders, Amgros' task is to help lay the foundation for better healthcare. We therefore strive to be a listening partner that helps make things work successfully.

We're getting better all the time. Year by year. To benefit patients and the healthcare service – and for our owners in the Danish regions.

Flemming Sonne
CEO of Amgros

EFFICIENT PROCUREMENT OF MEDICINES ENABLES BETTER HEALTHCARE





Together with other healthcare stakeholders, Amgros' mission is to provide the conditions for better healthcare.

We do this by organising and conducting efficient tendering procedures, negotiations and procurement for our owners in the Danish regions. We do all this in close collaboration with many other healthcare stakeholders. We organise approx. 360 tendering procedures for medicines annually. Almost all medicines used by public hospital departments are purchased via hospital pharmacies. Hospital pharmacies trade through Amgros.

Suppliers submit their bids through Amgros' electronic tendering system. This means that suppliers can submit bids and keep abreast with ongoing calls for tenders in a single place. The tendering system also helps secure suppliers transparency and equal treatment.

Amgros has extensive experience, built up over many years. Therefore, we know exactly how to organise tendering procedures for the most cost-effective solutions in a complex market.

We work strategically with procurement. This means that we use different instruments in our tendering procedures, negotiations and procurement, depending on how long the medicine has been on the market and the area of treatment the medicine concerns.

When we are to procure a completely new medicine protected by a patent, and the Danish Medicines Council has assessed the medicine, we negotiate a price that is lower than the supplier's official list price. When medicines with the same effects as existing treatments enter the market, but with different ingredients, we will conduct a tendering procedure.

This means we and our partners save Danish society billions of DKK. Every year.

Danes are living longer. And we can treat more diseases, because new and better medicines are entering the market all the time. This is a good thing. But it is expensive. This is where Amgros comes in.



Hospitals know what the best medicine is. Amgros knows what the best price is. Together, we can help the regions to save money. And ensure equal treatment for patients. Throughout Denmark.



WE HELP HOSPITALS TO CHOOSE THE BEST MEDICINES AT THE BEST PRICES

Amgros has several roles in this context.

When we have entered agreements on the supply of medicines, we notify the regions and the medicines committees, so that doctors at hospitals are ready to start using the new agreements and harvest the maximum savings.

We also brief the medicines committees and hospital pharmacies at the regions on the decisions made by the Danish Medicines Council about the impact these decisions may have on the regions.

Together with the regions and the Danish Medicines Council Secretariat, we have set up a task force to ensure that the regions are prepared well in advance

to start using new and usually much cheaper biosimilars. When a medicine loses its patent protection, and generic and biosimilar medicines enter the market, together with clinicians and hospital pharmacies, we also ensure that everyone is ready to start using the often much cheaper biosimilars as quickly as possible.

Together, we are so efficient that other countries refer to us as a centre of excellence.

This provides hospitals with a better basis for choosing the right medicine at the best price. And the hospitals can offer patients the same treatment, no matter where in Denmark they live.



AMGROS SUPPORTS THE DANISH MEDICINES COUNCIL IN PRICE NEGOTIATIONS

Is there is a reasonable relationship between the added clinical value from a new medicine compared with the existing treatment, and the costs incurred by public hospitals for using the new medicine?

This is basically the question Amgros helps the Danish Medicines Council answer when negotiating the price of a medicine with a supplier.

After the Danish Medicines Council has determined the clinical value-added of a new medicine, Amgros will negotiate with the applicant.

Negotiations can begin when the final clinical value-added of the medicine has been determined by the Danish Medicines Council.

Amgros bases its negotiation on two parameters. Firstly the assessment by the Danish Medicines Council of the added clinical value, and secondly an

assessment of the additional costs of the medicine. After the negotiation with the applicant, Amgros will draw up a report to the Danish Medicines Council. This contains the result of the negotiation.

After this, the Danish Medicines Council decides finally whether it will recommend the medicine as a standard treatment at public hospitals.



HOW WE SECURE SUPPLIES OF MEDICINES

Keeping a high level of security of medicines supply is crucial for Amgros. We therefore set strict requirements on our suppliers. The requirements are specified in our tendering procedures and agreements, and include delivery times, quality and shelf life. We expect all suppliers to live up to the requirements and we continuously monitor supplier performance.

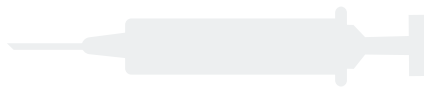
However, we are seeing growing challenges concerning the security of supply of medicines all over the world. We therefore work constantly to limit the number of back orders so that patients can always receive the right treatment at the right time. Among other things, together with hospital pharmacies, we do this by ensuring estimates of expected medicines consumption and by focusing particularly on critical medicines.

In 2018, Amgros started its own storage facility. This will help further secure supplies of medicines. It will provide greater flexibility, because we can supplement hospital pharmacies' own stocks, and we can buy larger batches of supply-critical medicines.

As part of ensuring the supplies of medicines, we use a well-developed and automated system to ensure efficient and secure product flows and cash flows.

Amgros places priority on close dialogue with all our suppliers. It is important for us to be open and to listen to suppliers so that we know about their conditions and can help them supply medicines at the right time.


Together with suppliers and hospital pharmacies, Amgros ensures that the right medicines are on shelves when the public hospitals need them to treat their patients.







TOGETHER WE
ENSURE CITIZENS
WITH LOSS OF
HEARING ACCESS TO
NEW TECHNOLOGY



Every year, public hearing clinics distribute more than half of the around 140,000 hearing aids provided for people with loss of hearing. But how do we ensure that they have the latest technology?

Amgros has taken on this task. After a medical examination, all Danes with reduced hearing are entitled to a hearing aid from the public system every four years. On behalf of the five regions, Amgros procures and invites tenders for hearing aids and supplementary devices for the about 20 public hearing clinics and 60 private pool clinics – private clinics that fit hearing aids on behalf of the public clinics. At the best possible quality, flexibility and price.

We often enter into long-term agreements that typically run for four years. During this period, suppliers can change their range every six months – in line with technological developments. This ensures that clinics and people with loss of hearing constantly have access to new technology.

We prepare our tendering procedures for hearing aids 18 months before the actual delivery period. This work is in close collaboration with the five regions and clinical experts, including physicians,

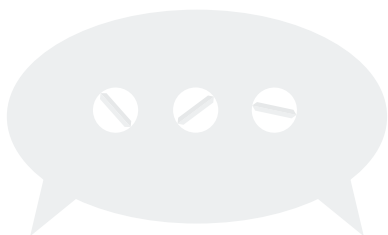
speech and language therapists, assistant audiologists and technical personnel.

All this ensures the best possible products for citizens in an area that is undergoing explosive growth.

In contrast with the private clinics, the public hearing clinics are also responsible for providing hearing aids for children, young people and people with complex hearing disorders. In collaboration with clinical experts, we therefore have focus on ensuring that requirements for products take into account the needs of these people.

Amgros is also responsible for stock control of hearing aids in public clinics and in private pool clinics. This means that we also check that clinics return hearing aids that they do not deliver to people before the agreed deadline. Or, alternatively, that the hearing clinics obtain authorisation from the supplier to return hearing aids after expiry of the time limit.





GOOD DIALOGUE CREATES FAIR COMPETITION

Amgros expects to be able to procure medicines at fair prices. However, we are also aware of minimising our suppliers' costs. Is that possible?

At least that is the goal we are working towards. And which, to a large extent, we also think we have achieved with our suppliers.

Because year by year we are saving billions of DKK solely through our efficient tendering procedures and procurement of medicines and modern hearing aids for public hospitals and hearing clinics. We also try to develop new, digital solutions that make it easier and less cost-intensive to participate in our tendering procedures.



This does not happen by itself. It requires close dialogue with suppliers and their trade associations. We are systematically trying to gather knowledge and gain insight into the market and suppliers' products. We listen to suppliers' needs and balance solutions so that they are attractive for both them and us.

This applies when we organise tendering procedures, when we optimise security of supply, and when we negotiate prices of new medicines. Conversely, we also expect suppliers to offer fair prices and not to exploit advantages in the market to raise prices to unreasonable levels.

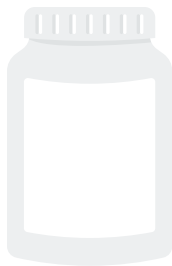
We expect suppliers to help when we face situations with shortages or back orders.

When supplying medicines and hearing aids to public hospitals and hearing clinics in Denmark, suppliers only have to relate to one buyer. Amgros. This simplifies the process. And makes it easy to develop it. We are close to one another. We are each other's eyes and ears. Because we basically have the same overall goal: To secure the supply of medicines and hearing aids to public hospitals and hearing clinics.

Good collaboration builds on trust and understanding of each other's business. Therefore, we want to be the collaboration partner that gets things to work successfully. Amgros' mission is to provide the conditions for better health-care, but with suppliers as our co-players. And even though we work in a complex world, we want simple solutions.



WE SUPPORT MEDICINES PRODUCTION AT HOSPITAL PHARMACIES



Amgros procures by far the majority of medicines from the industry, whereas other medicines are produced by the hospital pharmacies. Here Amgros owns the marketing authorisation and performs shared tasks for the hospital pharmacies.



In collaboration with hospital pharmacies, we make sure that the medicines produced by hospital pharmacies themselves comply with all the rules and standards.

For instance, we do this by maintaining, in close collaboration, the necessary documentation on the so-called SAD medicines approved by the Danish Medicines Agency and to which Amgros owns the marketing authorisation. These are most often medicines that cover special needs at the hospitals, and probably would not be on the market if they were not produced by the hospital pharmacies.

The hospital pharmacies also produce the so-called production of unlicensed pharmaceutical preparation (no MA) aimed at an individual patient or at small patient groups with specific needs. In these situations, registered medicines do not exist. Together with hospital pharmacies, Amgros maintains a shared database of the contents of the medicines and the hospital pharmacy producing them.

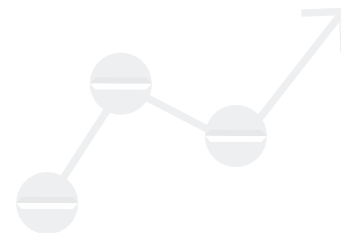
This means that Amgros performs an administrative task to provide an overview for all stakeholders.

In close collaboration with the hospital pharmacies, Amgros also facilitates procurement of many of the raw materials used by hospital pharmacies in their production. This saves resources at the individual hospital and provides financial savings on procurement. We analyse the market and ensure the correct quality of the raw materials delivered for hospital pharmacy production. We do this by coordinating and carrying out audits of suppliers and producers.

A close-up portrait of a young woman with brown hair tied back, wearing a white lab coat. She is smiling warmly at the camera. The background is a blurred clinical or laboratory setting.

THE HEALTHCARE SERVICE CAN MAKE BETTER DECISIONS

We all want a world-class healthcare service. This is expensive. And it requires that decision makers have the necessary knowledge to make cost-effective decisions.



This calls for a solid decision-making basis. And Amgros helps establish this basis.

We do this by monitoring the medicines market so that we are at the forefront of developments. And we do this by systematically monitoring new medicines on their way into the Danish market, and what they will cost. On this basis, we identify the medicines and therapy areas that will be having a great impact on the medicines budgets.

We also collect and analyse key ratios that forecast how the regions' total procurement of medicines for hospitals through Amgros is likely to develop during the year. And we monitor regions' compliance with the medicines recommendations issued by the Danish Medicines Council.

All this is important knowledge for regions, public hospitals and ministries when preparing budgets and setting the course of the future healthcare service. Therefore, we share our knowledge with these partners.

As a principal player in the health service, and with responsibility for procuring medicines and hearing aids for public hospitals and hearing clinics, we are responsible for this is always sustainable and environmentally friendly.



BACK



AMGROS AIMS TO MAKE A CLEAR IMPACT AND MAKE A DIFFERENCE FOR THE ENVIRONMENT

We impose requirements on our procurements of both medicines and hearing aids to gain a much more sustainable business. And the requirements must be balanced so we find the right level between considering the environment and securing access to medicines and hearing aids.

But where should we end and where should we begin?

We discuss and clarify this with anyone interested in joining in, including our own board, hospital pharmacies, hospitals, suppliers, authorities, politicians and colleagues in Denmark and abroad.

The potential is great. And the possibilities are many. Therefore, one of the first and greatest challenges is to take coordinated action. We have already taken the first tentative steps. We've found that many parties want to join us, and that there's a lot to do.

Therefore, there is no doubt that Amgros will be an important part of sustainable development – both nationally and internationally. And that the future supply of medicines and hearing aids to public Danish hospitals is about more than quality, price and reliable deliveries, it is also very much about being able to deliver sustainable and environmentally friendly products.

WE LOOK TOWARDS OTHER COUNTRIES





Denmark has a unique setup and procedures to supply medicines to our public hospitals. However, in order to constantly be able to develop and respond to changes in the market, we draw on inspiration from other countries.



Ensuring supplies of medicines to Danish hospitals. At the best possible price. These are two of the most important tasks for Amgros.

Tasks that are largely successful, but also tasks that involve many challenges. Not only for us. But for all countries. Since the medicines market is global, increasing disruptions to supplies and increasing prices of new medicines are also universal.

Therefore, with a small market like the Danish, we need to draw inspiration and look towards other countries. Consequently, we have expanded our international cooperation in the past years. Both by establishing the Nordisk Lægemiddelforum (Nordic Pharmaceuticals Forum) and by being involved in different European partnerships.

Today, Amgros is primarily known for its tendering procedures, but we are aiming to develop several other business areas with an international perspective.

Over the years to come, we will focus our international work on four key areas:

Security of medicines supply. Medicines pricing. Inspiration for development at Amgros. Partnerships.

In some areas, Amgros will itself take charge of international cooperation, while in others, international cooperation will be through dialogue and cooperation with close stakeholders who are also involved internationally.

TOWARDS THE FUTURE

Amgros has existed for more than 25 years. Not only have we saved the Danish healthcare sector billions of DKK. We have also recognised that we work within an area that is constantly developing. Rapidly. We have translated this into a strategic objective for Amgros. We need to be able to look ahead and constantly adapt and develop our organisation. No matter whether we are faced with new requirements and challenges from politicians, the industry or technological and digital developments. Or whether we are to help ensure that new medicines and new hearing aids are quickly made available for use in Denmark.

We therefore also need to keep looking into how we can use our broad knowledge and vast amounts of data in new and better ways. And how we can expand and ensure the quality of our data basis and processes.

We will continue to keep our finger on the pulse and create value for our partners, owners and patients.

And together with other healthcare stakeholders, we will continue to create the best conditions for healthcare and patients in Denmark.

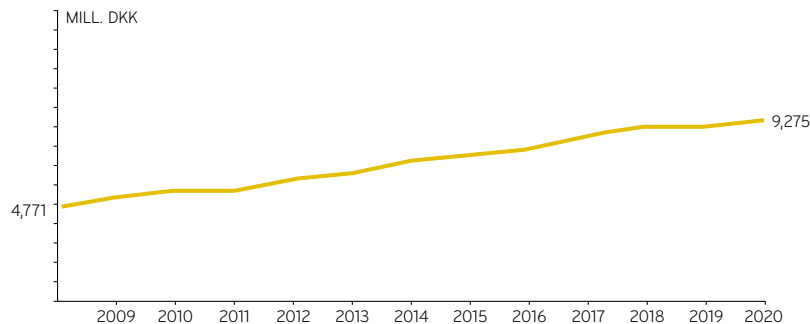
Above all, we will contribute to the changing healthcare system, with its ever sharper focus on making life easier for patients. Therefore, we will help move medical treatment at hospitals to patients' homes.

There's a lot to do. In addition to the tasks we're already working on, and the tasks we have been successfully carrying out for years.

We look forward to doing it all with our close partners, for Amgros is nothing without you.

AMGROS IN ROUND FIGURES

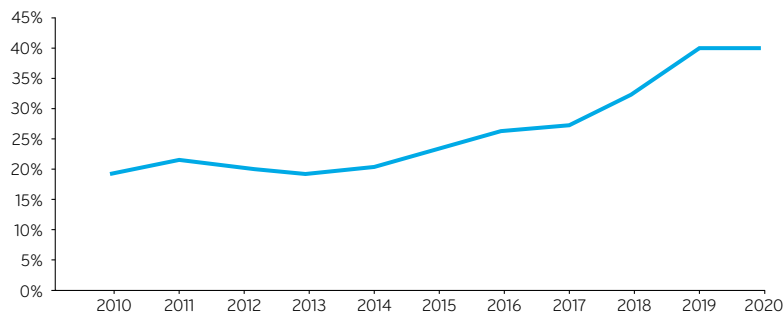
TOTAL EXPENDITURE ON MEDICINES ROSE BY 4.4%



In 2020, the regions procured medicines via Amgros costing approx. DKK 9.2 bn. Total expenditure on procurement of hospital drugs increased by 4.4% relative to 2019.

Turnover of medicines thus rose by about DKK 392 mill. compared with 2019.

HISTORICALLY HIGH DISCOUNTS



In 2020, Amgros achieved the same high average discount rate as in 2019 – i.e. 40%.

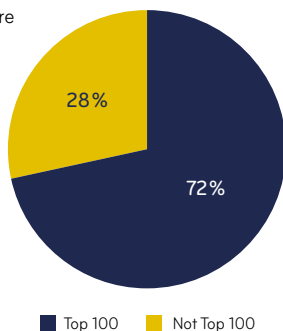
However, the increase in savings has flattened out compared to the large growth in the savings in 2019. This is because the effect of the patent expiry the end of 2018 on the highest selling drug: Humira (adalimumab) has subsided.



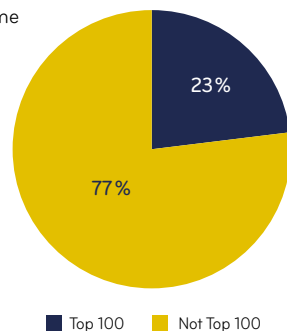
100 medicines account for 72% of total expenditure on hospital medicines. But they only make up 23% of the total volume.

A FEW MEDICINES MAKE UP A LARGE PERCENTAGE OF EXPENDITURE

Total expenditure

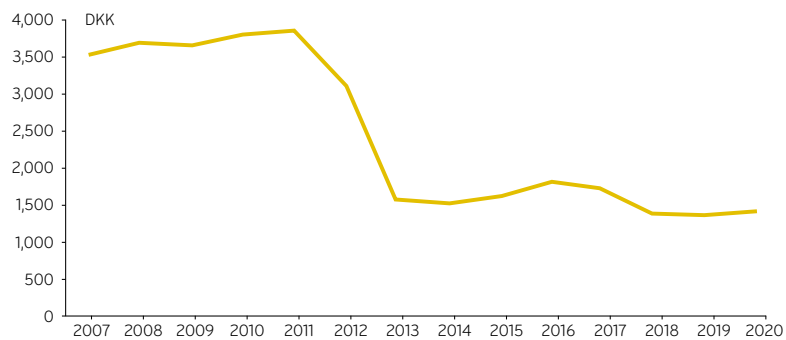


Total volume



Since Amgros took over administration of hearing aids in 2007, the average price has fallen steadily, from DKK 3,541 to DKK 1,444 in 2020.

THE AVERAGE PRICE OF HEARING AIDS HAS FALLEN STEADILY





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