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Competition in the Healthcare Sector – Contribution from the Czech Republic

- Session II -

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This contribution is submitted by the Czech Republic under Session II of the Global Forum on Competition to be held to be held on 1-2 December 2025.

More documentation related to this discussion can be found at: oe.cd/chthc.

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Czech Republic

1. Introduction

1. Although the healthcare sector is highly regulated, the Office for the Protection of Competition of the Czech Republic (hereinafter "the Office") plays a vital role in ensuring accessible, competitive, and high-quality healthcare markets. It protects market structures so that patients benefit from choice, affordability, and quality. The work of the Office goes beyond enforcement and includes market studies, advocacy, and cooperation with regulators and healthcare providers.[1] However, the cooperation is sometimes constrained by legal barriers, which are removed only gradually. Until 2025, the Office did not have access to information obtained by price-regulating bodies in the course of their activities, such as the Ministry of Health and the State Institute for Drug Control (SÚKL); this access has been granted by law only from 2025 onwards.[2]

2. The purpose of this contribution is to provide a comprehensive overview of the situation in selected healthcare markets in the Czech Republic, the enforcement and decision-making practice of the Office, the findings of its sector inquiry, and the ways in which the Office intervenes and comments on proposed legislative changes.

2. General Overview of Healthcare system in the Czech Republic

3. In the Czech Republic, total healthcare expenditures for the year 2022 amounted to approximately EUR 24.5 billion, representing 8.4% of GDP.[3] Healthcare is primarily financed from public sources (85%), with health insurance funds covering 71.4% of all healthcare costs.[4]

4. By law, contributions to the public health insurance system are set at 13.5% of the assessment base (gross monthly salary before tax), of which employees pay 4.5% and employers 9%. Self-employed individuals pay the same overall rate (13.5%), but their assessment base is calculated as 50% of their profit. Contributions are collected by health insurance companies and subsequently redistributed among them.

5. In 2022, households contributed 14.3% to healthcare financing, which represents direct patient expenditures or their possible co-payments, while private sources accounted for the smallest share at 0.7%, including payments by non-profit institutions for healthcare,

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[1] Examples include the Sector Inquiry into the Distribution of Medicines, discussed below, as well as formal objections to a proposed amendment to the Health Services Act concerning the introduction of demographic and geographical restrictions on the establishment of new pharmacies.

[2] The Office for the Protection of Competition. První vlaštovka v reformě soutěžního práva: ÚOHS bude mít přístup k informacím cenových orgánů. 23. 9. 2024. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/3981-prvni-vlastovka-v-reforme-souteziho-prava-uohs-bude-mit-pristup-k-informacim-cenovych-organu.html.

[3] Czech Statistical Office. VÝSLEDKY ZDRAVOTNICKÝCH ÚČTŮ V ČR v letech 2010–2022, p. 6. https://csu.gov.cz/docs/107508/19f07b11-a0f7-80a1-3304-493c4951d7e2/26000524.pdf?version=1.0.

[4] Ibid., p. 8.

voluntary health insurance (e.g., travel insurance), and occupational (corporate) preventive care.[5]

6. From the above, it follows that the market environment in the healthcare sector is largely determined by state regulation, and in certain segments, price competition is virtually impossible. Consequently, in some areas of healthcare, the risk of classic price-fixing cartels is reduced. Greater emphasis is therefore typically placed on vertical relationships and merger control.

3. Competition Across Selected Markets

3.1. Public Procurement in General

7. A study conducted by Nemec et al. found that the overall level of competition in public procurement within the Czech healthcare sector is very low. It is widely recognized that low competitiveness significantly undermines the efficiency of public procurement, and the situation in the Czech Republic is rather critical.[6]

8. In the Czech healthcare sector, the average number of bids submitted per tender is below two, indicating a low level of competition. In 2019, approximately 50% of all tenders had only a single bidder, meaning that a significant proportion of public contracts were effectively awarded without genuine competition.[7]

9. The research fully attests that a higher number of tenderers leads to a lower final price, even within the Czech health sector.[8] The correlation coefficient between the number of bids and savings in the Czech Republic was 0.27, indicating a statistically significant relationship.[9] The study also found that each additional bid reduces the resulting price by an average of 3.35%.[10] Similar figures were reported by Pavel, who analyzed the impact of competitiveness on the cost of constructing road and railway transport infrastructure in the Czech Republic between 2004 and 2009. He found that, on average, each additional bidder in a tender reduced the final price by 3.27%.[11]

10. Nemec et al. concluded that the main problem is that the potential for competitiveness is not utilized by healthcare establishments to obtain better prices (and quality) for purchased goods, services, and works. This leads to resource wastage, which

[5] Ibid., p. 8.

[6] Nemec, J., Kubak, M., Krapek, M., & Horehajova, M. (2020). Competition in Public Procurement in the Czech and Slovak Public Health Care Sectors. Healthcare, 8(3), 201. https://doi.org/10.3390/healthcare8030201, p. 7.

[7] Ibid., p. 7-8.

[8] Ibid., p. 11-12.

[9] Ibid., p. 9.

[10] Ibid., p. 8-9.

[11] Pavel, J. (2010). Analýza vlivu míry konkurence na cenu rozsáhlých staveb v dopravní infrastruktury. Politická Ekonomie, 14, 343–356.

is not related to objective environmental factors but is primarily a result of systemic corruption widespread in the public sector.[12]

3.2. Health Insurance

11. In the mandatory health insurance market, there are seven health insurance companies operating in the Czech Republic; however, their services are largely indistinguishable due to the structure of the system. Some experts even describe it as a monopoly with artificially created competition.[13] The General Health Insurance Company of the Czech Republic (VZP) holds over 55% of all clients, while the remaining six employee-based health insurance funds share the rest of the market.[14] Currently, the merger of certain insurance companies is being considered due to the losses they have reported. Consequently, it is possible that there will be fewer such entities operating on the market in the future.[15] As explained above, state regulations determine the revenues, specifically the amount of health insurance contributions. Expenditures, however, are decided annually by the Minister of Health, which means that, due to the legal framework, health insurance companies do not compete on price. Instead, they rely almost exclusively on non-price competition tools. In light of the judgment of the Court of Justice of the European Union in joined cases C-262/18 P and C-271/18 P,[16] however, it must be added that the presence of competitive elements within this system is only a secondary aspect compared to its social, solidarity-based, and regulatory features, and the ability of insurance providers to seek, use, and distribute profit is significantly restricted by legal obligations aimed at ensuring the viability and continuity of mandatory health insurance.

12. In contrast, the voluntary health insurance market — for example, travel insurance — operates in a highly competitive environment, where price plays a decisive role in consumer choice.[17]

13. It is worth noting that in 2021, a controversial law was passed requiring foreigners coming to the Czech Republic for work to purchase travel insurance exclusively from a subsidiary of the VZP. This created a five-year monopoly on commercial insurance for foreigners with long-term residence in the Czech Republic, after which other health

[12] Nemec, J., Kubak, M., Krapek, M., & Horehajova, M. (2020). Competition in Public Procurement in the Czech and Slovak Public Health Care Sectors. Healthcare, 8(3), 201. https://doi.org/10.3390/healthcare8030201, p. 12.

[13] Cf. Veselka, J. Diagnóza: Nezdravý monopol VZP. Trh ve zdravotním pojištění je jen zdánlivý. 1. 4. 2025. https://www.seznamzpravy.cz/clanek/domaci-zivot-v-cesku-diagnoza-nezdravy-monopol-vzp-trh-ve-zdravotnim-pojisteni-je-jen-zdanlivy-272989.

[14] Ministry of Health. ZÁKLADNÍ UKAZATELE ČINNOSTI ZDRAVOTNÍCH POJIŠŤOVEN V LETECH 2020 A 2021. https://mzd.gov.cz/wp-content/uploads/2013/07/zakladni_ukazatele.pdf.

[15] ČTK. Zadlužená VoZP jedná o sloučení s pojišťovnou ministerstva vnitra, píše Aktuálně.cz. 9. 6. 2025. https://ct24.ceskatelevize.cz/clanek/domaci/zadluzena-vozp-jedna-o-slouceni-s-pojistovnou-ministerstva-vnitra-pise-aktualnecz-361837.

[16] Joined Cases C-262/18 P and C-271/18 P, Judgment of the Court (Grand Chamber) of 11 June 2020, *European Commission v Dôvera zdravotná poisťovňa a.s., Slovak Republic, Union zdravotná poisťovňa*, EU:C:2020:450.

[17] Cf. Roklen24. Cestovní pojištění zlevňuje, konkurence mezi pojišťovnami sílí. 9. 6. 2023. https://roklen24.cz/?quick_news=cestovni-pojisteni-zlevnuje-konkurence-mezi-pojistovnami-sili.

insurance companies would have been allowed to offer such insurance as well.[18] This legislation was enacted in defiance of warnings issued by the Office, which raised serious concerns about its compatibility with competition principles and EU law. The monopoly generated an estimated income of around 33 million EUR per year for VZP's subsidiary.[19] It is noteworthy that even before the monopoly was officially approved, some prices increased by up to 100%. However, after just two years, in 2023, lawmakers abolished the monopoly.[20] Following this decision, VZP's competitors filed lawsuits against the state seeking compensation for damages.
For example, Maxima Insurance was awarded approximately 9 million EUR, and Slavia Insurance received about 1.5 million EUR.[21]

3.3. Pharmaceuticals

14. From a competition perspective, several levels of rivalry can be distinguished within the pharmaceutical distribution chain. At the starting point, there are Marketing Authorization Holders (MAHs), who compete primarily by offering their products to distributors or pharmacies, depending on the type of distribution system in place. MAHs are typically large international pharmaceutical corporations, often operating subsidiaries within the EU member states. Among the most significant pharmaceutical companies active in the Czech market are, for example, AstraZeneca, Pfizer, Roche, Bayer, Boehringer Ingelheim, GlaxoSmithKline, Merck Sharp & Dohme, Sanofi-Aventis, and Mylan, among others.[22] Their competition is driven mainly by price, quality, efficacy, and availability of medicines, as well as by other factors that may influence demand.[23] Approximately half of all MAHs also hold distribution licenses, primarily for logistical purposes.[24]

15. On the demand side of the pharmaceutical market, distributors compete not only on pricing but also on the quality and scope of their services. Critical determinants of competitiveness include technological capabilities, operational efficiency, the scale and density of logistics networks, and the number of distribution centers. Distributors may consist of major wholesalers, specialized suppliers, or Marketing Authorization Holders

[18] Kopecký, J. Vojtěch versus ANO. Spor o monopol VZP na cestovní zdravotní pojištění cizinců. 2. 6. 2021. https://www.idnes.cz/zpravy/domaci/snemovna-zdravotni-pojisteni-cizincu-ze-tretich-zemi-vzp.A210602_095615_domaci_kop.

[19] Cf. Blažek, V. Končí monopol za 800 milionů ročně, který prosadili poslanci ANO. 12. 7. 2023. https://www.seznamzpravy.cz/clanek/domaci-kauzy-konci-monopol-za-800-milionu-rocne-ktery-prosadili-poslanci-ano-233335.

[20] ČTK. Monopol na pojištění cizinců končí. Odvrácení pokuty má v rukou znovu Senát. 14. 7. 2023. https://www.idnes.cz/ekonomika/domaci/vzp-pojisteni-cizincu-monopol-snemovna-senat.A230714_114715_ekonomika_ven.

[21] Pokorný, M. Stamilionový účet za nezákonný monopol VZP. Stát má platit pojišťovně miliardáře Pražáka. 20. 2. 2025. https://archiv.hn.cz/c1-67619740-stamilionovy-ucet-za-nezakonny-monopol-vzp-stat-ma-platit-pojistovne-miliardare-prazaka.

[22] The Office for the Protection of Competition. Zpráva ze sektorového šetření v oblasti distribuce léčiv, p. 32. https://www.uohs.cz/download/Sekce_HS/Zprava-ze-sektoroveho-setreni-farmacie.pdf.

[23] The Office for the Protection of Competition. Farmacie. https://uohs.gov.cz/cs/hospodarska-soutez/ekonomicke-sektory/farmacie.html.

[24] The Office for the Protection of Competition. Zpráva ze sektorového šetření v oblasti distribuce léčiv, p. 33. https://www.uohs.cz/download/Sekce_HS/Zprava-ze-sektoroveho-setreni-farmacie.pdf.

(MAHs) with their own distribution licenses, who frequently collaborate with logistics partners.[25]

16. At the same time, these distributors act on the supply side of the retail market by supplying pharmacies. In this segment, competition is reflected primarily in delivery pricing, the speed and frequency of restocking, and the usability of ordering systems. Nevertheless, the overall intensity of competition largely depends on the specific distribution model applied.[26]

17. The traditional full-line wholesalers maintain a comprehensive portfolio of medicines and account for more than half of all pharmaceuticals traded in the Czech Republic. This group is represented primarily by the four largest distributors — PHOENIX (40-45%), Alliance Healthcare (20-25%), PHARMOS (15-20%), and ViaPharma (10-20%) — which together control over 90% of the wholesale pharmaceutical distribution market.[27]

18. The third group of distributors, alongside MAHs with distribution licenses, full-line wholesalers, and specialized suppliers, consists of certain pharmacies that hold a distribution license. This authorization enables them to facilitate more efficient transportation of medicines between their own branches. Out of a total of 401 holders of distribution permits in the Czech Republic, approximately 111 also operate pharmacies.[28]

19. The final stage of the pharmaceutical supply chain consists of pharmacies, hospitals, hospital pharmacies, and other healthcare facilities, where medicines ultimately reach patients and are dispensed for therapeutic use. Despite the regulatory barriers that may restrict pharmacies' entry into the retail pharmaceutical market, the sector remains highly fragmented, with a large number of active operators. Nevertheless, the market exhibits a high degree of concentration, driven predominantly by the dominance of major pharmacy chains, such as Dr. Max (30-35%) and BENU (10-20%), which together account for approximately half of total retail pharmaceutical sales.[29] Both pharmacy chains and independent pharmacies often join various alliances or associations as part of efforts to create optimal conditions for the development of pharmacy in the Czech Republic, for example by coordinating activities related to the legislative process.

20. Similar to the wholesale distribution market, the retail segment is characterized by strong vertical integration with pharmaceutical distributors. Notably, the largest pharmaceutical wholesaler, PHOENIX, which holds approximately 40–45% of the wholesale pharmaceutical distribution market, owns the BENU pharmacy chain, with an estimated 10–20% share of the retail pharmaceutical market. Another key player is the wholesaler ViaPharma, with a 10–20% market share in wholesale distribution, whose

[25] The Office for the Protection of Competition. Farmacie. https://uohs.gov.cz/cs/hospodarska-soutez/ekonomicke-sektory/farmacie.html.

[26] Ibid.

[27] The Office for the Protection of Competition. Zpráva ze sektorového šetření v oblasti distribuce léčiv, p. 33. https://www.uohs.cz/download/Sekce_HS/Zprava-ze-sektoroveho-setreni-farmacie.pdf.

[28] Ibid., p. 34.

[29] The Office for the Protection of Competition. Farmacie. https://uohs.gov.cz/cs/hospodarska-soutez/ekonomicke-sektory/farmacie.html.

subsidiary is the Dr.Max pharmacy chain, holding around 30–35% of the retail pharmaceutical distribution market.[30]

21. In the sector inquiry, some of the pharmacies surveyed stated that these links are reflected in preferential supply arrangements, providing competitive advantages to large pharmacy networks.[31]

22. Lastly, it is worth noting that the distribution of pharmaceuticals in the Czech Republic operates under two primary models: the traditional distribution model and the so-called direct distribution model. Within the traditional model, distributors purchase medicines from the Marketing Authorization Holder (MAH) in their own name and at their own financial risk, subsequently selling these products to pharmacies. In contrast, the direct distribution model includes direct-to-pharmacy (DTP) and direct-to-hospital (DTH) systems, where the distributor serves solely as a logistics partner for the manufacturer or MAH and does not obtain ownership rights over the medicines at any stage.[32]

4. Enforcement and Decision-Making Practice

4.1. Agreements

23. In 2006, the Office, based on press monitoring, identified attempts by pharmacists to pressure suppliers of vitamins, minerals, and other health-related products to choose whether to distribute exclusively to pharmacies or solely to retail outlets, such as drugstores and supermarket chains. The underlying motivation behind this initiative was the lower retail prices of such products outside pharmacies, which pharmacists sought to limit. However, this conduct resulted in a restriction of competition, adversely affecting not only retail chains but also consumers, who consequently lost the freedom to choose where to purchase these products. In response, the Office sent a formal letter to the Czech Chamber of Pharmacists (ČLnK) demanding that it immediately ensure pharmacists cease this anti-competitive conduct. The Office explicitly warned that failure to comply would result in the initiation of administrative proceedings, as such practices could ultimately lead to increased prices and further harm to consumer welfare.[33]

24. In another case, the Office sanctioned the ČLnK for approving a Licensing Code that granted the Chamber the authority to give consent to the establishment of pharmacies, including any detached departments for the dispensing of medicines and medical devices. Moreover, the Licensing Code unlawfully assigned the Chamber the power to approve the material, technical, and personnel equipment of pharmacies based on the scope of the pharmaceutical care provided. The approval of these provisions in the Licensing Code

[30] The Office for the Protection of Competition. Zpráva ze sektorového šetření v oblasti distribuce léčiv, p. 40. https://www.uohs.cz/download/Sekce_HS/Zprava-ze-sektoroveho-setreni-farmacie.pdf.

[31] The Office for the Protection of Competition. Farmacie. https://uohs.gov.cz/cs/hospodarska-soutez/ekonomicke-sektory/farmacie.html.

[32] Ibid.

[33] The Office for the Protection of Competition. ÚOHS nařídil komoře učinit kroky směřující k zastavení protisoutěžního jednání. 5. 9. 2006. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/114-uohs-naridil-komore-ucinit-kroky-smerujici-k-zastaveni-protisout.html.

resulted in a distortion of competition in the pharmaceutical services market, and the Office has prohibited the ČLnK from engaging in such practices in the future.[34]

25. ČLnK was also fined approximately 12.000 EUR by the Office for anti-competitive restrictions involving the promotion of pharmacies, the use of customer discount cards, and several other offenses. Under the Chamber's Professional Code, pharmacies were prohibited from informing customers about their locations using distance indicators. This effectively created a "safe zone" around each pharmacy, protecting it from competition. The Code also banned pharmacies from including offers and prices of over-the-counter medicines in promotional materials and regulated the provision of discounts and bonuses. Additionally, the ČLnK engaged in unlawful activities through the District Association of Pharmacists in Uherské Hradiště, which pressured its members not to lower the retail prices of medicinal products, effectively protecting profit margins. Particularly anti-competitive was the very fact that members of this regional branch of ČLnK met specifically to discuss drug pricing policies.[35]

26. In 2008, the Office examined the conduct of the ČLnK concerning the issuance of a document titled "Statement of the Board of the Czech Chamber of Pharmacists on the Practices of Pharmacies Providing Cash Payments to Patients upon Presentation of a Prescription" dated 20 August 2007. In this statement, the ČLnK expressed its disapproval of pharmacies offering patients financial incentives or other benefits in exchange for presenting a prescription and declared that such conduct would henceforth be considered a violation of pharmacists' professional duties under the ČLnK Code of Ethics. The document was published both on the ČLnK's official website and in the Journal of Czech Pharmacists. The Office assessed the ČLnK's conduct as a prohibited and invalid decision by an association of undertakings, as it was capable of distorting competition on the market for pharmacy services. The Office fined ČLnK approximately 40.000 EUR.[36] The Office's conclusions were further confirmed by both the Regional Court and the Supreme Administrative Court.[37]

27. The Czech Chamber of Dental Technicians (KZT) was found to have violated the Czech Act on the Protection of Competition by publishing price lists for dental products between 2011 and 2022. These price lists were made publicly available on the Chamber's official website and in its professional magazine, and members were encouraged to increase the prices of dental products accordingly. According to the Office, KZT engaged in an unlawful price-fixing decision intended to distort competition on the Czech market for dental products. Such conduct constituted a prohibited agreement between competitors and restricted price competition among dental technicians. In addition to ordering KZT to cease this anti-competitive practice, the Office imposed an administrative fine and required KZT to inform all of its members within 30 days of the decision's finality about both the ruling itself and the prohibition of price agreements within associations of undertakings. Initially, the Office calculated the fine at approximately 16.000 EUR, taking into account that KZT had not actively monitored or enforced compliance with its price lists, and that only a negligible number of members had actually applied the published prices in practice.

[34] The Office for the Protection of Competition, decision of 10 August 2007, nr. S125/2004-14671/2007/620.

[35] The Office for the Protection of Competition, decision of 18 April 2005, nr. S 6/05-2990/05-OHS.

[36] The Office for the Protection of Competition, decision of 12 August 2008, nr. S 284/2007/KD13557/2008/850.

[37] Regional Court in Brno, decision of 12 April 2011, nr. 62 Ca 33/2009; Supreme Administrative Court, decision of 22 July 2011, nr. 7 Afs 43/2011.

However, due to KZT's removal of all problematic documents during the administrative proceedings and its fulfilment of the conditions for settlement, the fine was reduced to a final amount of approximately 12.000 EUR.[38]

28. In addition to the aforementioned cases, the Office has imposed a number of fines in relation to bid rigging practices, i.e., cases in which competitors colluded in public procurement procedures with the aim of artificially influencing the outcome of tenders and thereby distorting competition.[39]

29. Lastly, it is worth mentioning that in 2012, the Office dealt with a complaint filed by the Association of Czech and Moravian Hospitals against eight health insurance companies. According to the Association, the insurers had engaged in anti-competitive conduct by signing a memorandum in 2011 on restructuring and reducing the number of hospital beds. Under the agreement, the insurers planned to terminate existing contracts with all hospitals and renegotiate new ones within the year. Some hospitals faced the risk of receiving contracts covering fewer services or, in some cases, no contracts at all. The Office noted, however, that the system of public health insurance allows for only very limited application of competition law. It also took into account that the memorandum on coordinated action had been signed with the consent of the Ministry of Health. As a result, the Office concluded that no anti-competitive conduct had taken place.[40]

4.2. Abuse of dominance

30. In 2023, the Office reviewed the VZP's practices, specifically the inclusion of medical devices classified as "separately billed medical materials" in the medical devices catalogue (reimbursement list). Typically, this catalogue includes medical devices that are consumed during inpatient medical procedures and are considered "cost-significant" from VZP's perspective — for example, absorbable implants, catheters, pacemakers, and joint replacements, but not standard items such as syringes. The Office found that VZP used a methodology that contained several problematic aspects from the perspective of competition law. In particular, medical devices were recommended for inclusion only if they were assessed as "economically acceptable," yet the methodology provided no information on how this economic evaluation was conducted. Other significant shortcomings included the lack of a defined procedural framework, the absence of any possibility to appeal VZP's decision on non-inclusion, and vague communication with applicants regarding the reasons for rejection. Additionally, the restrictive rule allowing applications to be submitted only during two two-week windows per year was considered problematic from a competition law standpoint. The Office emphasized that, according to the Constitutional Court ruling (Pl. ÚS 3/15), the Act on Public Health Insurance does not permit health insurance companies to exclude any medical device legally placed on the market from the possibility of being provided, and that such devices should be included in

[38] The Office for the Protection of Competition. Komora zubních techniků dostala pokutu za vydání ceníku a výzvy, aby její členové zvýšili ceny. 21. 7. 2023. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/3630-komora-zubnich-techniku-dostala-pokutu-za-vydani-ceniku-a-vyzvy-aby-jeji-clenove-zvysili-ceny.html.

[39] The Office for the Protection of Competition, decision of 22 December 2014, nr. ÚOHS-S283/2011/KD-27464/2014/851/LŠt; The Office for the Protection of Competition, decision of 11 August 2016, nr. ÚOHS-S590/2014/KD-33798/2016/851/PHa.

[40] ČTK. Pojišťovny kartel neuzavřely, ukončil případ ÚOHS. 5. 3. 2012. https://zpravy.aktualne.cz/regiony/jihomoravsky/pojistovny-kartel-neuzavrely-ukoncil-pripad-uohs/r~i:article:735819/.

the list without additional conditions. After repeated negotiations and warnings from the Ministry of Health, as well as consultation with the Office, VZP eventually submitted a new methodology in April 2023. Following an analysis, the Office concluded that the new methodology fully addresses the problematic aspects in relation to the Act on the Protection of Competition. The updated approach introduces a specific process for evaluating applications, a new classification of medical devices determining when clinical-economic assessment applies, and, most importantly, establishes an appeal mechanism for suppliers whose products are not included. Notifications of non-inclusion must now be provided in writing and properly justified. Furthermore, the submission periods for applications have been extended. Based on these changes, the Office considered the matter resolved from a competition law perspective.

31. With regard to the abuse of dominant position, the Office has in the past received a number of complaints from distributors, most commonly concerning refusals to supply. However, in the vast majority of cases, the Office did not find that a dominant position existed, as it defines the relevant market at the ATC-3 and ATC-4 levels (i.e., different therapeutic groups and active substances). The narrower ATC-5 level (identical active substances, including generics) is considered by the Office to be more appropriate for assessing other types of anticompetitive conduct, such as 'pay-for-delay' arrangements (horizontal agreements where a competitor agrees not to enter the market with a new generic medicine).

32. The Office's approach is largely aligned with that of the European Commission, although it primarily relies on the WHO's ATC classification system (also used by the Czech State Institute for Drug Control – SÚKL), rather than the EphMRA classification. Nevertheless, the Office does take EphMRA into account in certain cases.

33. Complaints from distributors have ceased following the entry into force, in 2024, of a legislative amendment that abolished the so-called protected distribution system, which had been criticised for years as ineffective. The purpose of that system was to ensure that all distributors – including those supplying DTP/DTH medicines – had access to all pharmaceuticals, and were then obliged under a public service commitment to supply such medicines to pharmacies in the Czech Republic. While similar regulatory systems exist abroad, the conditions differ significantly. For example, many countries do not face the same degree of parallel exports. In the Czech Republic, medicines tend to be cheaper due to the reference pricing system, which often results in their export abroad.

34. As part of the same legislative amendment, a prohibition on discrimination in the supply of medicines with limited availability to pharmacies was also introduced. The aim of this measure is to ensure appropriate territorial allocation of such medicines, thereby guaranteeing patient access across the entire country. Discrimination is permitted only in the case of a genuine shortage of medicines, and compliance with this provision is monitored by SÚKL. Since the introduction of this change, the number of complaints from pharmacies has notably decreased.

4.3. Mergers

35. Like other competition authorities, the Office approves mergers that will not result in a significant distortion of competition. It thus permits the concentration of undertakings, for example, in the area of providing outpatient and inpatient care,[41] manufacturing of

[41] The Office for the Protection of Competition, decision of 9 December 2024, nr. ÚOHS-47125/2024/873; The Office for the Protection of Competition, decision of 18 October 2017, nr. ÚOHS-S0238/2017/KS-30319/2017/840/DUI; The Office for the Protection of Competition,

medical products,[42] or in the area of wholesale and retail sales of medicines and other pharmacy products.[43] Most recently, the Office reviewed a merger in the field of ophthalmological care, operated through a network of eye clinics, outpatient facilities, and optical shops, including the retail sale of optical aids, as well as in the wholesale distribution of optical aids and optometric equipment.[44] The Office also examined a merger in the provision of outpatient and inpatient care in the Moravian-Silesian Region, where particular consideration was given to preserving the accessibility of care for patients in this region.[45]

36. In some cases, however, a merger has been cleared under commitments.

37. In 2003, the Office made the merger of Zentiva (owner of Léčiva) and Pharma Holding (owner of Slovakofarma) conditional upon the transfer of the production and sale of the medicinal products Febichol, Oxyphyllin, and Kinedryl, as well as the transfer of the Acylpirin trademark. In accordance with these commitments, these medicinal products were to continue to be offered to consumers by competitors of Léčiva and Slovakofarma. The purpose of the restrictions imposed by the Office was to maintain a sufficient number of medicinal product manufacturers in the relevant markets, where the merger in question would have otherwise distorted competition due to the dominant position of Léčiva and Slovakofarma.[46]

38. At the beginning of the century, the Office also approved a concentration conditional upon the undertakings taking appropriate measures to ensure that the supply of dental materials containing precious metals would not be restricted.[47]

39. In 2012, the Office reviewed the merger of Česká lékárna, a.s., with Lékárny Lloyds s.r.o. and Lloyds Holding CZ s.r.o. The assessment focused primarily on its impact on the relevant market for the retail sale of pharmaceuticals to consumers. On this nationwide market, the newly created entity was expected to hold a market share of 15–25%. The Office also considered the impact on the wholesale distribution of pharmaceuticals in the Czech Republic. It concluded that the merger would only lead to a slight strengthening of

decision of 11 December 2017, nr. ÚOHS-S0459/2017/KS-36089/2017/840/DUI; The Office for the Protection of Competition, decision of 22 August 2007, nr. S191/2007/KS-15420/2007/720.

[42] The Office for the Protection of Competition, decision of 9 February 2007, nr. S 20/07-02867/2007/720.

[43] The Office for the Protection of Competition, decision of 16 September 2024, nr. ÚOHS-35148/2024/873; The Office for the Protection of Competition, decision of 25 November 2024, nr. ÚOHS-44688/2024/873; The Office for the Protection of Competition, decision of 23 November 2015, nr. ÚOHS-S0740/2015/KS-40547/2015/840/MWi; The Office for the Protection of Competition, decision of 12 April 2019, nr. ÚOHS-S0119/2019/KS-10537/2019/840/MWi; The Office for the Protection of Competition, decision of 8 October 2019, nr. ÚOHS-S0312/2019/KS-27451/2019/840/DVá.

[44] The Office for the Protection of Competition. Fúze v oblasti oftalmologické péče povolena. 8. 9. 2025. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/4317-fuze-v-oblasti-oftalmologicke-pece-povolena.html.

[45] The Office for the Protection of Competition. Povolena fúze v oblasti zdravotnictví v Moravskoslezském kraji. 15. 8. 2025. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/4299-povolena-fuze-v-oblasti-zdravotnictvi-v-moravskoslezskem-kraji.html.

[46] The Office for the Protection of Competition, decision of 13 June 2003, nr. S 180/02-2090/03.

[47] The Office for the Protection of Competition, decision of 29 September 2000, nr. S 45/00-1276/00-23.

vertical integration within the PENTA group (the owner of Česká lékárna) and that, taking into account also other circumstances, competitors of the merging parties at both the retail and wholesale level would retain sufficient room for independent operation. Additionally, the Office examined the local impacts of the merger. It found that in the city of Trutnov, the new entity would achieve a 65–75% market share in terms of turnover in the retail sale of pharmaceuticals (5 out of 10 pharmacies). In Frýdlant nad Ostravicí, it would hold a market share of 35–45% (2 out of 5 pharmacies), with the nearest alternative pharmacies in neighboring municipalities located more than 5 km away. To safeguard competition, commitments were therefore proposed by the notifying party and accepted by the Office These consisted of the transfer of two pharmacies in Trutnov and one pharmacy in Frýdlant nad Ostravicí, including their tangible and intangible assets, all contracts, and employees, to an independent entity. Furthermore, for a period of five years from the implementation of these commitments, Česká lékárna, a.s., any entity directly or indirectly controlled by it, any entity directly or indirectly controlling it, or any entity controlled by the same person that directly or indirectly controls it, was prohibited from acquiring ownership of or operating the transferred pharmacies or the tangible and intangible assets necessary to ensure their viability and competitiveness.[48]

40. More recently, in 2020, the Office approved concentration between the undertakings PENTA INVESTMENTS LIMITED and Podřipská nemocnice s poliklinikou Roudnice n. L., s.r.o., subject to the fulfilment of structural commitments. The Office's investigation revealed that, in the relevant market defined as the retail sale of pharmaceuticals to consumers within the territory of Roudnice nad Labem, the transaction would result in the merger of the two largest market players, achieving a combined market share of approximately 55–65%. The Office also took into account that the typical purchasers of pharmaceuticals from pharmacies are natural persons, who at the same time constitute the consumers of these products and do not possess any countervailing buyer power vis-à-vis the PENTA Group. Furthermore, the investigation revealed that neither the merging undertakings nor any of their competitors intended to open a new pharmacy within the territory of Roudnice nad Labem in the next two years. For these reasons, the structural commitments proposed by the notifying party were accepted. These commitments consisted of the divestiture of a specific pharmacy, including its tangible and intangible assets, all contracts, and employees, to an independent entity unrelated to the PENTA Group. Such entity had to possess the capabilities necessary to maintain and further develop the divested business, subject to the prior approval of the Office. Furthermore, the notifying party undertook that, for a period of ten years from the completion of the divestiture, neither the notifying party itself, nor any entity directly or indirectly controlled by it, nor any entity directly or indirectly controlling the notifying party, nor any entity controlled by the same controlling entity as the notifying party (i.e., generally, any companies within the notifying party's corporate group) shall acquire ownership of or operate the divested business or any assets related thereto.[49]

[48] The Office for the Protection of Competition, decision of 5 November 2012, nr. ÚOHS-S544/2012/KS-20803/2012/840/RPl.

[49] The Office for the Protection of Competition, decision of 16 March 2020, nr. ÚOHS-08536/2020/840/ABi.

5. Sector Inquiry into the Distribution of Medicines

41. In 2023, the Office completed a comprehensive sector inquiry[50] into the distribution of prescription medicines reimbursed by public health insurance in the Czech Republic. The inquiry, carried out in 2021 and 2022 on the basis of data from 2018 to 2020, examined the state of competition in both the wholesale and retail distribution markets and focused in particular on the effects of direct distribution systems, namely the Direct-to-Pharmacy (DTP) and Direct-to-Hospital (DTH) models, on the availability and pricing of medicines.

42. In the traditional distribution framework, medicinal products are supplied through multiple wholesalers, and the commercial margins for distributors and pharmacies are negotiated between the parties within limits set by regulation. In contrast, DTP and DTH systems operate differently: the marketing authorization holder (MAH) selects a single logistics partner, typically one of the large wholesalers, to handle the physical distribution of a particular medicine. Under these models, the MAH usually decides which pharmacies and hospitals will receive the medicine and in what quantities. The logistics partner receives a service fee for distribution, while the commercial margin is shared between the MAH and the pharmacy.

43. Direct distribution is mainly applied to high-cost, specialized medicines, such as oncology treatments, where patient care is concentrated in specialized centers and large hospitals. These medicines are often procured through tenders, and in some cases, when patients are treated on an outpatient basis, they may be able to access the medicines at institutional pharmacies at reduced or zero co-payment. Although some smaller pharmacies report reduced access to DTP/DTH medicines due to daily, weekly, or monthly order limits set by MAHs, the overall impact on the market is relatively limited. Medicines distributed through these models represent only around 9% of all prescription medicines by volume, although they account for approximately 27–30% of the market's financial value.

44. One of the key findings of the inquiry is that direct distribution models can, in certain circumstances, improve the efficiency of the medicine supply chain. They make it possible to allocate expensive products more effectively, reduce the risk of expiration, and lower the volume of medicines being reexported from the Czech Republic to other markets. At the same time, the Office noted that competition on the wholesale level primarily occurs between MAHs that market substitutable medicines, rather than between logistics providers. Since only one logistics partner is chosen for each medicine under a DTP/DTH model, distributors compete for contracts only at the moment the MAH decides to implement direct distribution for a given product. To ensure fair competition, the Office considers it preferable for MAHs to contract with multiple logistics partners wherever possible and to set allocation limits in a transparent and non-discriminatory way.

45. Reexports of medicines remain a sensitive issue. While the Office acknowledged that direct distribution reduces the risk of large-scale reexports, it also stressed that restricting cross-border sales is generally not permitted under competition law, except in justified cases such as proven shortages. Oversight of reexports falls primarily under the competence of the State Institute for Drug Control (SÚKL) and the Ministry of Health, which can impose restrictions on foreign distribution when necessary to safeguard the domestic availability of medicines.

[50] The Office for the Protection of Competition. Zpráva ze sektorového šetření v oblasti distribuce léčiv. https://www.uohs.cz/download/Sekce_HS/Zprava-ze-sektoroveho-setreni-farmacie.pdf (only in Czech).

46. Importantly, the inquiry found no evidence that direct distribution models are contributed to the shortages of certain medicines and dosage forms observed in the Czech Republic a few years ago. According to the Office, current supply issues are largely linked to external factors such as production and transportation problems, shortages of active pharmaceutical ingredients, price caps set at unsustainably low levels, and Europe's high reliance on supplies from Asian countries, especially India and China.

47. Overall, the Office concluded that DTP and DTH systems do not have an inherently negative impact on competition in the Czech pharmaceutical market. Traditional distribution continues to dominate, and there is no significant trend toward replacing it entirely with direct models. On the contrary, when applied to a narrow segment of high-value medicines, direct distribution can provide benefits for patients and the healthcare system, including better allocation, stronger control of medicine flows, and reduced incentives for reexports. Because only a small proportion of medicines are affected, the risk of exclusionary effects on distributors or pharmacies is low, and the Office found no evidence of situations where pharmacies would be forced to exit the market due to loss of access to a particular medicine.

48. Given these findings, the Office has not identified any grounds for initiating administrative proceedings for antitrust violations. However, it emphasized the importance of continued monitoring of the pharmaceutical distribution sector to ensure that neither direct nor traditional distribution models give rise to systemic competition concerns in the future.

49. The Office issued a series of recommendations aimed at improving transparency, supporting competition, and ensuring the availability of medicines in the Czech Republic. These recommendations were directed at three main groups: marketing authorization holders (MAHs), consumers, and regulatory authorities.

50. For MAHs, the Office stressed the need for strict compliance with European legislation, particularly Regulation (EU) 2022/720 and the accompanying Guidelines 2022/C 248/01, which define the principles for assessing vertical agreements and coordinated practices under Article 101 of the Treaty on the Functioning of the European Union. Companies holding marketing authorizations were encouraged to align their contractual arrangements and business conditions with these rules, make greater use of competitive tendering in distribution models such as direct-to-pharmacy and direct-to-hospital supply, and set clear terms to enhance transparency and ensure fair competition in the pharmaceutical market.

51. For consumers, the recommendations focused on promoting informed and cost-effective use of medicines. Patients were advised to prefer generic alternatives whenever possible, as they offer the same therapeutic effect at a lower price, and to compare co-payment levels across different pharmacies in order to select the most advantageous option. In addition, consumers were encouraged to monitor annual reimbursement limits based on their age and to request refunds from their health insurance companies if these thresholds were exceeded. The Office also warned against stockpiling unnecessary quantities of medicines, which could lead to waste and contribute to supply shortages.

52. Regulatory authorities were urged to adopt measures aimed at increasing transparency and efficiency on the pharmaceutical market. A stronger focus on monitoring distribution models by the SÚKL was recommended, as this would provide better insight into medicine flows and potential disruptions. The Office also emphasized the importance of closer cooperation between regulatory bodies, the Ministry of Health, and the Office itself in detecting anti-competitive practices and addressing them effectively. Another priority was reducing excessive regulatory burdens and introducing mandatory

consultations with the Office during the preparation of new legislation to ensure a balance between competition and patient access. Authorities were also encouraged to support generic prescribing and the broader use of active substances instead of specific branded medicines, which would increase flexibility and improve overall availability. In addition, the Office advocated expanding the possibilities for online sales of reimbursed and prescription medicines in order to improve access, especially for patients in remote or underserved areas.

53. Revisions to the system of pricing and reimbursement were also considered necessary. The Office proposed adjusting reference pricing mechanisms to better reflect real production costs and supported capping distribution mark-ups for reimbursed medicines to limit excessive price increases. To strengthen domestic supply security, it recommended the introduction of incentives for local pharmaceutical production and called for greater coordination at the European level to manage medicine shortages more effectively.

54. Many of these recommendations have already been reflected in legislative changes, most notably through the amendment to the Medicinal Products Act, which came into force on 1 January 2024.[51] Among other things, the amendment introduced obligations for MAHs to continue supplying medicines even after suspending or discontinuing their marketing, established a system of strategic reserve stocks, and required companies to report up-to-date information on their inventory levels. To protect competition, strict safeguards were introduced to prevent the misuse of sensitive data. The law additionaly prohibits distributors from favoring particular pharmacies when fulfilling orders, thereby preventing discriminatory practices in the supply of medicines with limited availability. It also restricts the export of such medicines to safeguard domestic availability. These measures aim to ensure appropriate territorial allocation and guarantee patient access nationwide. Discrimination is permitted only in cases of genuine medicine shortages, and compliance with these provisions is monitored by the SÚKL. All restrictions are subject to a proportionality test to ensure consistency with European rules on the free movement of goods.

55. As discussed in the chapter on abuse of dominance, the amendment also put an end to the so-called protected distribution system, which had long been criticized for its ineffectiveness. This system aimed to guarantee that all distributors—including those handling direct-to-patient (DTP) and direct-to-hospital (DTH) medicines—had equal access to pharmaceuticals and were bound by a public service obligation to supply these medicines to pharmacies across the Czech Republic. Although similar systems exist abroad, the conditions differ; for example, other countries do not face parallel exports to the same extent as the Czech Republic, where medicines tend to be cheaper due to the reference pricing system and are therefore often exported.

56. The amendment further strengthened the framework for generic substitution at the pharmacy level and clarified the legal basis for prescribing active substances instead of specific brand-name medicines. In addition, the Czech Republic has moved toward expanding e-prescription systems and cross-border e-prescription exchange, with the aim of improving patient access and convenience. Innovative solutions, such as medicine

[51] Act No. 456/2023 Coll., amending Act No. 378/2007 Coll., on Medicinal Products and on amendments to certain related acts (the Medicinal Products Act), as amended, and Act No. 48/1997 Coll., on Public Health Insurance and on amendments and supplements to certain related acts, as amended.

vending boxes, are also being supported to enhance the availability of pharmaceutical services, particularly in rural and less accessible regions.

57. The Office's recommendations also influenced changes in the pricing and reimbursement system. To address shortages of essential medicines, authorities are now allowed to increase maximum manufacturer prices in the public interest when necessary. The government has even considered direct investment in domestic pharmaceutical manufacturing to secure supplies of critical medicines, such as penicillin. In line with these efforts, the Ministry of Health issued Price Regulation No. 2/2024/OLZP, which introduced a cap on distribution mark-ups for reimbursed medicines, aiming to stabilize costs and ensure fairness throughout the supply chain.

58. Finally, the Office has repeatedly stressed that many challenges related to medicine availability cannot be resolved at the national level alone. Its recommendations for a coordinated European strategy were partially mentioned in the European Commission's pharmaceutical law reform, published on 26 April 2023. This initiative seeks to harmonize the regulatory framework among EU member states, improve the security of medicine supply chains, and ensure equal access to essential treatments for patients across Europe.[52]

59. In summary, the combined effect of these recommendations and legislative measures has been to improve transparency, strengthen market competition, and secure a more stable supply of medicines for Czech patients. While significant progress has been made domestically, the long-term sustainability of these reforms will require continued cooperation between national regulators, industry stakeholders, and European institutions to effectively respond to medicine shortages and safeguard access to affordable healthcare.

6. Consultations and Commenting on Legislative Proposals[53]

6.1. Prohibition on Granting any Bonuses or Benefits in Connection with the Dispensing of Medicinal Products

60. The Czech Chamber of Deputies debated an amendment to the Public Health Insurance Act in 2011. The proposal aimed to ban any bonuses or benefits related to the dispensing of prescription medicines reimbursed from public health insurance — a measure that would have affected loyalty cards, cash-back offers for prescriptions, and similar promotions.

61. The Office opposed the amendment, arguing that such a restriction would conflict with competition law principles by significantly limiting price competition among pharmacies. Pharmacies are regular business entities that compete with each other in providing pharmaceutical care, both when dispensing prescription medicines and when selling over-the-counter products. They should therefore be free to use legitimate marketing tools to attract customers and increase their turnover.

[52] The Office for the Protection of Competition. Řada doporučení Úřadu byla zapracována do nové lékové legislativy. 31. 1. 2024. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/3799-rada-doporuceni-uradu-byla-zapracovana-do-nove-lekove-legislativy.html.

[53] The Office for the Protection of Competition is designated as one of the bodies entitled to comment in interministerial consultation procedures.

62. Moreover, the proposed regulation circumvented previous rulings of the Supreme Administrative Court. If adopted, it would have effectively deprived the Office of its authority to act against anti-competitive practices in this area.[54]

6.2. Medicinal Products used in Combination

63. In 2024, the Ministry of Health requested expert assistance from the Office in relation to the legislative framework governing the determination of the level and conditions of reimbursement for medicinal products used in combination. The aim of the amendment was to enable patients to access reimbursement for the most advanced treatments while maintaining the rules and conditions for the assessment of medicinal products for which reimbursement from public health insurance is to be determined. In practice, cases are increasingly arising where, particularly the most advanced and innovative medicinal products, are used for the treatment of certain diseases in so-called ‘free combinations’. These are referred to as ‘free’ because they involve separate medicinal products rather than a single medicinal product containing multiple active substances within one pharmaceutical form. Such free combinations typically enable patients to achieve significantly better therapeutic outcomes compared to existing therapies.

64. Therefore, the Ministry of Health considered it necessary to amend the system for determining the amount and conditions of reimbursement for medicinal products so as to take this development into account. However, under the previous (current) legal framework, it is rather complex — and in some cases nearly impossible — to achieve coordinated reimbursement for two different medicinal products used together in combination therapy within separate administrative proceedings initiated based on individual applications by marketing authorisation holders. In particular, it is difficult to ensure that temporary reimbursements granted to highly innovative medicinal products remain valid for the same duration. Moreover, the marketing authorisation holder who did not submit the application has no obligation to request changes to the reimbursement conditions for their product. As a result, it is often not possible to secure formally aligned reimbursement decisions from the State Institute for Drug Control for both products used in combination. Furthermore, if the second marketing authorisation holder wished to actively participate in the proceedings initiated by another holder, they would unfortunately neither have any rights nor obligations in that process.

65. A possible solution would be to assess medicinal products administered as part of combination therapy jointly, i.e. within a single administrative procedure initiated on the basis of multiple applications Where the marketing authorisation holder for all medicinal products used in the combination is the same entity or an entity belonging to the same corporate group, the Ministry of Health considers such an approach generally feasible without additional restrictions. However, where the marketing authorisation holders for the individual products are entirely independent entities, situations may arise that require a more thorough assessment of compliance with competition law.

66. The Office therefore emphasized that the proposed amendment should significantly reduce the risk of individual registration holders sharing information beyond what is strictly necessary for the successful submission of the application within the framework of joint proceedings. It took into account the impact and significance of innovative methods and

[54] The Office for the Protection of Competition. Úřad se obává podstatného zhoršení soutěžního prostředí v lékárenství. 5. 8. 2011 https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/1354-urad-se-obava-podstatneho-zhorseni-souteznho-prostredi-v-lekare.html.

medicinal products in the treatment of rare diseases, as well as the fact that their combination may hypothetically represent the only effective treatment option. Furthermore, it considered that the joint procedure is dedicated exclusively to specific categories of highly innovative products and medicinal products intended for the treatment of rare diseases, which is likely to reduce the broader risk of anticompetitive agreements, as it will concern only a limited number of cases.

67. With effect from 2026, the newly effective wording is as follows: "*For the purpose of preparing an application pursuant to the first sentence, holders of marketing authorization decisions may share information on the relevant medicinal products, including their efficacy and safety, proposed reimbursement conditions, estimated number of patients, estimated consumption of the relevant product in the Czech Republic in the given combination, and data necessary for submitting pharmacoeconomic evaluations pursuant to Section 39f(6)(b) for the use of the relevant medicinal products in the given combination. Individual holders of marketing authorization decisions for the relevant medicinal products shall inform the Institute in writing of the information shared pursuant to the third sentence, including the reasoning, no later than on the day of submitting the respective application.*"[55]

6.3. Territorial Limits on Pharmacies

68. In May 2025, the Office expressed fundamental objections to a proposed amendment to the Health Services Act regarding the introduction of demographic and geographical restrictions on the establishment of new pharmacies. The Office considered the proposed regulation, which conditioned the establishment of a new pharmacy on a population limit per pharmacy and a minimum distance between pharmacies, to be a significant interference with the freedom of enterprise. The Office argued that this measure disrupted free economic competition in the pharmacy care market and simultaneously created an artificial barrier for new entities to enter the market. Such regulation was likely to lead to a decrease in competitive pressure among pharmacies, potentially resulting in limited availability of services, reduced quality of care, and ultimately a negative impact on patients.

69. Furthermore, the Office emphasized that these types of restrictions contradicted fundamental principles of Czech competition law and could also be problematic under EU law. The Court of Justice of the European Union (CJEU) had repeatedly affirmed in its established jurisprudence that any restriction on the freedom of establishment and provision of services was permissible only if it was objectively justified by a serious public interest (e.g., protection of public health) and simultaneously was proportionate, necessary, and effective in achieving that goal.[56]

70. The Office also highlighted that the mere existence of similar measures in some EU countries did not justify their adoption without critical reflection and deep knowledge of the domestic situation. In the context of the Czech Republic, the Office stressed that the prior absence of such restrictions had not led to a disruption of the basic functions of the pharmacy market. On the contrary, a relatively dense network of pharmacies ensured better service accessibility and higher competitive pressure, which motivated providers to

[55] Act No. 289/2025 Coll., amending Act No. 48/1997 Coll., on Public Health Insurance, as amended, and other related acts, adopted 12 August 2025, effective from 1 January 2026.

[56] Joined Cases C-570/07 and C-571/07, Judgment of the Court (Grand Chamber) of 1 June 2010, *Blanco Pérez and Chao Gómez*, EU:C:2010:300; Case C-217/09, Order of the Court (Seventh Chamber) of 17 December 2010, *Polisseni*, EU:C:2010:796.

improve quality and expand services for patients. No objective empirical data had been provided to indicate market failure that would justify such a strict intervention in economic competition. The proposed market entry regulation did not address the main problem of rural areas, which was a lack of motivation for entrepreneurship in remote regions. Instead, it would only increase the value of existing pharmacies, which was contrary to the interests of patients and public healthcare.

71. The Office, therefore, concluded that it had serious doubts about whether the proposed regulation was in line with the principle of proportionality as understood in EU jurisprudence. Member States, as stated by the CJEU, had to primarily examine whether the public interest could not be achieved through milder, less restrictive measures. The Office warned of a real risk of future legal disputes – both at the national level (the Office) and before European courts – should market entry be restricted without proper justification and empirical data. In conclusion, the Office recommended not accepting the amendment in its then-current form. If support for rural pharmacies was deemed necessary, the Office suggested considering other, less restrictive tools that would not create unnecessary barriers to market entry, would not limit free economic competition, and would comply with European law and the jurisprudence of the CJEU.[57]

7. Final remarks

72. The healthcare sector is one of the areas where, at times, the protection of competition must yield to the overriding need to safeguard patients' health. Moreover, extensive regulation in this field can, in some cases, practically limit the ability of competition authorities to exercise their powers.

73. However, this does not mean that competition authorities should neglect the sector. On the contrary, it deserves sustained attention. In the Czech Republic, ensuring effective competition in the healthcare sector requires close cooperation with sectoral regulators, such as the Ministry of Health and the State Institute for Drug Control (SÚKL), in order to align competition policy with broader public health objectives. At the same time, it is important to pursue opportunities for reducing regulatory burdens where appropriate — as long as such deregulation does not compromise patient outcomes or access to healthcare services.

74. As healthcare continues to evolve, new challenges emerge — driven, among other factors, by digital platforms, data control, and the integration of services. Competition authorities must remain vigilant, as these developments are creating new relevant markets within healthcare, along with novel forms of anti-competitive conduct.

[57] The Office for the Protection of Competition. Úřad nesouhlasí s lokální monopolizací lékárenského trhu. 28. 5. 2025. https://uohs.gov.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/4221-urad-nesouhlasi-s-lokalni-monopolizaci-lekarenskeho-trhu.html.