



Professional

Noel Winters, Partner, Corporate Finance Department, Fitzgerald Power

Annual Review of the Community Pharmacy Sector

The IPU commissioned Fitzgerald Power to carry out an economic study of the Irish community pharmacy sector in early 2025. In this article Noel Winters, Corporate Finance Partner at Fitzgerald Power, provides an overview of the findings of the study, which were recently published as the *Annual Review of the Community Pharmacy Sector in Ireland 2024/2025*.

The pharmacy sector

Since 2009, reductions in community drug schemes revenues and increasing operational costs have resulted in lower profitability in the community pharmacy sector. In September 2025, the IPU and Department of Health negotiated the Community Pharmacy Agreement, which included an increase in State reimbursed fees. The following figures apply to 2024 and so predate this agreement.

As Ireland's population ages, health spending will increasingly make up a greater part of Government spending. Expanding remunerated services to the sector would enable greater utilisation of resources across the health service. However, the pharmacy sector requires adequate funding to invest in their expanding suite of services.

The State has saved approximately €8.25 billion from reduced medicine reimbursements and pharmacy fee remuneration since 2009, including over €1.38 billion directly from cuts to community pharmacists' fees and markups. This reduction in revenue makes it more difficult for the sector to provide the suite of services that is increasingly expected.

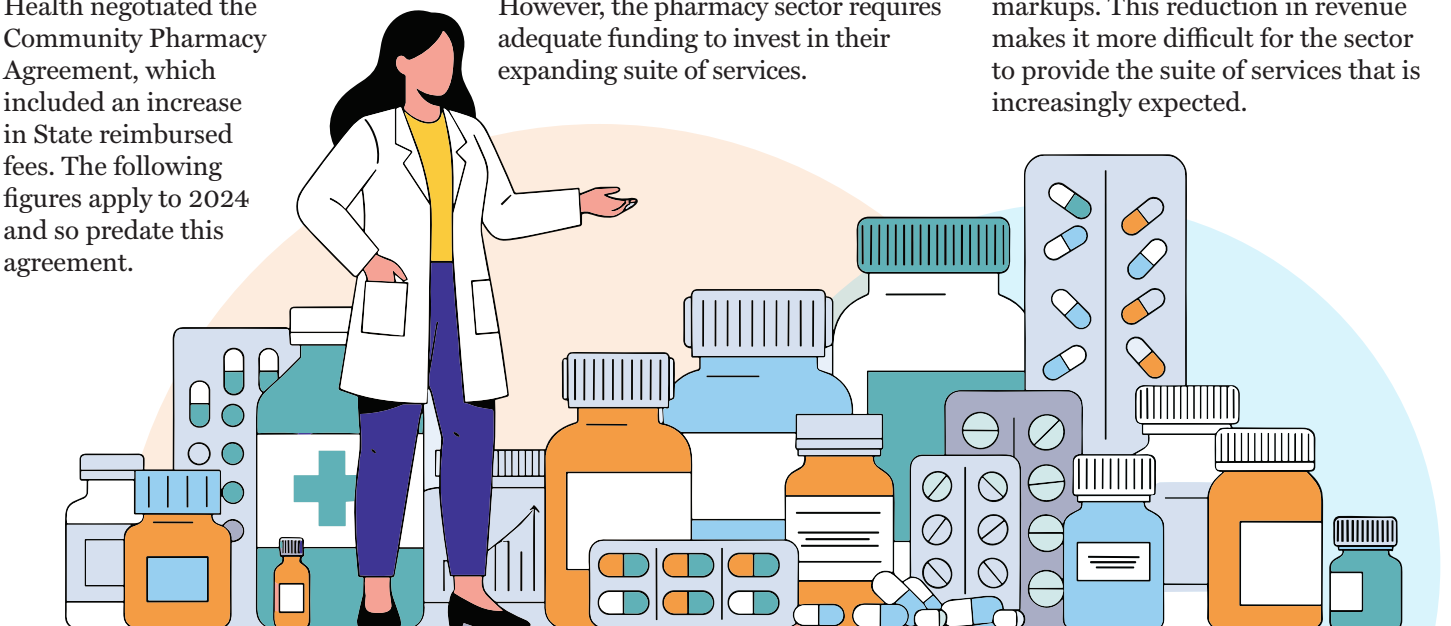
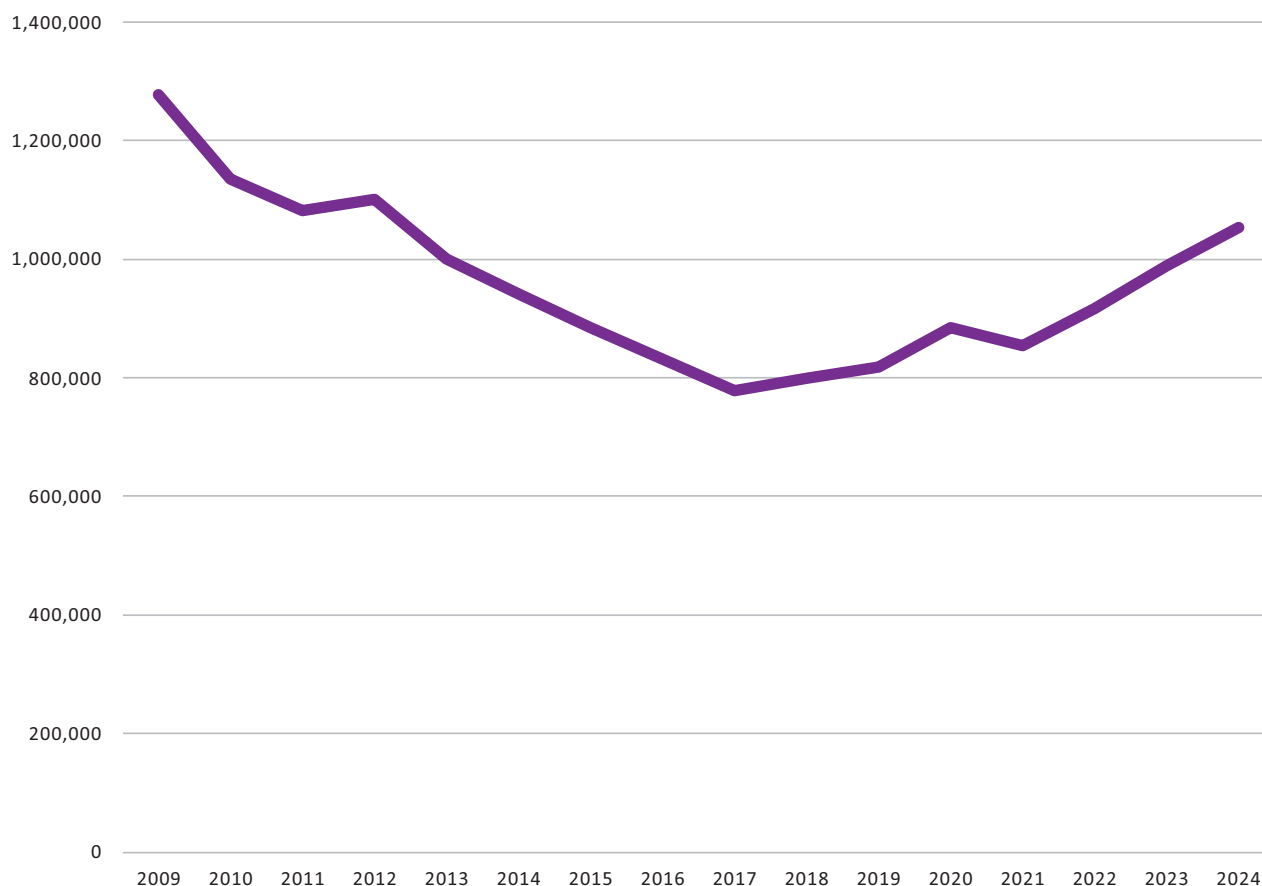


Figure 1: Average Pharmacy Community Drug Scheme Revenue 2009 - 2024



The goal of Ireland’s healthcare strategy over the coming decades is to better respond to patients’ needs by providing faster access to treatment and greater support in managing public health. Community pharmacies are uniquely positioned to play a vital role in this transformation of primary healthcare delivery.

The IPU commissioned Fitzgerald Power to undertake a study of the Irish community pharmacy sector.

The Irish community pharmacy environment

Due to a decline in State reimbursements, the pharmacy sector has seen

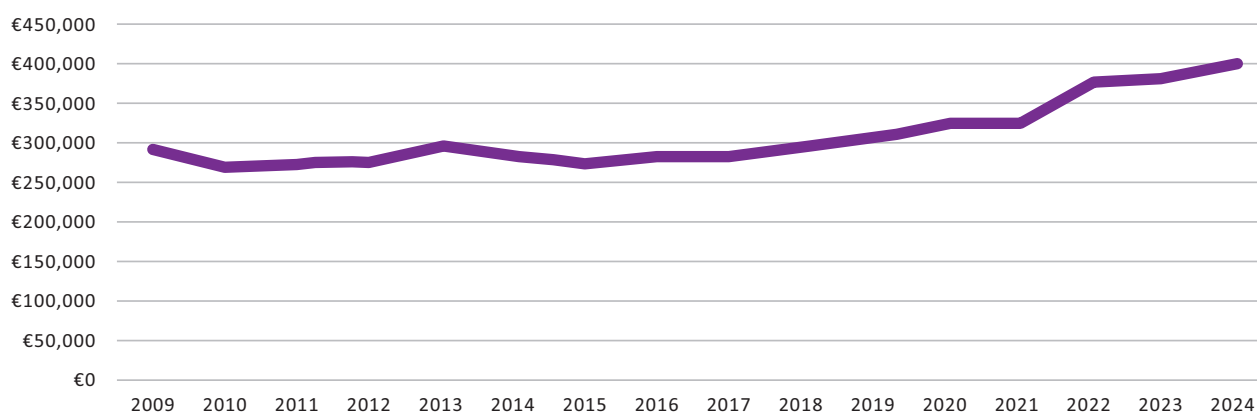
a simultaneous increase in the volume of medicines dispensed and a decrease in pharmacy revenues. Community drug schemes revenues have dropped on average at a pharmacy level by 17.47 per cent between 2009 and 2024, from €1,277,120 in 2009 to €1,053,980 in 2024.

Our survey of the sector found that pharmacists are working harder as their costs per item are increasing, while their profit per unit is declining. There has been no compensation for the additional burdens associated with the complexity and administrative workload associated with community drug schemes increasing over this period.



“The State has saved approximately €8.25 billion from reduced medicine reimbursements and pharmacy fee remuneration since 2009, including over €1.38 billion directly from cuts to community pharmacists’ fees and markups.”

Figure 2: Average pharmacy wages and salary costs — 2009 to 2024



Expenditure on wages and salaries continued to rise, from €291,200 per pharmacy in 2009 to €399,883 in 2024, an increase of 37.32 per cent. Rising employment costs continue to account for a greater proportion of a pharmacy's revenue base and are the most important cost burden on the sector.

A significant part of the owner-operator business model is at risk, as, at the time of the analysis, the current fee structure for community drug schemes has resulted in approximately 6 per cent of pharmacies operating at a loss and c30 per cent operating with low operating profits.

To ensure the viability of this network of accessible healthcare professionals, investment will need to occur.

The economic impact of the sector

At the beginning of 2025 there were 1,906 community pharmacies in Ireland, which gives a pharmacy to population ratio of 1 pharmacy for every 2,786 people. These pharmacies employ approximately 20,000 people across the categories of front-of-shop and over-the-counter staff, pharmacy technician, and pharmacist.

The pharmacy sector positively impacts the overall economy both by maintaining a healthy population and so lowering the costs of a higher prevalence of illness, and through employment and by enabling economic activity. The value added to the products pharmacies sell and dispense is a good measure of this extra economic activity.

The total revenue generated by the sector, through State reimbursed/private dispensing and OTC/FOC sales, is estimated at between €3.2 billion and €3.5 billion. When non-wage costs are subtracted from this turnover level it leads to a Gross Value Added (GVA) of between €1 billion to €1.3 billion. This is a substantial contribution to economic activity in the Irish economy.

The Fitzgerald Power report analysed GVA by local health offices (LHO), and found the sector was associated with a high level of economic activity across multiple different population centres.



The value of the pharmacy sector

As services continue to shift to the community pharmacy sector, pharmacies have become an increasingly integral part of healthcare provision in Ireland. Community pharmacies are the first point of contact within the healthcare system, providing easy and frequent access to health services for patients.

To provide these services the pharmacy has multiple costs, including use of a private consultation area, broader regulatory requirements (including the cost of disposing medicines), as well as rental and overhead costs, particularly wage costs. We have estimated the value to the Irish State of a suite of services provided by the sector (*see Figure 4*).

The combined cost to replace the four services analysed is in the order of €137 million. Our experience is that pharmacists often understate the value of the services they provide and often do not price the service accurately, and so this value generated often goes uncompensated by the sector. Each use of time and resources should be treated as a cost to the pharmacy and priced accordingly.

Figure 4: Services provided by the Pharmacy Sector

Service	Value
Vaccinations	€19 million
Blood Pressure Measurement	€8 million
Weight Management	€5 million
Monitored Dosage Management	€105 million
TOTAL	€137 million

As more services move to the pharmacy sector pharmacists will need to value their expertise accurately to be properly remunerated for their time.

For the sector to remain viable, and to provide an expanding suite of services, pharmacies will need to be able to support the provision of services. We have calculated that approximately 81 pharmacies closed between 2019 and 2023. As it stands, if there is not action taken to support lower operating profit pharmacies this number is likely to increase.

Since smaller revenue pharmacies disproportionately serve underserved communities, the disappearance of a

greater number of these pharmacies will lead to knock on negative consequences as more marginal populations lose access to local pharmacies.

The data in this article is based on figures that predate the Community Pharmacy Agreement, negotiated in September 2025. We estimate that the increase to the standard dispensing fee under the State schemes, that will be brought into effect by this Agreement, could lead to approximately €27,000 of additional income to the average pharmacy. This would have a positive impact on average pharmacy margin of approximately 0.9 percentage point.

The Agreement also notes the provision for other allowances in relation to the provision of services and a continued focus on medicine optimisation measures, with specific mention of the medication classes to which phased dispensing fees are available.

The Annual Review of the Community Pharmacy Sector in Ireland 2024/2025 is available to IPU members at ipu.ie > News and Publications > Annual Review of the Sector.

“These pharmacies employ approximately 20,000 people across the categories of front-of-shop and over-the-counter staff, pharmacy technician, and pharmacist.”