

SUMMARY OF HEALTH NEWS: DECEMBER 2013

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DECEMBER: FOOD FOR THOUGHT

At war with private healthcare

Editorial Comment: Business Day, 5 December 2013

In a recent interview Health Minister Aaron Motsoaledi described the Competition Commission's (CC) inquiry as "a revolution to bring justice to the poor". **The commission has been careful to follow due process in setting out the terms of reference of its inquiry, including making sure it engaged with the various role players on its final terms of reference before publishing them in the *Government Gazette*.** But it is clear that - at least in Motsoaledi's mind - the private sector industry is already guilty of excessive pricing. While an inquiry into high healthcare costs is welcome, the CC needs to be wary it doesn't become a tool in Motsoaledi's "war" against the private sector. While we might bemoan the high cost of medical insurance and hospital fees, at least the private sector is working, compared with the dysfunctional, if not completely broken, public healthcare sector.

SAPPF's Open Letter to the Minister of Health

In reaction to Minister Motsoaledi's comments on his war with the private sector in *The Star* (29 November) Dr. Chris Archer, president of the South African Private Practitioners Forum (SAPPF), wrote in an open letter to Motsoaledi: "Exaggerating and distorting the facts as you have done is unbecoming of a minister responsible for both the public and private sectors, and does little to assist the process of dialogue between the Department of Health (DoH) and the private sector around the issue of costs.

"There is also a danger that such an emotive view could also prejudice the independence of the inquiry into private sector costs, thereby predetermining its outcome.

"It is taxes paid by people working in and accessing services from the private sector that is currently responsible for most of the public sector health budget."

According to a recent well-researched report tabled by Shivani Ramjee of the UCT department of actuarial science at the 2013 HASA Conference, the difference in costs between the two services is about 5%. By international standards the costs of SA private care - at R12 000 per capita - is relatively inexpensive compared to the USA (R80 000) and the public sector in the UK and Australia (between R32 000 and R35 000), writes Archer.

1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

CC: Motsoaledi warns opportunists NHI will not be 'a pot of gold'

Business Day, 29 November; SAPA, 28 November 2013

Health Minister Aaron Motsoaledi came down hard on the CC, laying some of the blame for a history of escalating private healthcare prices in the country at the institution's door. In 2003, the commission charged major players in the healthcare industry with collusion and price-fixing. This led to escalating prices by allowing healthcare practitioners to individually price their services. Motsoaledi said health was different as it was impossible for any patient to face a healthcare provider and negotiate a fee. **He also criticised the CC for acting against companies in the food and construction sectors but failing to bring down its "heavy fist" on the private healthcare sector.** He said to make the NHI flourish the public healthcare system must work and pricing in private health must be tamed

Terms of healthcare inquiry get nod

Business Day, 2 December 2013

The CC's final terms of reference for the market inquiry (set to start on January 6) adopted a far more holistic approach to the inquiry, including a look at possible cost drivers such as **pharmaceutical manufacturers, medical equipment, and the inter-relationship between the public and private healthcare systems.** The final report is due by 30 November 2015. Members of a panel that will preside over the inquiry will be announced by the end of this month. Deputy Commissioner Trudi Makhaya said the panel would run the process, and a technical team comprising KPMG and commission staff would do the background work. Hearings will be open to the public and provision will be made for the public to challenge submissions made to the panel, which will make recommendations to the commission.

- * **Healthcare economist Nicola Theron and MD of the research company Econex** said the final terms of reference were much better structured and more comprehensive than the initial draft document. But she did express concern about the ambitious timelines for the inquiry in light of the significantly broader scope.
- * **Anthony Norton, director of the law firm Nortons, representing Netcare,** said an investigation into the private healthcare sector was absurd at a time when SA had a public sector in crisis. He said the inquiry seemed to be an "inordinate waste of money", and the question remained **why there was such a huge focus on the private healthcare system if it only covered 17% of the population.**

Backing for NHI concept; Global health plan aims to reduce; Vaccines saved 106-m kids from disease

The Times, 4 December; Business Day, 4 December 2013

The Lancet's Global Health 2035, written by top economists including US Pres Barack Obama's former economic advisor Larry Summers, detailed how countries could best invest money to deliver better health. The report promotes the idea that the **world should move towards universal health coverage by increasing free access to high-quality health to the poor.** One of the report's authors, vice-president of the African Development Bank, Mthuli Ncube, said its message supported the NHI. The report also supports the taxation of unhealthy foods, cigarettes and alcohol as one of the cheapest ways to achieve reduction in lifestyle diseases, which are becoming a global epidemic.

- * Meanwhile a group of 25 renowned economists and global health experts have put together a plan called Global Health 2035 to reduce the gap between the health of citizens of rich countries and those in poor ones. The roadmap, published in the leading medical journal *The Lancet*, was conceptualised ahead of the negotiations on a global framework for social aimed at replacing the Millennium Development Goals, which have a deadline of 2015.
- * According to an article in the *New England Medical Journal* vaccination in the US has prevented 106 million cases of childhood diseases since 1924. Scientists analysed almost 88-m individual disease records covering more than 100 years. They estimated that 35-m cases of measles in the US were prevented by a vaccine introduced in 1963. 26-m cases of childhood diseases such as polio, measles and whooping cough have been prevented in the past 10 years alone.
- * Meanwhile **Stop Stock Outs reported at the end of November that 300 clinics across SA had periodically reported running out of vaccines.**

NHI could push public spending on health to new heights

Health-e News Service, 5 December 2013

Dick Forslund, a researcher at the Alternative Information and Development Centre, reported that **the NHI was not mentioned in Treasury's medium-term budget policy statement.** Mark Blecher, Treasury's chief director for health and social development reacted that it is true that the NHI does not appear per se in the budget, as Treasury was waiting for the White Paper on the NHI to be released. Blecher said that the medium-term budget made provision for

early NHI work and includes two conditional grants dedicated to supporting the NHI. One of these grants will go to contracting about 600 private doctors to work part-time in government clinics. But Wits health economist Professor Alex van den Heever cautioned that better health is not all about spending more money. The country currently spends about R7 000 per patient per year, which is roughly the same amount of money as Cuba but SA continues to have far worse health. **Van den Heever said getting better results for money would involve making the health system more efficient.**

NHI still has a way to go before the training wheels come off

Mail & Guardian, 11 December 2013

The *Mail & Guardian* visited two of the 11 pilot sites - chosen and financed 18 months ago - in preparation for the NHI roll out.

Comments: Eden district, Western Cape: It is surprising how few complaints about the quality of healthcare service there are among public sector patients in and around Knysna. Most complaints are about service delivery in and around Knysna; shoddy infrastructure; lack of transport, unemployment and the long distances to health centres. District health specialist teams have been rolled out, which include a paediatrician, a gynaecologist, an anaesthetist, a family physician and a midwife; three mobile clinics have been acquired from the DoH to give dental and health check-ups to pupils in remote areas. **However, organisations and communities are confused about what they should expect from the NHI as a whole, and pilot sites specifically.**

uMgungundlovu district, KwaZulu-Natal: From August 2012 until March this year, school health teams had visited 100 schools across the district. These teams referred 2 765 pupils for additional care. Family health teams paid community visits to individual households; 4 588 visits had been conducted from February last year until March this year, and 3 058 referrals were made. The district had employed 896 community caregivers, who had to visit 60 households a month to share health information, collect data and refer people to healthcare centres as needed. It is hoped that they can soon dispense chronic medicine - such as anti-retrovirals - to patients. **Despite impressive numbers given by the provincial health department about their NHI pilot project, the TAC has called for more community consultation on NHI pilot sites.**

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

Cancer institute charts course

Health-e News Service, 6 December 2013

Stellenbosch University recently launched the African Cancer Institute (ACI) to build African countries' abilities to prevent, diagnose and treat cancer. ACI's director, Vikash Sewram, said the country does not focus its cancer research on areas where it could have the greatest impact. He reiterated the importance of research and said the ACI wanted to highlight the pertinent questions relating to cancer in the country, and figure out how best to address them in order to harness the strengths of all its partners. The organisation has signed a memorandum of understanding with the University of Texas' MD Anderson Cancer Centre that will facilitate collaboration in various academic programmes and research projects.

ARV stock-outs pose health risk

Cape Argus, 11 December 2013

While SA has done well by increasing HIV/AIDS treatment, **civil society organisations have raised concerns about poor monitoring of its ART programme.** Section 27, Treatment Action Campaign and Doctors without Borders said while the Western Cape was doing well in rolling out ART programmes, provinces such as **Free State and KwaZulu-Natal were failing dismally, with at least one patient out of five being turned away due to stock-outs.** Mark Heywood, director of Section 27, said in some provinces health authorities had resorted to using "intimidating language and veiled death threats" against civil society workers that dared to question them on stock-outs

Global death toll from cancer rising

Business Day, 13 December

According to the World Health Organisation's International Agency for Research on Cancer (IARC) the global death toll from cancer rose to 8.2-m last year with a sharp rise in breast cancer as the disease tightened its grip in developing nations struggling to treat an illness driven by Western lifestyles. Cancer deaths were up 8% from 7.6-m in a previous survey in 2008 and breast cancer killed 522 000 women last year, up 14% in the same period. While rates of new cancer cases are still highest in more developed regions, death rates are relatively much higher in less developed countries because people's tumors are often not detected and diagnosed early enough due to a lack of screening and access to treatment.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Medicines go missing - and so do budgets; Survey suggests dire shortages of drugs in SA

Health-e News Service, 29 November; Tamar Kahn: Business Day, 29 November 2013

More than half of the Free State's health centres went without HIV and TB medicines in the past few months, while Limpopo and Mpumalanga have also struggled to ensure a regular supply of medicines, according to the latest Stop Stock Outs Report (SSR). In Limpopo, where 40% of clinics ran dry, the health budget has been slashed by about 7%. A quarter of the Mpumalanga clinics surveyed had experienced shortages of HIV or TB medicines, according to the Stop Stockouts Report. More recently, the auditor-general (AG) noted that there had been a seven-year delay in awarding a tender for construction work to a medicines depot. The survey was conducted by the Stop Stock Outs Project (SSP) during September and last month. Respondents were asked if their facilities had experienced shortages or stock-outs of HIV/AIDS or TB medication in the past three months.

Western Cape: Medical staff under pressure

Cape Argus, 11 December 2013

Medical staff at GF Jooste and Groote Schuur hospitals in Cape Town are under pressure due to the lack of specialist services at the new Mitchells Plain Hospital. They are forced to discharge patients before they recover to make way for others. Doctors at GF Jooste and Groote Schuur hospitals said they were worst affected by the increased patient load - which came about after the partial closure of the Manenberg Hospital. GF Jooste is to close next year and will be rebuilt over three years.

4. MEDICAL SCHEMES

Discovery to expand Vitality in Asia

Business Day, 3 December 2013

Discovery is working with joint venture company AIA Group to expand their AIA Vitality offering in the Asia-Pacific region beyond Singapore by the first half of 2014. Discovery has seen an opportunity to use Vitality as a tool to encourage healthy lifestyles in the region, which is becoming vulnerable to the effects of chronic lifestyle diseases. AIA Group and Discovery launched AIA Vitality in July this year. AIA Vitality offers protection products designed to deliver better health and lower premium rates for AIA's customers.

Contagion of fraud

Financial Mail, 13 December 2013

Medical schemes estimate that between 3% and 14% of the R117-bn they collect from members' contributions is lost to fraud and wastage. Though the figures are generally in line with global trends, the worrying thing is that administrators seem to be losing the battle to curb it. In recent years short-term insurers have also fallen victim of fraud through the abuse of products such as hospital cash plans. A review by FinMark found that the hospital cash plan market was growing rapidly, with an estimated 50 000 new policies sold every month. Claims are paid directly to the member, making it possible for dishonest members to conspire with their health practitioners so they can claim from the insurer. **Fraudulent hospital cash plan claims have doubled to R20-m in the past two years.**

5. PHARMACEUTICALS

Use of generics more than doubles in SA

Media Release: Agility Global Health Solutions, 4 December 2013

Despite some market hesitation around the use of generic medication, there has **been a 14% increase year-on-year since 2004 in the use of generics.** Dr Jacques Snyman, MD: Integrated Risk Solutions at Agility Global Health Solutions (Agility) said South Africans were using generic medications purely because of the price. This was mainly driven by the funding industry which benchmarked what they would pay for a specific medicine for treatment of a certain disease. More patients now had access to medicines than before, due to affordability, and there was significant scope for growth. According to Snyman, for generic medication to qualify there needed to be a certain amount of consistency to that of branded medication.

Tailor-made modern medicines

The Financial Times via Business Day, 11 December 2011

Pooling the data of pharmaceutical companies may enable them to compete with each other. However, more than a dozen have now joined forces with academic institutions in a project called "eTox". Recent withdrawals of "blockbuster" drugs, from the diet treatment Fen-Phen in 1997 to the painkiller Vioxx in 2004, show that even modern drug testing gives an incomplete picture of the risks and benefits. Some of the most interesting current experiments in drug testing are: The Virginia-based company HemoShear focus on restoring the biological properties of cells in the lab and replicating the biology of human disease on the bench by recreating organ function. Harvard University's Wyss Institute is exploring micro-physiological systems that simulate interactions between cells and circulating fluid. By integrating cells from 10 or more interconnected organs, this will allow a better understanding of toxicity, treatments and disease states. GE Healthcare Life Sciences in Cardiff, is producing cardiomyocytes - beating heart cells derived from human embryonic stem cells, which are harvested, frozen in liquid nitrogen and sold to other industry labs for testing. This may help to address one of the greatest concerns with experimental drugs: the risk of toxicity in heart cells, causing arrhythmias that trigger heart attacks and strokes. The University of Edinburgh's MRC Centre for Regenerative Medicine has developed a technique to produce hepatocytes, or liver cells, from induced pluripotent stem cells - embryo-like stem cells artificially derived from adult cells.

Using nature to fight cancer; Developing nations hit by cancer death rise

Business Day, 13 December; Reuters, 12 December 2013

Two British scientists - medicinal chemist Gerry Potter and Dr Dan Burke, emeritus professor of pharmaceutical metabolism - say they have found a natural compound that is a proven, safe anticancer agent. **The scientists coined the word salvestrols for the compound that occurs in a wide range of foods, including the skin of citrus fruits, berries, grapes, avocados, broccoli, and culinary and medicinal herbs cultivated organically.** The compounds work as a kind of "Trojan horse" by safely causing "apoptosis" (programmed death of cancer cells), leaving healthy tissue intact. This knowledge does not get translated into clinical evaluations "for financial reasons", said Burke; in other words, pharmaceutical firms will not invest as they cannot make massive profits out of the research.

6. FINANCIAL NEWS

New Bidvest offer could derail CFR takeover bid; Adcock's fate in PIC's hands despite Bidvest offer

Business Day, 2 December; Business Report, 11 December 2013

The latest news in the Adcock Ingram saga was that the shareholders meeting - to be held on December 18 - has been postponed to 18 February, 2014. The meeting was called to decide on the takeover bid of R12.6-bn which Adcock received from Chile's CFR.

- * Bidvest Group has joined forces with unlisted pharmaceutical company Community Investment Holdings (CIH) to make a fresh assault on Adcock. The consortium of Bidvest and CIH, a fully black-owned company in the local pharmaceutical sector, offered to pay R70 per Adcock share to give it a maximum holding of 34,5% of the issued stock. The offer would cost about R4-bn. Bidvest included its existing 4% holding in Adcock in the consortium's 34.5% target, which is just below the level that would trigger an offer to minorities. The Bidvest offer is made all the more dramatic as it is expected to spark a legal battle over who is allowed to vote at the postponed meeting of Adcock shareholders.
- * Bidvest's last-minute offer for a 34.5% stake in Adcock Ingram has added to the drama of the battle with CFR Pharmaceuticals, but it seems unlikely to alter the fact that the outcome of the bid will be determined by the Public Investment Corporation (PIC).

Standard 'busy on Discovery BEE deal'

Business Day, 6 December 2013

Standard Bank is working with a black economic empowerment (BEE) investor on a deal said to involve a 2% stake in Discovery. Jhulan Vallabh, from Standard Bank's equity capital markets team, said the stake was worth about R1.15-bn. He said the shares were not being sold by Discovery CEO Adrian Gore. Discovery concluded a BEE deal in September 2005. The main beneficiaries were WDB Investment Holdings and the Discovery Foundation. The deals mature in 2015.

7. GENERAL NEWS

Cash plans widen healthcare range

Mail & Guardian, 6 December 2013

Qualitative analysis suggests that **health insurance products such as hospital cash plans are not cannibalising SA's medical aid market**. The research, conducted on behalf of the Finmark Trust, examined a sample of consumers earning between R6 000 and R12 000 a month, including those with hospital cash plans, as well as potential plan owners. A small number were on a medical aid, typically through an employer. The research revealed that, although many in this market aspire to private healthcare, it is out of their reach; payouts from hospital cash plans usually go towards non-medical expenses, typically to substitute income lost during hospitalisation, and there was no competition in practice between what a hospital cash plan provided and what a medical aid provided.

Demand for health on the increase, despite costs

Financial Mail, 29 November 2013

The financial year to September was another bumper season for Netcare, Medi-Clinic International and Life Healthcare - SA's only listed private healthcare groups. Together they account for 75% of SA's medically insured population. Netcare SA's revenue from hospitals and emergency services grew 8.6% to R14-bn. Medi-Clinic Southern Africa's normalised revenue increased by 11%, to R5.6-bn, for the period under review, driven by a 5,8% growth in bed days sold. Life Healthcare's hospital division's revenue increased by 8%, to R11-bn, driven by a 2.7% increase in PPDs (paid patient days) and higher revenue PPD of 5.3%. The companies say what drives hospital admission is ageing and a growing disease burden.

8. IN A NUTSHELL:

Strokes affecting younger patients

According to the Heart and Stroke Foundation SA (HSF), **more people in their 20s and 30s suffer strokes**. Common risk factors include disease of the arteries, cardiac disorders, infection, acute or chronic head and neck disorders, blood clotting and sickle-cell disease.

Resistant flu virus keeps contagiousness

SAPA –AFP, 10 December 2013

A mutant form of the H7N9 flu virus that is resistant to frontline drugs is just as contagious as its non-resistant counterpart, according to a study, published in the journal *Nature Communications*. The virus has claimed dozens of lives since its outbreak in February. H7N9 is believed to have spread to humans from poultry, where it circulates naturally. The World Health Organisation (WHO) said on its website that "so far", no evidence has emerged of "sustained" transmission of H7N9 among people.