



Written by [Bruce Walker](#) on January 12, 2012

## Greek Debt Crisis Causes Drug Shortage in Pharmacies

When a Greek pharmacist sees a red marker on the computer screen, it means that the particular drug is not in stock or that pharmacists cannot order as many units as they need to treat patients. Marvou lamented, "When we see red, we want to cry. The situation is worsening day by day."

Even when drugs are available, drug manufacturers will not provide them to pharmacies unless the pharmacies pay for the cost before shipment. However, Nicolaos Polyzos, Secretary General of the Greek Ministry of Health, rejected the characterization of the country's problem as a "Greek tragedy." "It would be unrealistic to deny that there are many difficulties regarding all public services due to the financial crisis," he observed, adding, "However, this cannot justify characterizing the current picture of [the] health sector in Greece as a 'tragedy.'"



Part of the reason for the shortage of drugs is that the government determines the price for medicines. In an effort to lower healthcare costs, Greek officials mandated lower prices for drugs last year. Unsurprisingly, drug wholesalers have responded by shipping their drugs to countries that allow higher prices.

This situation was predicted last December. At that time [several international drug manufacturers](#) — Bayer (German), Leo Pharma (Danish), Nycmed (Swiss), and Novartis (Swiss) — notified their subsidiaries in Greece that they would no longer accept credit for the payment of invoices for drugs but rather insisted on payment in cash or payment in advance.

The sad state of Greek government finances has meant that many drug wholesalers and pharmacists in the nation lack liquidity because the public insurer reimbursements to them are delayed (which means that these operations cannot pay their suppliers in a timely manner). As Heinz Kobelt, Secretary General of the European Association of Euro-Pharmaceutical Companies, put it: "Wholesalers simply do not have the money anymore to play bank to the pharmacies." He commented that he has seen boxes of aspirin originally intended for Greece being sent instead to Poland. "Even Polish people pay more than Greeks for aspirin. That is the recipe for parallel trade, I'm sorry to say."

The amount of money that public insurers already owe to pharmacies in Greece is staggering for a nation its size. Dimitris Karageorgiou, vice-chairman of the Greek Pharmacists' Association, places the figure at €330 million or about \$420 million. The delay in payment — which can range from three months to as much as a year — has caused many pharmacists to require their customers to pay the whole cost up front.



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This is creating serious hardships, as Ionnis Theorakis, chairman of the Association of Persons with Multiple Sclerosis, put it: "They're saying you pay me now, and then you'll get the money from your social security fund." Some patients simply are no longer on the medication they need, he noted. "The whole system is dysfunctional," insisted Athenian pharmacist Aggeliki Matsouki, who opened her first store in 1981. She reported that pharmacists in Greece have developed an informal barter system with other pharmacists in the country. "If I can't find a prescription drug, I try to borrow it from colleagues. We exchange medicines."

Insulin is also becoming difficult to obtain, and the drug company Novo stopped selling its more expensive insulin for a short time in 2010, when Greek government regulations reduced the price of the drug by 25 percent. Although Novo now sends as much insulin to Greece as before, pharmacists are still finding it hard in some cases to find enough of it.

In a fraudulent scheme estimated to cost more than €500 million a year, drugs are shipped outside of Greece but are reimbursed as if prescribed for Greek patients. The rise of a barter system of pharmacy, the failure of price controls (or rather, the drastic reduction in supply which an artificial control on prices is producing), and the fraud in government programs is producing more than just economic hardship in Greece. The healthcare system in Greece is virtually on life-support.



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