

## **Afrocentric invests R100m refurbishing for NHI**

**Business Day 14 August 2018**

Courier pharmacy business Pharmacy Direct is one of three companies that won contracts to supply medicines to collection points

JSE-listed Afrocentric has invested R100m in refurbishing a warehouse for distributing medicines to state patients with chronic conditions, a strategy it hopes will cement ties with the government as it implements National Health Insurance.

Afrocentric's courier pharmacy business, Pharmacy Direct, is one of three firms that recently won contracts to supply chronic medicines to collection points at schools, churches and retail pharmacies, as part of the health department's bid to alleviate congestion at public hospitals and clinics.

The department's Centralised Chronic Medicines Dispensing and Distribution programme is a vital part of its plan to increase the number of HIV patients on treatment from the current 4.4 million to 6 million by 2020-2021.

"This is how public-private partnerships should work," Afrocentric CEO Antoine van Buuren said on Monday. "We are proving our mettle ahead of NHI," he said.

In March, Pharmacy Direct was awarded a three-year contract to supply chronic medicines to patients in Mpumalanga, KwaZulu-Natal, Limpopo and Northern Cape, starting on April 1. DSV Healthcare and Sisonke won the contracts for Gauteng, Eastern Cape, North West, and Free State, according to the award documents published on the department's website. The Western Cape runs its own system.

State sector business currently contributed only about 30% of Pharmacy Direct's revenue, but this proportion was expected to increase in due course, said Van Buuren.

Pharmacy Direct began providing chronic medicines to stable state patients in 2013 and now delivers 700,000-800,000 patient packs a month.

It expects to reach the 1 million mark by November, said Van Buuren.

According to the tender award, the state will pay Pharmacy Direct R24.72-R31.33 per patient pack.

Afrocentric said the distribution centre would create about 5,000 jobs.

The programme initiative was built on a model pioneered in the Western Cape, which in 2005 began offering patients an alternative to queuing for hours to get regular monthly prescriptions. In addition to sites such as community centres and general practice consulting rooms, the programme includes pick-up points at health facilities, which have separate collection points for stable patients.

The Western Cape has recently expanded its programme beyond urban centres, to include rural sites and farms.

By the end of March 2017, it was reaching 1.5 million patients a month.