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Competition and Regulation in the Healthcare Sector – Note by Spain

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1. Introduction¹

1. In Spain, the National Commission on Markets and Competition (CNMC) views competition as complementary to public health objectives, contributing to affordability, innovation and the sustainability of healthcare systems.
2. The CNMC's mandate covers not only enforcement but also a strong advocacy function, carried out through market studies, opinions on draft regulations, and structured dialogue with public authorities and stakeholders. These instruments enable the CNMC to identify regulatory obstacles, promote pro-competitive reforms and improve market outcomes while upholding the principles of patient safety and universal access.
3. Healthcare is a sector of strategic importance, both in economic and social terms, and it operates within a highly regulated environment that seeks to balance patient safety, quality standards and universal access. Bearing this in mind, the Competition Advocacy Department of the CNMC has recurrently examined how regulation and market structure affect competition, efficiency and innovation.

2. Market studies on the distribution of medicines

4. Beyond its crucial contribution to the individual and collective health of citizens, the wholesale and retail distribution of medicines have a significant economic impact. By way of reference, Spain has more than 22,000 pharmacies, which employ on average 4.6 workers (2.5 pharmacists) and generate an average annual turnover of €1.1 million per pharmacy. The sector is also highly relevant when it comes to its contribution to the creation of high-skilled jobs and its innovation intensity.
5. Moreover, medicines also have a significant impact on public accounts. In 2024, the National Health System spent around €13.9 billion on medicines dispensed through pharmacies, maintaining the upward trend observed in recent years.
6. With a view to protect individual and collective health, and considering information problems and other market failures, the sector has been traditionally subject to a very extensive and detailed regulation in Spain. The restrictions affecting medicines distribution were analysed from the perspective of competition and better regulation principles by the CNMC in its studies on retail and wholesale distribution. Bearing in mind the need to protect public health, the safety, quality and efficacy of medicines and universal access to them, the CNMC identified in these studies a set of areas where there is scope for improvement and set out a series of recommendations.

¹ This contribution has been prepared by the staff of the CNMC for the roundtable on competition and regulation in the healthcare sector organized by the WP2 of the OECD and shall not be regarded as the official position of the CNMC unless it refers to CNMC approved documents.

2.1. The main recommendations of the *Study on the retail distribution of medicines (E/CNMC/003/15²)*, published in 2015, were:

7. Lifting legal restrictions on market access, since population-based limits and mandatory minimum distances between pharmacies (or between pharmacies and healthcare centres) do not seem to be justified to protect the general interest³.
8. Removing restrictions on the retail dispensing of medicines:
 - Extending the right to sell non-prescription medicines to other establishments meeting minimum health and hygiene standards, and liberalising ownership of websites authorised to sell such medicines online.
 - Allowing online sale of prescription medicines, provided that dispensing is supervised by a qualified professional who safeguards public health, without requiring ownership of a physical pharmacy.
9. Removing the requirement that pharmacy owners and operators must hold a pharmacy degree and be members of a professional association. In addition, allowing ownership of multiple pharmacies and vertical integration with wholesale distributors.
10. Revisiting the system of pharmacy margins, so that remuneration reflects the pharmaceutical services actually provided, rather than the price of the medicine. Exploring alternative models that incentivise quality and reward the provision of value-added services for patients.
11. Removing barriers to the voluntary extension of opening hours.
12. Eliminating the exclusive right of the Official Pharmacists' Associations to invoice and collect prescriptions.

2.2. The *Study on the wholesale distribution of medicines (E/CNMC/002/17⁴)*, published in 2022, recommended:

13. Carrying out continuous therapeutic and economic evaluations of innovative medicines using new technologies and big data.
14. Revisiting the pricing system to enhance competition among off-patent medicines reimbursed by the Spanish National Health System.
15. Adjusting prescription and dispensing policies to foster competition and switching between brand-name and generic medicines, promoting patients' ability to choose. Promoting informative and education campaigns on generic and biosimilar medicines.
16. Replacing the current price-proportional distribution margin with a service-based remuneration system linked to logistics and quality performance.

² https://www.cnmc.es/sites/default/files/1185462_8.pdf (English version). Market Study in Spanish: <https://www.cnmc.es/expedientes/ecnmc00315>

³ The study included a quantitative analysis.

⁴ <https://www.cnmc.es/sites/default/files/4358705.pdf> (English version).

Market Study in Spanish: <https://www.cnmc.es/expedientes/ecnmc00217>

3. Level of implementation of the recommendations of the market studies on the distribution of medicines

17. **In the retail distribution segment, the degree of implementation of the CNMC's recommendations is low.** At national level, the pharmacy-only retail channel for medicines is maintained, as are the existing limitations on online sales and on the discounts applicable to non-prescription medicines. No legislative changes are envisaged to relax pharmacy ownership rules, which restrict ownership to pharmacists and prevent horizontal and vertical integration of pharmacies. Nevertheless, the Draft Bill on medicines and medical devices does appear to envisage that remuneration for pharmaceutical services should not depend exclusively on the price of medicines dispensed, as it considers alternative modalities for certain products, to be defined at regulatory level.

18. Likewise, the Autonomous Communities (the Spanish regional governments), who are responsible for the regulation on pharmacies, have not incorporated the recommendations of the retail distribution study into their legislation. In recent years, no region has amended its rules to relax the pharmacy location regime, despite the benefits this brought to Navarre following a reform enacted in 2000. Nor have there been significant changes in opening hours, the mandatory professional registration requirement for pharmacy owners and employees, or the exclusive role of the Official Pharmacists' Associations in intermediating the collection of prescriptions billed to the National Health System. By contrast, there has been some progress regarding greater freedom for pharmacy advertising in certain Autonomous Communities and as regards the criteria for granting administrative authorisations for the opening of pharmacies.

19. **In wholesale distribution, several of the proposals contained in the *Study on the wholesale distribution of medicines (E/CNMC/002/17)* are being considered in ongoing regulatory initiatives.** The Draft Bill on medicines and medical devices, published by the Ministry of Health in September 2025 and assessed by the CNMC (IPN/CNMC/006/25⁵) incorporates a number of these recommendations. If finally implemented, the measures of the Draft Bill would strengthen health technology assessment and would promote greater competition among off-patent medicines.

20. However, other recommendations have not been incorporated in the Draft Bill or other foreseen regulations, such as those aimed at linking wholesale distribution remuneration to service quality rather than to the price of medicines or the adoption of a clawback mechanism enabling the discounts observed along the distribution chain to translate into lower costs for the National Health System. In any event, the Draft Bill includes highly significant reforms which, if enacted, would result in substantial improvements for competition and for the proper functioning of wholesale distribution to the benefit of patients, the sustainability of the SNS, and the Spanish economy.

4. Impact assessment of the recommendations of the market studies on the distribution of medicines

21. Implementing the recommendations of the market studies of the CNMC could deliver significant benefits for operators and consumers and promote substantial savings for the National Health System. Drawing on the economic literature and experience observed in other countries, some of these benefits have been quantified. The estimates

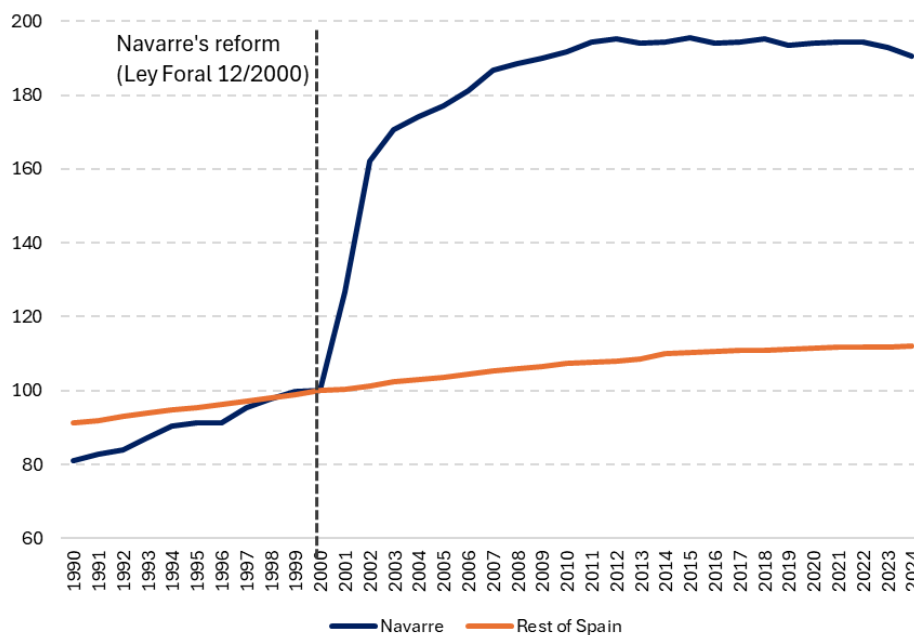
⁵ <https://www.cnmc.es/sites/default/files/5965217.pdf>

should be interpreted with caution given the unavoidable limitations inherent to any such exercise.

22. In retail distribution:

- **The nationwide adoption of a pharmacy location model similar to that of Navarre would significantly improve the population’s access to pharmacy products and services.** As set out in the *Study on the retail distribution of medicines* (E/CNMC/003/15) this region of Spain⁶ shifted in 2000 from the system followed by all other regions—which establishes a maximum number of pharmacies per population unit—to a system based on a minimum number of pharmacies.
- The reform in Navarre resulted in a 62% increase in pharmacies within two years. Based on this effect, implementing a similar policy across the rest of Spain would lead to an estimated 13,447 new openings. This would bring subsequent benefits to consumers in terms of access to medication and pharmaceutical services. Ten years after the reform, the number of pharmacies in Navarre had increased by nearly 92%, which, if applied to the rest of Spain, would translate to an additional 19,891 pharmacies.

Figure 1. Evolution of the number of pharmacies in Navarre and the rest of Spain, 1990-2024 (index, base year 2000 = 100)



Source: CNMC own elaboration, based on data from the General Council of Official Associations of Pharmacists.

23. Adopting in the other autonomous communities a system similar to that of Navarre could also have a positive impact on employment levels, both for pharmacists and other staff typically employed in community pharmacies.

⁶ Foral Law 12/2000 of November 16, on Pharmaceutical Care.

24. To provide a conservative estimate of the impact on pharmaceutical employment, the impact assessment assumes that while the number of jobs will grow as a result of the liberalization due to the increase in the total number of pharmacies (extensive margin), this effect will be partially offset by a decline in the ratio of employees per establishment (intensive margin) across both existing and new pharmacies. This ratio is expected to converge from the current level of 2.5 pharmacists per pharmacy toward a level similar to that observed in Navarra, which recorded 1.9 pharmacists per establishment in 2024. Thus, within two years, it is estimated that this positive boost to the supply of pharmacies could generate 12,212 new jobs for pharmacists, reaching 24,545 new jobs over a ten-year horizon. This impact would be particularly beneficial for promoting highly qualified female employment, as 71.9% of pharmacists working in community pharmacies in 2024 are women.

25. Furthermore, it must be noted that, in addition to pharmacists, other staff members are employed in pharmacies. Based on the data on pharmaceutical personnel⁷ and data on total employment by sector⁸, it is estimated that non-pharmacist staff account for approximately 46% of those employed in a pharmacy. Assuming this proportion remains constant in the future, if the model in Navarre were implemented nationwide, the direct impact on total pharmacy employment (both pharmacist and non-pharmacist) is estimated at 22,672 jobs in two years and 45,402 jobs after ten years.

26. **Allowing over-the-counter medicines to be sold in establishments other than pharmacies could help reduce prices** due to greater competitive pressure (in Lisbon, reductions of between 4% and 6% were observed in pharmacies and 20% in supermarkets⁹).

27. **In addition, permitting online sales could save each citizen 84 minutes per year in trips to the pharmacy**, as determined by the following estimation.

28. To quantify the benefit consumers would gain from being able to purchase medicines online, we must consider the number of times a pharmacy is visited throughout the year.

- Based on the available data¹⁰ pharmacies received in 2024 an average of 789 visits per week (41,028 visits per year). Given that there are 22,132 pharmacies in Spain, over 900 million visits were made to Spanish pharmacies as a whole in 2024.
- Only a portion of these visits would be replaced by online purchases if they were broadly permitted for all medications, as patients may still prefer to attend in person for advice or for other personal reasons. To estimate how many pharmacy visits would cease under a more flexible regulatory framework, it is necessary to determine how many people regularly shop online for other goods and services and how many consume medicines. According to the National Statistics Institute, 56.7% of the resident population in Spain had purchased online in the last quarter, and 57.8% of the population had consumed medication in the last two weeks.
- These data allow for an approximation of the annual probability that a person in Spain would buy medication online if permitted, yielding a figure of 32.7%. In a

⁷ Consejo General de Colegios Oficiales de Farmacéuticos de España (2025 and previous years).

⁸ Instituto Nacional de Estadística.

⁹ Moura A. et al. (2020).

¹⁰ Federación Empresarial de Farmacéuticos Españoles (2025).

survey conducted in Spain with 1,000 participants¹¹, 30.8% of respondents stated they would buy medication online with a high or very high probability, which corroborates the range estimated based on data by the National Statistics Institute.

- Finally, the opportunity cost of pharmacy visits must be determined.
- First, it is necessary to establish the time invested in each visit. Given the high density of pharmacies in Spain, it can be conservatively estimated that travel time averages around 5 minutes each way (5 minutes there and 5 minutes back). Furthermore, according to an empirical study in Portugal¹², the service time within the pharmacy is about 4 minutes, excluding waiting times. Consequently, each visit would represent, at a conservative estimate, a total time investment of 14 minutes (0.23 hours). In aggregate for Spain, this represents nearly 213 million hours annually spent on pharmacy visits (4.29 hours per inhabitant per year).
- Secondly, this time must be monetized. For this purpose, it is assumed that pharmacy purchases are generally made during leisure time rather than working hours. Some studies, such as García Álvarez (2016), consider that in Spain, the value of work time is approximately 2.04 times higher than the value of non-work time. If the median value of work in Spain is 10.8 euros per hour, according to Eurostat data, the cost in terms of leisure would be 5.29 euros per hour.
- Therefore, the opportunity cost of each pharmacy visit would be 1.24 euros.
- Taking all the above into account, the value provided by allowing the online sale of all types of medication would be 369 million euros per year, considering the number of visits likely saved and the opportunity cost of not dedicating this time to leisure. In terms of time, this represents 69.7 million hours in aggregate for the total population of Spain, or 1.4 hours (84 minutes) per inhabitant.

29. The quality and quantity of services provided by pharmacies would improve if remuneration were linked to those services rather than to medicine prices.

30. Pharmacists could compete under better conditions if certain requirements for granting administrative authorisations to open pharmacies were removed and if mandatory professional registration were abolished, the aggregate annual cost of which is estimated at around €16 million per year for Spain.

31. This is estimated considering:

- The cost of professional registration in Madrid¹³ of 28.31 euros per month for pharmacist holding a licence and of 23.31 for other pharmacist working in a pharmacy and
- The number of pharmacists working in Spain: 25,423 licence holders and 25,715 pharmacists working in a pharmacy without being the licence holders¹⁴.

32. In the wholesale segment:

¹¹ Jeverlund, C. et al. (2025).

¹² Gregório, J. et al. (2017).

¹³ <https://www.cofm.es/es/>

¹⁴ Consejo General de Colegios Oficiales de Farmacéuticos de España (2025).

33. Improvements in health technology assessment would result in better access to innovative medicines and improved management of public resources.

34. **Greater competitive pressure stemming from increased uptake of generics and biosimilars and stronger price competition among these and other off-patent medicines would expand patients' ability to choose and could lead to reductions in medicine prices** (a 50% reduction was observed in Norway¹⁵).

35. **This could generate significant savings in public and private pharmaceutical expenditure**, as shown by García-Goñi, M. (2022) after analysing OECD data for 18 countries. To this end, various regressions were conducted to explain the impact of the generic penetration rate (explanatory variable) on pharmaceutical spending (dependent variable). According to the econometric estimates, a 10-percentage point increase in the market share of generics would lead to a 0.05-percentage point reduction in GDP for total pharmaceutical expenditure (both public and private).

36. Based on the generic market share recorded in Spain in 2023 (47.4%), these results can be used to estimate the savings from converging toward higher penetration levels, similar to those of neighbouring countries. Specifically, the following table explores the expected savings in pharmaceutical spending if Spain were to reach generic market shares of 60%, 70%, and 85%.

Table 1. Estimated pharmaceutical expenditure stemming from an increased share of generics (millions of euros)

	Total		Public		Private	
	Expenditure	Estimated savings	Expenditure	Estimated savings	Expenditure	Estimated savings
Current scenario (share: 47,4%)	19,807		13,865		5,942	
Scenario A (share: 60%)	18,803	1,004	13,162	703	5,641	301
Scenario B (share: 70%)	18,006	1,802	12,604	-1,261	5,402	-540
Scenario C (share: 85%)	16,810	-2,997	11,767	-2,098	5,043	-899

6. Source: CNMC calculations based on econometric estimates from García-Goñi, M. (2022), the Ministry of Health (2025), and GDP data from the INE.5. Note 1: Total expenditure (public and private) for the year 2024 is estimated based on the public pharmaceutical expenditure reported by the Ministry of Health, assuming this accounts for 70% of total spending, in line with OECD data (2025).4. Note 2: Generic market shares in % of units (volume).

37. Therefore, adopting the recommendations from the CNMC market studies would lead to significant savings for both the National Health System and patients (approximately 1.8 billion euros in an intermediate scenario where the generic market share rises to 70%).

38. A clawback mechanism, or system for returning discounts along the distribution chain, would also translate into savings for the SNS.

¹⁵ Brekke, KR. et al (2022) analysed a policy reform in Norway with a gradual implementation of reference pricing across substances over time.

5. Conclusions

39. 3. The impact assessment of the CNMC's studies on the distribution of medicines confirms that the compliance with its recommendations is overall low, even though legislative proposals related to wholesale distribution point in the right direction. The new assessment is an opportunity to highlight the high opportunity cost of non-implementation of the pro-competitive reforms recommended in those studies and reinforces CNMC's earlier conclusions regarding the potential benefits for the economy and society as a whole. 2. Experience shows that competition and public health objectives are not only compatible but mutually reinforcing when regulation provides the right incentives for innovation, efficiency and informed patient choice. 1. Through evidence-based analysis, constructive engagement with regulators and evaluation of reforms outcomes, the CNMC helps ensure that markets operate in the interest of patients and the long-term sustainability of the health system.

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