

SUMMARY OF HEALTH NEWS: MAY 2012

IN THIS ISSUE:

NHI, the future of private medical schemes and SA's brain drain

According to the quarterly PPS Graduate Professionals Confidence Index, which tracks **confidence levels** of about **6 000 graduate professionals**, the number of professionals who are **confident of remaining in the country** has **dropped from 84% to 78%**. The survey found that **professionals were concerned about the feasibility of NHI** and that confidence in the **future of healthcare in SA dropped 5% to 45%**. **38% of professionals support the principle of improving the healthcare system but believed NHI was not the cure** for the ailing health system.

Although Health Minister Aaron Motsoaledi has repeatedly said he has **no intention of harming the private medical scheme industry**, he has been very vague about the role private schemes will play under the full NHI environment envisaged in 14 years' time.

Industry players say only schemes that embrace the NHI and reinvent themselves will survive, however many medical schemes (Discovery, Medihelp and Profmed, Sanlam Health and other) and private hospital groups (Mediclinic and Netcare) say they are optimistic about the future and willing to share their knowhow and knowledge with the public health sector.

In *The Business Times* of 20 May **Stephen Mulholland reiterates that private and public healthcare systems in South Africa will have to join forces** in order to assure successful healthcare. "Our **private medicos, medical aids and hospitals remain world class** in many aspects. And many excel internationally. Let us hope the ANC is not too proud to **learn from those who demonstrated their abilities in the marketplace**. One asks, with tears in one's eyes, when will the ANC learn it does not have the reservoir of skills and experience in its cadres to run complex operations?"

Pharmaceuticals: Government seems to be strengthening the local pharmaceutical industry. An example is Adcock Ingram's opening of the R1,6-bn Ketlaphela joint project between state-owned Pelchem and Swiss company Lonza. The plant is the country's only integrated medical-grade plastics and pharmaceutical manufacturing facility.

Provincial Health Departments: Despite assurances by provincial health departments that their suppliers are being paid, many hospitals are running low on life-saving medicines due to inefficiency, unpaid bills and corruption. The Eastern Cape and Limpopo seem to be at the top of the list, with Gauteng not far behind them. Read more about this on p4.

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1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

Tricky transplant: NHI vs private medical schemes

The Financial Mail 11 May 2012

According to **industry players only private medical schemes embracing the NHI and reinvent themselves will survive its implementation of the NHI over the next 14 years.** The number of registered medical aid schemes has **declined from 98 in September 2011 to a current 92.** According to a spokesperson of the **Board of Healthcare Funders (BHF)** private schemes, which now have a membership of 8,2-m, had been **unable to increase their numbers since the introduction of the Government Employees' Medical Scheme (Gems),** which boosted a membership to over 8-m. Larger schemes - such as Discovery, Gems, Liberty, Bestmed, Medshield, Thebemed, Momentum and Topmed - often **absorbed the small players,** and a **consolidation of schemes** might be the only survival tool.

Grant Newton, CEO of medical scheme administrator **Sanlam Health,** said Government could **gain skills and services** from the private sector that would **save it money.** **Profmed principal officer Graham Anderson** is **not worried about the NHI's effect** on the scheme. Profmed provides insurance for well-off citizens - those in the 9-10 LSM level. He said **people who could afford it would still want to jump the queue.** The logistics of serving over 50-m people were going to be very tough and Government should not overtax those who could afford private health, he said.

NHI: North West hospitals set the pace

City Press, 20 May 2012

In **Tshepong, Klerksdorp, Potchefstroom and Ventersdorp** in the **North West Province's** massive renovations have already happened at public hospitals as part of the NHI pilot project. **Cleanliness is one of the district's biggest successes** - its **hospitals are spotless.** However, **security is a big problem** at most of the hospitals. Among NW's key focus areas over the next year will be meeting scheme standards for **revitalising infrastructure, improving the quality of healthcare** and **strengthening human resources.** Rural areas are suffering due to a lack of specialists, but **teams of gynaecologists, paediatricians and family physicians were about to be appointed** in those areas.

2. NEWS ON HIV/AIDS, TB, MALARIA & COMMUNICABLE DISEASES

Malaria: drugs 'are fake'; Fund open for business again; Insecticide resistance;

Health-e News, 11 May; Netdoctor.co.uk, 23 May; Sowetan, 24 May; Reuters, 15 May 2012

Scientists at the US National Institutes of Health (NIH) **analysed data from previous studies in sub-Saharan Africa and South-East Asia,** and found that approximately **36% of drugs in South-East Asia were fake,** while **one in three samples from sub-Saharan Africa contained too much or too little of the active ingredient.** The findings are **published in *Lancet Infectious Diseases*** and follow recent figures from the UK's Health Protection Agency showing a **22% increase in malaria cases** among travellers returning from the Indian sub-continent.

Meanwhile **Malaria-carrying mosquitoes in Africa and India** are becoming **resistant to insecticides.** While prevention measures such as **mosquito nets treated with insecticide** and **indoor spraying** are **still effective,** experts said tight surveillance and rapid response strategies were needed to prevent more resistance developing. According to the WHO **resistance had been detected in 64 countries.** The WHO recommends **four main classes of insecticides,** but **resistance to at least one of them** has been detected in regions where the disease is endemic. In some places there was **resistance to all four classes.**

The Global Fund to Fight **AIDS, Tuberculosis and Malaria** estimates that **more than \$1,6-bn (R12,7-bn)** in **additional funding will be available in the next two years.** To date, programmes supported by the Global Fund are providing **HIV treatment for 3,3-m people,** **anti-TB treatment for 8,6-m** and **230-m insecticide-treated bed nets for malaria prevention.**

Heart diseases spike in Third World; Obesity a weighty issue; An unhealthy world

SAPA-AFP, 16 May; Reuters 30 April; Reuters, 22 May 2012

According to the latest figures published by WHO **one in three adults suffers from high blood pressure, a key cause of strokes and heart disease**. Canada and the US are least affected, but in **poorer countries, up to 50% of the adult population** suffers from high blood pressure, many of them unknowingly.

Obesity may be another cause of heart diseases. According to the latest WHO statistics the percentage of Americans who are obese - those with a **BMI of 30 or higher** - has **tripled since 1960 to 34%**, while the incidence of extreme or "morbid" obesity (BMI above 40) has risen six-fold to 6%. The **medical expenses** arising from obesity are **double previous estimates and exceed even those of smoking**, a study has found. Because obesity **raises the risk of a host of medical conditions**, from heart disease to chronic pain, the obese are **absent from work more often** than people of healthy weight.

The WHO's health report states that **1 in 10 adults worldwide has diabetes**. It also found a dramatic increase in the conditions that triggered heart disease and other chronic illnesses, particularly in **low- and middle-income countries**. Most of these people **remained undiagnosed**, yet many could be treated with inexpensive medicines. In the past these 'lifestyle' diseases were mostly restricted to the world's 'developed countries' in Europe and Northern America.

SA kids tip the scales

The Cape Argus, 16 May 2012

According to an ongoing study at **North West University's on 14-year-olds** (256 adolescents) **teens are right up there with their US and UK counterparts when it comes to being overweight**. While obesity was taken more seriously by many - being underweight was as problematic - with research showing that those who had a **BMI of less than 25 were at risk**. Research also showed **that being inactive not only affected health later in life**, but could also lead to **poor academic performance**.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Unregistered staff a 'big risk' for patients

The Cape Argus, 30 April 2012

Denosa and National Education, Health and Allied Workers' Union (Nehawu) have accused the **private sector of "exploiting staff and maximising profits" by employing cheaply paid practitioners** to do the work of **registered nurses**. This could **harm career opportunities of professional nurses and put patients' lives at risk**, a spokesperson said.

Netcare and Mediclinic SA, reacted that they only use highly **trained surgical technologists to ease pressure on theatre nursing teams**, which were experiencing critical shortages.

Tribunal to decide on merger of Life Healthcare and Joint Medical Holdings

The Times, 18 May; Business Day, 22 May 2012

Life Healthcare and Joint Medical Holdings could be facing **charges of collusion** because of an **earlier transaction that had apparently not been properly reported** to the competition authorities. Life Healthcare wanted to increase its shareholding in Joint Medical Holdings (JMH) from 49% to 70%. The **Competition Commission (CC) recommended that this be prohibited as it would give rise to regional dominance in the Durban area where JMH had five hospitals**. The commission found that the combination of these groups **would create regional dominance**. The commission said since there was **no merger notification when the interest rose to 49% and Life Healthcare had an element of control over JMH**, the two firms had been **colluding since about 2004 on a number of issues, including the negotiations of tariffs for JMH**. The commission said the **hearing should proceed on the basis Life Healthcare had an element of control over JMH**. However, this did not allow them to collude and the tribunal should not ignore this when assessing whether to approve the deal or to follow the commission's recommendation and prohibit the deal.

Billions owed, so testing is compromised at hospitals

Business Day, 10 May 2012

The National Health Laboratory Service (NHLS), SA's biggest pathology laboratory, is **still owed billions of rand by the provinces**, compromising its ability to pay its suppliers and **threatening its capacity to provide vital diagnostic tests for patients**, says CEO, Sagie Pillay. By the end of last year, **provincial health departments owed the NHLS R2,17-bn**, a figure that **has since fallen only marginally, to R1,96-bn at the end of March**. Earlier this year the NHLS **temporarily closed services at 15 laboratories in Gauteng** because the province owed it more than R700-m. Gauteng still owed the NHLS R534-m at the end of March while the **NHLS owed creditors about R450-m**, down from R750-m at the end of last year. The biggest debtor is **KwaZulu-Natal, which has yet to pay R1,2-bn**.

Gauteng Health: unpaid bills; supplier debt; saving lives on a tight budget; low on medicines

The Times, 22 May; SAPA, 2, 15 May; The Star, 7 May 2012

Despite assurances by provincial health departments that their suppliers are being paid, hospitals in **Gauteng and Limpopo continue to run short of life-saving medicines**. Gauteng health department's acting chief financial officer, Abey Morokoane, said it had settled its debt to medicines and food suppliers by paying R1,5-bn - but it **still owed "a lot of money"**. Despite Minister Motsoaledi's promise to end the problem of unpaid medical suppliers, hospitals have been short of medicines, **due to unpaid suppliers, inefficiency in ordering and holding sufficient stock**.

Meanwhile the Johannesburg's Emergency Management Services' (**EMS**) **staff claim** they are trying to **save lives without the supplies they desperately need**. These include medicines, blankets and medical equipment. The problem may be linked to the **R319-m owed to the City of Johannesburg by the department; part of a total of R773-m owed to councils around the province**. Both the **council and EMS have denied** that this debt has contributed to problems in the EMS's service delivery.

Daygan Eagar, a researcher for NGO Section 27, said departments **constantly shifted money from supplier budgets to meet growing staff costs**. Gauteng health department was **allocated R13,18-bn for salaries** in the 2011-2012 financial year, but **spent an estimated R14,22-bn**.

Shortage of ambulances 'costs lives'

The Times, 16 May 2012

Head of the KZN health department Dr Sibongile Zungu said **386 ambulances had been waiting to be converted into fully fledged ambulances since 2010**. The holdup was due to **a challenge to a tender** to convert the vehicles. **KZN needs about 1 060 ambulances to service its 10,6-m citizens**.

Limpopo health crisis looms as R14-m in medicines lost

The Sunday Independent, 6 May 2012

MEC Norman Mabasa said the **R68-m Limpopo owed to its suppliers was in the process of being paid**. The cash-strapped Limpopo faces a potential health crisis after **over-stocked medicines, acquired for R34-m expired**, while some were allegedly **looted or sold by corrupt officials**. The medicines were ordered as part of **pharmaceutical contracts awarded irregularly to eight companies**. **Boxes of expired medicines** - including antibiotics, ARV's and HIV test kits - have since been **dumped in a storeroom** outside Polokwane. An investigation has uncovered that **corruption, fraud and nepotism** were rife at the depot. A senior employee blamed **collusion between officials and suppliers for the medicine crisis**. A spokesman for the department confirmed that **R14-m worth of medicines had expired**. **The province's 46 hospitals and more than 360 clinics had run out** of medicines. Public sector doctors have **threatened to strike** over the crisis.

Massive corruption in ECape health department; Doctors' pay in shambles; Healthcare crisis looms; No nurses for hospital's new cancer unit; Sama threatens health takeover

SAPA, 15 May; The Times, 16, 18 May; Business Day, 23, 24 May 2012

The Eastern Cape (EC) health system is **on the brink of collapse because of "austerity measures" and under-budgeting.**

The latest news on the province's health crisis is that the South African Medical Association (Sama) has threatened to call for the provincial health department to be **placed under national administration if the problem of unpaid doctors and community healthcare workers is not resolved.** The provincial health department has been under fire from health activists and doctors alike, after it emerged that **dozens of doctors have not been paid for several months**, and a brand new **haematology unit** at the Port Elizabeth provincial hospital (at R20-m. paid for by government) is **standing idle for lack of staff.** Sama was given an assurance that **Treasury would provide bail-out money**, but the health department was **unable to produce a list of people who had and had not been paid.**

Earlier in the month it was reported that a special investigation unit probe into the EC health department has **revealed corruption involving R200-m and 15 900 department officials illegally receiving child support grants totalling R58-m per year; 4 000 officials were illegally receiving housing subsidies amounting to R86-m;** the department reportedly **paid R42,8-m to 226 companies linked to 235 civil servants; and 174 officials' spouses were linked to companies that benefited R9-m.** The department **lost R800-m to corruption between January 2009 and June 2010.**

4. MEDICAL SCHEMES

PMBs: Why BHF were denied leave to appeal

Business Day, 18 May 2012

The North Gauteng High Court has **denied the Board of Healthcare Funders (BHF) leave to appeal against its ruling** that it had no right to ask the courts to **clarify the meaning of regulation 8, a controversial rule that deals with medical schemes' liabilities for paying claims for prescribed minimum benefits (PMBs).** At the heart of the legal row is a dispute between the board and the Council for Medical Schemes (CMS) over the **extent to which medical schemes should reimburse members' claims for PMBs**, a basic basket of healthcare that all medical schemes must by law provide to members. **BHF, which represents most medical schemes and their administrators, believes schemes should be able to limit payouts to ensure financial stability.** The **CMS, a statutory body that regulates the medical schemes industry, believes schemes should reimburse members in full, at the rate charged by their doctor or hospital, so patients are not left with hefty bills.** After attempts to resolve the issue failed, the board turned to the courts, **asking for a declaratory order to clarify the meaning of regulation 8.** The board was joined by Samwumed medical scheme, **and opposed by the council and 12 other parties including the Health Minister, the Hospital Association of SA, and the South African Private Practitioners' Forum (SAPPF).**

In a **judgment handed down last November, Judge Cynthia Pretorius said the board did not have the legal standing to bring the issue to court.** She ruled that the board would not be affected directly by the court's decision, and said the **application should have been brought jointly by all medical schemes instead.** She **dismissed the board's application with costs.** The board's subsequent application for **leave to appeal was dismissed with costs** on 11 May 2012.

BHF spokeswoman Heidi Kruger said the board would **now petition the Supreme Court of Appeal directly.** Samwumed has asked trade union federation Cosatu to join the issue. CMS registrar Monwabisi Gantsho said it was extremely worrisome **that members' funds were being used to fight provisions which, ironically, were there to protect members' interests.**

Gems may ingest small schemes

Business Report, 18 May 2012

The independent appeals board has ruled that **Gems must comply with legislation and accept any and all individuals or groups** that wished to join the scheme, as long as they were **employees of the government or a public entity or previously employed by these organs**. This **could see more small schemes vanish, hastening consolidation** in the industry, according to health experts. In 2009 Gems amended its eligibility requirements for becoming a member to **exclude major public enterprises and employees of municipalities or other local government departments, administrations, organisational components and agencies**.

It was often more beneficial for members if small schemes, with smaller risk pools, become part of larger schemes with broader risk pools, says **Mariné Erasmus from Econex**.

Heidi Kruger, spokeswoman for the BHF, says pensioners would now have the same subsidy from employers if they moved to Gems.

Jean Pierre Verster, analyst at 36One Asset Management, says this ruling increased the number of lives covered by Gems but it would also affect its solvency as people with high risk profiles had higher expenditure on healthcare. Gems principal officer Eugene Watson has declined to comment.

'New' RAF will pay; Legal potholes when claiming from RAF; GEMS won't claim expenses

Personal Finance, 28 April 2012

Medical schemes may in future ask **members to sign an undertaking to claim from the Road Accident Fund (RAF) and to reimburse the scheme** whatever medical expenses are recovered. This may include a **clause that binds the members to repay the scheme without deducting legal fees**. If a member does not, or is unable to, pursue a claim against a third-party insurer - including the RAF - the scheme is still obliged to pay the emergency-related medical claims, because these claims are covered by the prescribed minimum benefits.

Gems says it will not pursue or lay claims to any medical expenses that its members who are involved in a motor vehicle accident recover from the RAF. Gems has **removed rules that oblige its members to recover their medical costs from the RAF** or, in terms of Coida, from any other third party that is potentially liable for medical expenses.

The rules of **Profmed**, a medical scheme for professionals, and **Pro Sano**, an open medical scheme, **exclude benefits for medical expenses arising from motor vehicle accidents** that can be claimed from the RAF. **Discovery Health expects members to repay medical costs in full and the legal fees to be paid from the RAF's contribution** towards the legal costs.

Meanwhile, the **RAF is set to change in 2014 to a fund that will pay out anyone injured in a motor vehicle accident, regardless of who was to blame for the accident.** The aim is to tackle the RAF's **problems of delayed claims payments, high costs and corruption.** The RAF obtains its funding from a levy on fuel - 88c a litre for the 2012/13 tax year.

Discovery: Court order to pay for use of database; Vitality goes to China; Discovery cuts paperwork

Business Day, 17, 25 May; BusinessLIVE, 22 May; The Times, 21 May 2012

Judge Jody Kollapen ruled in favour of **the BHF after a copyright battle with Discovery Health regarding SA's Practice Code Numbering System.** BHF owns the copyright of and manages the **13-digit system** which gives every doctor in private practice a unique identifier used by medical schemes to process claims. According to the judge's ruling **Discovery had infringed on the BHF's copyright** by establishing their own in-house database of healthcare practitioners after it quit the BHF in 2010. Discovery was **ordered to pay royalties to the BHF at R1,30 per principal member** for 2010, and thereafter at the **standard rate BHF charged its members.**

Discovery Health's Vitality incentive programme has been launched in China via Ping An Health, a joint-venture in which it has a 20% stake with the Ping An Insurance Group of China, one of the largest insurers in the world. Discovery already has other ventures with **insurers Humana in the US and Prudential in the UK**. According to a spokesperson **70% of all healthcare costs were preventable** and the company offered a unique **blend of factual science, behavioural economics and medical science** that helped one to make better choices. Discovery CEO Adrian Gore said that the move into China was part of the effort to **"globalise the Vitality opportunity"**.

Discovery Health may soon be treated by **doctors using ipads or smartphones during consultations**, as its administrator rolls out a project **to improve patient care and cut down on paperwork**. Analysts say the project was unlikely to affect the company's share price, but reinforced Discovery Holdings' reputation as an industry leader.

Regulator gets tough; Council for Medical Schemes to decide on Hosmed's registration 'soon'

The Financial Mail, 4 May; Business Report, 18 May 2012

CMS will soon discuss Hosmed's future after the regulator labelled it as **one of the most non-compliant medical aids**. It is among the 10 schemes with **the most complaints submitted to the CMS; failed to reach a minimum solvency level of 25%** for three years in a row; and has **not complied with the Medical Schemes Act since 2010**. The scheme has been **caught up in controversy since 2004 when members accused some trustees of corruption, mismanagement and misconduct**. Hosmed acting principal officer Dawid van Zyl said it had **not received any notice of noncompliance from the CMS**. He **could not respond to allegations by the CMS, nor explain the scheme's reasons for failing to reach minimum solvency ratios or how it planned to fix this**.

Earlier CMS registrar Dr Monwabisi Gantsho has **warned Hosmed for failing to make permanent leadership appointments for four years**. Gantsho said **the acting principal officer and board of trustees might be removed; and the scheme de-registering or placed under curatorship**.

Mind the gap

The Financial Mail, 4 May 2012

Government's new draft regulations, published for public reaction, seek to **do away with virtually all forms of gap cover and health insurance** in order to **safeguard the medical schemes industry**. Gap cover (about R100/month), is a relatively **inexpensive way for people to ensure that they are able to fund surgery** if their medical scheme does not cover the full amount. Government fears **gap cover might lead to the young and healthy buying down** to less comprehensive options in a medical scheme and purchasing gap cover to make up the difference. This could lead to **rising medical aid costs** as risk pools break down, since the young and healthy usually cross-subsidise older, sicker individuals.

Look before leaping into new technology

Business Report, 25 May 2012

Dr Tumi Seane, Acting CEO of Sechaba Medical Solutions has **warned medical schemes to look before they leap into new technologies**. He said in some instances some older technologies might yield better financial and health outcomes. Seane believes in seeking **to create solutions specific to South African problems to ensure that members receive quality, affordable and clinically appropriate healthcare**.

5. PHARMACEUTICALS

Adcock opens medical supplies plant, a first for Africa

Business Day, 4 May 2012

Adcock Ingram has officially opened Africa's only **integrated medical-grade plastics and pharmaceutical manufacturing facility near Johannesburg**. The plant, in the Aeroton industrial area, is already **mass-producing sterilised products** such as filled drip bags, ampules and dialysis solutions. The JSE-listed pharmaceutical

company spent R300-m on upgrading its critical care factory, as part of a R1,5-bn investment programme in manufacturing, warehousing and distribution facilities nationally.

Adcock has also attained **compliance with the international Pharmaceutical Inspection Convention and Pharmaceutical Co-operation Scheme Standards** adopted by the South African Medicines Control Council. The factory meets the bulk of South African demand for sterilised critical care products, which CEO Dr Jonathan Louw, said were **not cost-effective to import**. It also **exports to countries in sub-Saharan Africa, including Zimbabwe, Uganda and Tanzania**.

Section 27, TAC join big pharma bust-up over cancer drug; Is Cipla up for grabs?

The Financial Mail, 25 May; Mail & Guardian, 17 May 2012

The Treatment Action Campaign (TAC) and Section 27 have joined the fray in a **face-off between Aventis Pharma and Cipla Life Sciences** in a **patent war over cancer drug Docetaxel**. **Aventis argued that Cipla infringed its patent rights**; but in a case heard last year, the Court of the Commissioner of Patents **refused the company an interim interdict to prevent Cipla from selling a generic version**.

Aventis is appealing the decision at the Supreme Court of Appeals. The TAC, which joined proceedings as a friend of the court, has argued that **the Patents Act must be interpreted alongside the Constitution and that the court must balance the rights of those who hold patents with the rights of those who need access to affordable medicines**.

The case could set a **precedent in South Africa** as it was being asked to look at **patent law through the lens of the public's right to healthcare**.

SA lacks proper patent laws. A **more stringent review system** would ensure that **only truly new medicine would be given new patent rights**; this would **allow more generics onto the market and make medicines more affordable**.

Meanwhile speculation has it that **Cipla could be bought out by its international partner, Cipla India**. Cipla recently **released a cautionary** saying it was "engaged in discussions" that could have a material effect on the share price. Analysts reckon Cipla's institutional shareholders will demand up **to R10/share if Cipla India is going for a buy-out**.

Emphasis on home-made

The Financial Mail, 4 May 2012

Pharmaceuticals Made in SA chairman Stavros Nicolaou, who is also a senior executive at Aspen Pharmacare, welcomed Government's decision (through the **amended Preferential Procurement Policy Framework Act**) that **70% of its drug purchases will be reserved for SA manufacturers**. He said this would provide **greater volume certainty and domestic scale**. The Health Department's tender for tablets is to be awarded in favour of companies that **produce the drugs locally**. The two-year tender, which includes a range of 70 tablet products, excluding antiretroviral (ARV) and antibiotics medications, is worth R2,5-bn.

The R1,6-bn Ketlaphela joint project between state-owned Pelchem and Swiss company Lonza is an example of how Government was strengthening local manufacture of active pharmaceutical ingredients. According to the Department of Trade and Industry the Health Department's **trade deficit increased from R5,3-bn in 2002 to R14bn in 2010**, mostly skewed towards pharmaceutical imports. For example, SA's health department was the major buyer of ARVS, buying 25% of world supply annually. In 2010, Health Minister Aaron Motsoaledi took the opportunity to **push drug makers to more than halve the two-year ARV tender price** to R4,2-bn as the global cost of active pharmaceutical ingredients declined.

Call to end 'pseudo generics'*Business Report, 25 May 2012*

Paul Anley, board director of the National Association of Pharmaceutical Manufacturers says SA cannot afford to **continue paying exorbitant prices for medications where cheaper alternatives were available**. At issue is the practice of some big pharmaceutical companies **releasing their original product in a different package** under the auspices of it being a "generic" version of a drug before their original patent rights expire. These **"pseudo-generics" muscle out generics manufacturers to ensure a continued price advantage**.

6. FINANCIAL NEWS***Health Department to spend five times more on research****Business Report, 2 May 2012*

The Health Department will spend **2% of the national health budget to fund research within the next three years**. Deputy Minister of Health, Gwen Ramokgopa, said **more than R2b-n a year** will be provided for health research by 2014. The NHRC is determined that the department invested about R416,5-m of its R112,6-bn budget in 2011/12.

Medihelp: An ongoing balance between cover and cost*Business Report, 25 May 2012*

Medihelp announced an **average increase of 8,9%** for its range of products this year. This was in line with the average increase of the medical schemes' industry as a whole. CEO Anton Rijnen believes the overall offering is competitive and supported by a proven track record of sustainability and excellent client service. Medihelp ended its financial year with a **surplus of R163,9-m** and a **solvency ratio of 29,2%**. Medihelp has **once again been awarded an AA- (minus) rating from the Global Credit Rating Company** for its claims-paying ability.

Netcare*The Business Times, 20 May 2012*

Netcare's results for the six months to the end of March point to **continued strong demand for private healthcare**, with a **16,1% rise in headline earnings** a share to 51,9c from 44,7c a year ago. **Turnover in both SA and the UK grew**, and group operating profit increased 7,1% to R1,82-bn. An interim gross dividend of 22c a share was declared, unchanged from a year ago.

Mixed test results: Life Healthcare, Netcare, Mediclinic*The Financial Mail, 4 May 2012*

SA hospital groups have been looking at overseas markets to spur growth.

Life Healthcare Group, with a 27% share of SA's private hospital market, is showing the **strongest growth in the sector**.

While its **competitors Netcare and Mediclinic International** chased the **European markets** for investment, **Life sold its 50% stake in the UK-based Partnership Health Group** in 2008. However, **Life** this year re-entered the international market, **paying about R850-m** to secure a stake in private hospital group **Max Healthcare Institute (MHC)**, a subsidiary of Max India.

Netcare bought the UK-based General Healthcare Group (GHG) in 2006 for £2,2bn (R27,5-bn) and **Mediclinic International bought Hirslanden in Switzerland** for Swfr2,8-bn (R24-bn) in 2007. **Mediclinic Switzerland** faces challenges of **austerity measures by the Swiss** government that could lower its profits. **Though Netcare and Mediclinic both faced a threat to earnings for their businesses in Europe, Mediclinic's challenges were perhaps not too severe.**

Mediclinic's diluted earnings improve*BusinessLIVE, Business Report, Business Day, 23 May 2012*

Mediclinic International has reported a **7% rise in normalised diluted headline earnings per share** to 185,7c for the year ended March 2012. **Revenue grew 18% to R21.99-bn**, while operating profit rose to R3,76-bn from R3,45-bn previously.

The company said the results were achieved **despite the continuing tough global economic conditions**. Southern African group revenue increased by 9% to R9,42-bn.

In Switzerland, Hirslanden's revenue increased by 24% to R10,73-bn for the year under review. **Emirates Healthcare's revenue increased by 37% to R1,83-bn**.

But Mediclinic's debt also rose, to R24,8bn from R22,2bn in March 2011. This was mainly as a result of a change in the exchange rate between the rand and the Swiss franc.

Mediclinic is optimistic about the future of its businesses in all three platforms, and believes that **introduction of the NHI scheme, would expand the market for medical schemes and private services** in future as opposed to threatening the industry

Discovery Health rating reaffirmed*BusinessLIVE, 3 May 2012*

GlobalCredit Ratings has reaffirmed Discovery Health Medical Scheme's (DHMS) national currency **claims paying ability rating at AA+ (ZAR)**, with a **stable rating outlook**. Discovery holds the **highest rating that an open or closed medical scheme in South Africa** can be accorded.

Sales issues affect Nutritional Holdings*Business Day, 24 May 2012*

Nutritional Holdings, which sells **complementary medicines and food supplements**, reported a **12% drop in revenue to R41,1m** for the year to February, as **problems with its sales force** took their toll. The company had brought its sales force in-house, instead of relying on agencies, and expected better results in the year ahead. **Pharmaceutical sales rose to R3,67-m**, up from R3,38-m.

Human Genome faces hostile Glaxo bid*Bloomberg, 9 May 2012*

GlaxoSmithKlein plans a **hostile \$2,6-bn tender offer for Human Genome Sciences** after the US company, its partner on the Benlysta drug for lupus, rebuffed a takeover offer. Glaxo will offer \$13 a share in cash, or **81% more than Human Genome's closing price on April 18**. The offer values Human Genome at about 11 times estimated 2012 sales. Human Genome reacted that the **offer was too low**, and the company would review alternatives. Glaxo's bid is part of a **wave of takeover activity in the pharmaceutical industry** as **drug makers seek new products**.

AstraZeneca agreed last month to buy Ardea Biosciences for \$1,3bn.

7. GENERAL NEWS**Facebook moves to help organ donations***AFP, 1 May 2012*

Facebook is now using its vast social network to help **connect organ donors with people who need life-saving transplants**. Facebook founder Mark Zuckerberg announced the initiative and became one of the first Facebook **users to sign up to donate on the social network**. Members of Facebook in the United States and

Britain can now indicate that they are organ donors on their timelines, and/or find **links to official organ donation registries and instantly enrol.**

'Doctor Cash and Carry' carries on in SA

The Sunday Times, 20 May 2012

A doctor **barred from practising in the US** after his involvement in star-studded Hollywood drug scandals, is **busy treating and prescribing medicine to patients in South Africa** from his consulting rooms in Sea Point, Cape Town. Dr Jules Lusman (dubbed "Doctor Cash and Carry") is **even advertising botox specials**. Lusman was **suspended for three months in 1987 in SA for overprescribing drugs**. In 2002, the California Medical Board found him **guilty of gross negligence, overcharging and of overprescribing addictive pain-killers to patients**. However, he is today registered with the Health Professions Council of South Africa. According to their spokesman "the revocation of his licence in the US does not automatically apply here".

ER24's new service 'an answer to hoax calls'

Business Day, 23 May 2012

Healthcare service provider **ER24, along with Blue Label Mobile**, has introduced **a mobile product to assist ER24 in finding patients during medical emergencies** and to **curb the menace of hoax calls**. The IDME service includes a **panic button** that allows patients to notify ER24 of an emergency, while also giving the company the **co-ordinates of the device** that made the distress call. ER24's contact centre will now also be able to identify the details of the subscriber making a hoax call. Benefits included dispatching **helicopters and private jets for distant emergencies**.