

## SUMMARY OF HEALTH NEWS: SEPTEMBER 2011

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#### 1. NHI NEWS

##### SAPPF's CEO comments on NHI's Green Paper

*(28 September 2011)*

Dr Chris Archer, CEO of the South African Private Practice Practitioners Forum (SAPPF) comments on the green paper on the National Health Insurance (NHI) saying that it is **"more alchemy than panacea for South Africa's healthcare ills, and not the solution that this country needs or can afford."** There is a better way, says Dr Archer: **"The Health Roadmap proposed initially by the Development Bank of South Africa (DBSA) and its Ten Point Plan, list the priorities for healthcare reform adopted at the ANC National General Council held in September 2010. NHI is the second point on the list, but if the other nine points were attended to first, there would probably be no necessity to introduce such a contentious and problematic system."**

##### Government split over cost of NHI

*Business Report, 25 September 2011*

One of the key drivers of the NHI plan, the ministerial **advisory committee chairwoman on the NHI, Olive Shisana, is adamant that the system will not be derailed.** She told the Cape Town Press Club the plan will be revised - through a process of public hearings and alterations forged by parliament - but all citizens and permanent residents would be obliged to belong to the system. **However, the Treasury appears to have some doubts about whether the country's taxpayers can face another layer of tax.** Shisana said the expected shortfall of R5bn on funding in the 2012 could rise to up to R25bn over a few years. It would have to be funded by the taxpayer.

##### Health Survey postponed again

*SAPA, 25 September 2011*

A **survey aimed at gathering crucial health and demographic information** has been **postponed for the fourth consecutive year**, according to DA health spokesman Mike Waters. The SA Demographic and Health Survey is **crucial to the assessment and development of health policy.** The survey was last conducted in 2003. Countries around the world are expected to produce a demographic survey every five years and submit a report to the World Health Organisation.

##### Healthcare reform and fair NHI 'are what South Africa needs'

*Business Day, Business Report, The Times, 22 September 2011*

Although the NHI green paper was decisive about what it wanted to achieve, it was "less strong on how", said Mark Britnell, KPMG chairman of global health, at the Hospital

Association of SA's (HASA) annual conference. One of the main concerns is **that SA's small tax base of about 5m people will have to foot the bill for the scheme, even though many already contribute to private schemes. Reforming SA's health system would require all its players to change - public sector, ministers and the private sector.** Private hospitals would have to open their doors to all South Africans if they were to survive the implementation of the NHI. But they first need to be transparent about their fees in order to negotiate acceptable NHI prices. Mutual trust between the two sectors will be of the utmost importance.

Another speaker, Heather McLeod, who has been involved in drafting the technical aspects of NHI, said it is important to know the difference between **health insurance and healthcare.** While only about 16% of South Africans had insurance, about 93% had access to healthcare, she said.

**NHI budget will not survive contact with reality**

In an article in *The Cape Argus*, 7 September 2011 Gavin Chait\* stated: "In government financial planning, the price that a thing is budgeted at is certainly not what that thing will cost. **The average multiplier seems to be about four.**" Starting in **2012 with a budget of R125bn**, expenditure on the NHI is scheduled to increase by a compounded annual rate of 6,4% till 2025. In comparison, the Treasury predicts that the economy itself will grow by only 3,6% to 4,2 %.

**"To foot the bill, salaried individuals, general consumers and companies will have to pay higher taxes. 45% of the country's taxpayers earn more than R150 000 a year, and contribute 90% of the total tax take. That's only 1,6m people paying R139bn annually. There are fewer than 500 000 VAT registered entities who pay the state a net R79bn in consumption tax. Lastly, there are 122 221 registered companies paying R47,5bn a year in company tax. The additional expenditure on health in 2012 is expected to be R25bn. If companies took the hit alone, corporation tax would rise from 28% to 42%. If consumers footed the bill, VAT would rise from 14% to 18%. If individual taxpayers do, income tax would rise by around 15,9%. VAT is a non-starter as the unions won't stand for it. Raising company tax by 14% would be the death knell of industry. Raising the base income tax rate from 18% is also impossible. The most likely compromise is that company tax will rise to 35% and income tax, for those earning above R150 000 a year, will increase by 9%. At a multiplier of four, personal tax would have to rise by 62% for 1,6m people for 50m to have health care. That is not even possible."**

**\*Gavin Chait is a development economist at Whythawk Ratings, promoting investment into emerging markets.**

**On the other hand, people who will deliberate on the proposed NHI scheme have the best medical insurance in the country.** Parmed Medical Scheme pays only a third of their medical aid costs - the rest is footed by their employer, the taxpayer. There are 2 279 members and 5 415 beneficiaries of the closed Parmed scheme, of which provincial legislature employees and other public-sector office holders chosen by the President can become members, said Heather McLeod, adjunct professor at the University of Cape Town's school of management studies, at the HASA conference. (*The Times 27 September*)

**SA needs to 'train and retain' its doctors to ensure NHI's success**

*The Sunday Independent, 25 September 2011*

The shortage of doctors is likely to seriously hamper the government's NHI plan, with medical experts saying the country needs to double the number of doctors it trains each year. While there are an estimated 27 641 doctors practicing in South Africa, approximately 23 407 South African-born doctors are believed to be practicing in Australia, Canada, the US and New Zealand. These figures are contained in a presentation compiled by Dr's Mark Sonderup and Phophi Ramathuba for the SA Medical Association's (SAMA) 2011 Conference. **Compounding the problem was the fact that of the 27 000 doctors registered in South Africa, authorities had no way of knowing how many still practiced locally. South Africa needs to "train and retain" an estimated 46 000 more nurses and 12 500 doctors to staff hospitals.**

In an article in *The Financial Mail, 16 September 2011* **Mr Casper Venter, spokesman for the SA Private Practitioners' Forum (SAPPF) says by the time of full NHI implementation in 2025 most of SA's doctors will be semi-retired or retired.** According to the SA Medical Association (SAMA) the number of practicing GPs was nowhere near the World Health Organisation's recommendation of at least one doctor per 1 500 people. **SAMA chairman Norman Mabasa says the current rate of GP coverage was one doctor per 3 000 people.** The success of the NHI would depend on increased medical skills training, said Venter. He suggests relaxing the race and gender demographics to increase enrollment in medical schools.

Although Broomberg, Discovery Health's CEO, confirmed his earlier statement that the private sector viewed Motsoaledi's open and engaging approach to partnership with the private sector as extremely positive, at HASA's conference; other experts warn that the Minister's biggest challenge will be to **avoid adopting a one-size-fits-all approach to SA's health-care** problems. Input on the NHI green paper has been extended to the end of December 2011. (*The Financial Mail, 30 September*)

**Community care givers (CCGs) hold the key**

*David Sanders and Louis Reynolds\*: The Cape Times, 20 September 2011*

Research and experience from a growing number of countries show **rapid health improvements where community-level workers - supported by clinics and health centres and equipped with basic skills to identify, prevent and treat common conditions - visit households regularly.** This model, which is similar to Brazil's and in line with the revitalisation of primary healthcare, would be substantially cheaper than the private sector model. The ratio of full-time to part-time CCGs averages 1:10 to 1:20 in countries where such a system operates successfully; implicating **South Africa would need approximately 1 300 000 community care givers, the majority of them part-time.** In addition to rendering healthcare, such a PHC-based health system will create more jobs, and indirectly improve health by reducing the prevalence and depth of poverty.

**\*Sanders is Emeritus Professor in the School of Public Health at the University of the Western Cape and Reynolds is Associate Professor in the Health Sciences Faculty at the University of Cape Town. Both authors are paediatricians and members of the Peoples' Health Movement**

## 2. NEWS ON HIV/AIDS, TB & MALARIA

### Men prefer mobile test units

*The Cape Argus, 22 September 2011*

The Desmond Tutu TB Centre has seen **more men visit their mobile units to be tested for TB and HIV**. The centre's latest statistics showed that nearly half of the people screened at the units were men, compared with only 34% tested at public clinics and health facilities.

### Alarming figures on infant and maternal deaths

*SAPA, 16 September 2011; The Cape Argus, 13 September 2011*

A Total of **58 000 infants under the age of five died in South Africa last year**, according to a United Nations (UN) report.

In a parliamentary reply on the state of the institutional **maternal mortality ratio (IMMR)** in the Western Province, Health MEC Theuns Botha revealed that deaths per live births jumped to **77,6 deaths per 100 000 in 2010**. According to the UN's target, maternal deaths should be reduced to 20 per 100 000 by 2015. This is not viable as Health Minister Aaron Motsoaledi has confirmed that **one in every three pregnant women attending state clinics was HIV-positive, and about 35% of child deaths and 43% of maternal deaths can be attributed to HIV/AIDS**. The good news is that the European Union has promised a **contribution of €126m (\$171m) to South Africa's fight against AIDS and tuberculosis**. (*Reuters, 12 September 2011*)

Since its founding, **President Barack Obama's Emergency Plan for AIDS Relief (Pepfar) has put 3,2m people around the world on life-saving antiretroviral treatment**. Nine million more people desperately need these drugs. Obama should increase Pepfar's treatment goal from 4m to 6m people by 2013. Obama has a profound opportunity to lead the world to this conclusion. He must take it, says Archbishop Desmond Tutu in *Washington Post/via Bloomberg (29 September)*

### Malaria deaths drop by a fifth

*SAPA-AFP, 14 September 2011*

**Global deaths from malaria have fallen by a fifth over the past decade**, reflecting an influx of funds to fight the disease with better drugs and mosquito nets, according to Roll Back Malaria (RBM). Their report states that mortality from malaria in 2009 was 781 000. Morocco, Turkmenistan and the United Arab Emirates have been certified malaria-free. More than 90% of malaria deaths occur in sub-Saharan Africa, where the disease costs about R88bn annually in lost output. **So far enough insecticide-treated nets have been distributed to cover 80% of Africa's population at risk**.

### Vaccine offering protection against HIV to be tested next in South Africa

*Health-e News, 13 September; The Cape Times, 14 September; Health-e News, 14 September 2011*

The only AIDS vaccine that has shown some protection against HIV is going to be tested in South Africa within two years. The RV144 trial combines two vaccines. The first is used to **prime people's immune systems to recognise HIV and the second - injected within six months of the first - is aimed at boosting immune systems to fight infection**. Also in the pipeline are two trials of the RV144, aimed at testing the vaccine on **men who have sex with men in Thailand**, where the HIV rate is around 10% and one on **mainly heterosexual South Africans** where the HIV rate among adults is almost 18%. Wits University's Prof Glenda Gray will lead the research in SA.

### 3. DOCTORS, NURSES, HOSPITALS & TRAINING

#### *How the Health Department has failed SA's women*

*The Mail & Guardian, 23 September 2011*

**South Africa's Health Department has "failed women" by not making it easy to access contraception**, according to Dr Eddie Mhlanga, the Health Department's head of maternal, child and women's health. He added that **"2 000 pregnant women died each year in South Africa from a range of causes, some preventable and some not"**.

In an article by Simone Honikman & Ingrid Meintjes: published in *The Cape Times, 9 September 2011* these deaths are ascribed to **client abuse and dysfunctional and unequal healthcare** by nurses; **low staff morale; staff being overworked, suffering from a sense of neglect and lack of support by managers**. Health workers in the public sector are also faced by **poor working conditions: task overload; long working hours; increased exposure to health risks; lack of recognition and poor communication with management; racism; a lack of support from supervisors; poor mentorship; and in the context of the HIV/AIDS epidemic: years of watching clients suffer and die**.

A study conducted by the University of Cape Town found that **71% of medical students taking part in the study had witnessed some form of patient rights abuse in the province's government hospitals and clinics**. (*The Cape Times, 29 September 2011*)

Doctors' abuse of nurses is also prevalent. Seen in this context, nursing staff often suffers an overwhelming **sense of demoralisation and lack of motivation**.

Addressing these problems the Perinatal Mental Health Project (PMHP) at UCT has been training public sector maternity nurses in the Cape Peninsula for nearly 10 years, focusing on **supporting staff and their emotional well-being and engendering a caring work environment**. Trainees are encouraged to **develop insight into their own feelings and needs whilst simultaneously gaining an awareness of, and sympathetic approach to, the emotional state of the women in their care**.

**\*Dr Honikman is director of the Perinatal Mental Health Project at UCT and Meintjes is the project's advocacy co-ordinator**

#### *Gauteng's department of ill-health*

*The Times, 26 September 2011*

According to the Gauteng department of health and social development's annual report **millions of rands have been wasted**. This follows reports that the department is **unable to pay R200m** to companies providing services to health institutions because of **cash flow problems**. The department's report also stated that the department: faced R875m in lawsuits; wasted R217m on "fruitless expenditure"; failed to provide sufficient audit evidence for tangible assets valued at R3,1bn; and wasted R1,5bn on the premature cancellation of contracts with service providers. A report by the auditor-general Terence Nombembe also paints a worrying picture of the rising **vacancy rate for qualified doctors, specialists and pharmacists**.

**Health spending shambles**

*The Times, 7 September 2011*

Parliament's select committee on appropriations has been told that the **health departments of Limpopo, Mpumalanga and Eastern Cape are under spending on vital forensic pathology, hospital revitalisation and HIV/AIDS grants.** The Eastern Cape had under spent its HIV/AIDS grant by R105m in the first quarter of this financial year and Limpopo by R49,5m. Eastern Cape under spent its budget for forensic pathology by R1,4m and Limpopo by R1,2-million. Eastern Cape under spent its hospital revitalisation grant by R35,9m; and Limpopo by R27,3m. Renovations of hospitals had to be delayed because of **poor communication between the departments of health and of public works, fraud and poor or slow performance of contractors** who are awarded tenders for projects they cannot execute.

**On the other hand, the Western Cape department of health says its hospitals are owed millions of rands by medical schemes not settling their members' medical bills on time.** (*The Cape Argus, 14 September 2011*) Medical aids are also accused of "dumping" patients into the public healthcare system once they have depleted their medical aid funds in the private sector.

**Good News: Where public meets private**

*Mia Malan: Mail & Guardian, 2 September 2011*

A partnership between black empowerment consortium **Nalithemba Hospitals** (in which the private hospital group **Netcare is a 50% shareholder**) and the **Eastern Cape** government resulted in the refurbishing of the run-down Settlers Hospital in Grahamstown. Nalithemba now manages all non-medical services, including cleaning, security and general maintenance. The provincial government pays it a monthly fee of R3,8m, much of which goes to servicing a loan and the building of a new hospital in Port Alfred. **Private patients at Settlers can choose between being treated by the government doctor on duty or their own practitioner.** Netcare manages the emergency care unit, but **both state and private nurses attend to all casualty patients.**

**4. MEDICAL SCHEMES**

**Metropolitan Health remains administrator of Gems**

*BusinessLIVE, 14 September 2011*

**Metropolitan Health, the health division of MMI Holdings Ltd, has been reappointed as administrator of the Government Employees' Medical Scheme (Gems).** Gems, established to provide all public service employees with equitable access to affordable and comprehensive healthcare benefits, is the fastest growing medical scheme in South Africa, with a membership of more than 580,000 families. MMI's CEO, Nicolaas Kruger, says he regards the **NHI as a positive step forward.** (*BusinessLIVE, 15 September 2011*)

In *Finweek of 29 September* Medi-Clinic's CEO Koert Pretorius said: "Medi-Clinic supports any initiative to increase quality healthcare for South Africans." Shortly after the Green Paper was published, Discovery announced their support of the NHI.

**Hawks examine medical aid corruption scandal**

*The Sunday Times, 18 September 2011*

The **Hawks have raided 12 premises in a bid to expose a racket contributing to the steep rise in medical aid costs.** Two medical aids, **Hosmed and Commed, allegedly connived with**

**officials from the regulator, CMS, to swindle medical aid members.** This raises questions about why CMS didn't act last year on evidence of corruption at Hosmed and Commed.

**Bribes have also been revealed in affidavits by David Tselapedi, a whistle-blower** fired by Allcare. According to a Hawk spokesman there was "**a culture of dishonesty in Allcare** which includes theft, fraud, bribery, corruption and contraventions of the Medical Schemes Act. A week earlier Chris Andrew, the lead fraud consultant at PIC Solutions, warned that **medical aid fraud in SA is reaching epic proportions**, posing a threat to the industry's wellbeing and smaller schemes' survival. **Insurers believe 7% – 15% of all claims involve fraud**, and the BHF says it costs the sector **R4bn-R13bn each year.** (*Business Day, 16 September 2011*). According to estimations 10 % -15% of insurers' gross premium income in SA was allocated to cover the undetected cost of insurance fraud.

In *The Financial Mail, 16 September 2011* it was reported that the board of trustees of **Sizwe Medical Fund has suspended principal officer Linda Gabela for alleged fraud and maladministration of the scheme's funds.** The scheme is said to be financially stable.

#### **Medical schemes fail to keep sufficient reserves**

*Business Report, 16 September 2011*

The CMS's quarterly report indicates **20 medical schemes failed to meet the 25% minimum solvency levels as at March 31.** The overall industry average solvency level decreased by 6,7% from year-end. **Discovery Health, Momentum Health, Spectramed, Hosmed Medical Aid and Keyhealth are among the 11 open schemes that failed to meet the prescribed solvency level.** This implicates that most medical scheme members belong to schemes that are on the CMS's watch list. (*Personal Finance, 17 September 2011*). **Nine restricted schemes were below the minimum solvency levels.** Solvency levels are necessary to protect members of a medical scheme, should the scheme undergo financial difficulties.

#### **Dilemma for medical aids, 'Pay in full' a painful fight for medical aids**

*The Citizen, 7 September 2011, The Times, 19 September 2011*

**A legal battle that could change the way medical aids pay claims was fought in the Pretoria High Court on September 22, 23. On the 23<sup>rd</sup> judgment on the case was reserved by Judge Cynthia Pretorius.**

**The Board of Healthcare Funders (BHF) had it out with the rest of the medical industry over three words: "pay in full".** The umbrella body represents a number of medical schemes and **wants the court to provide a legal interpretation of the meaning of those words in the Medical Schemes Act.** They say the clause is bleeding the medical aid industry and could, at worst, leave 8,4m medical aid members without cover. **Regulation 8 of the Act stipulates that "any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit (PMBs) conditions".** The board believes medical bills for PMBs must be paid according to the rules of each scheme. **However, the CMS stands by its interpretation of the act that all schemes must pay in full for PMB medical bills.** The case is described as, "**crucial in defining the scope and ambit of regulation**", in the CMS annual report. **Twelve parties are opposing the application, including pharmacists, the SAPPF and the Hospital Association of SA (HASA).** **Medical schemes challenging the government regulator of the industry may find themselves in an uncomfortable position, should they happen to win.** They may be faced with "**thousands more PMBs**", according to **Dr Monwabisi Gantsho, registrar of the council,** for if a court found against the council and

PMBs, the whole NHI plan would have to be brought forward hastily to ensure people could rely on getting the healthcare they needed.

### **Falling by the wayside**

*The Financial Mail: 9 September 2011*

**The drop in the number of SA medical schemes, from 105 in 2010 to 99 as of January 2011, is a trend that is expected to continue.** Dr Monwabisi Gantsho says the CMS expects more mergers. He said his main concerns include medical scheme governance, given the failings of some boards of trustees to properly manage scheme funds; compliance with the Medical Schemes Act; and cost containment. Another problem facing medical schemes is that of trustees earning "salaries" amounting to millions of rands - paid for by members. (*Harriet McLea: The Times, 7 September 2011*). **Ten of South Africa's 100 medical schemes together last year spent more than R28m on their trustees.** The CMS has instituted proceedings against three medical schemes whose trustees it believed were not fit and proper for their positions.

**Painting an even worse scenario for medical schemes, the CMS's annual report also revealed that the number of complaints have increased by 863 in 2010, adding up to 5 351.** (*The Times, 7 September 2011*) Schemes seem to be increasingly willing to spend thousands of rand more than the bills in legal fees to fight claims. Most complaints relate to: PMBs (1 749); unpaid accounts (1 230); refusal to authorise treatment (272); administrative inefficiencies (261).

### **Scheme increases to outdo salary raise**

*Personal Finance, 17 September 2011*

Medical schemes are expected to **increase contributions for next year by an average of 9% - almost four percentage points above the current rate of inflation.** Discovery has announced its contributions will increase by an average of 8,9%, Fedhealth's will increase by 7,1%. Momentum Health has also announced premium contributions will increase by 8,8% in 2012 and it will introduce new trauma benefits. (*Business Report, 28 September 2011*) These increases are likely to exceed the increases to salary or pension. After adjusting for inflation, **contributions last year were 48% higher than in 2001.** Medical schemes attribute their increases to **above-inflation increases in the cost of medical goods and services, an ageing membership and an increase in the utilisation of benefits, as well as a need to fund the scheme's reserves.**

**In its annual report the CMS showed that - despite a decline in the overall number of those claiming benefits - the total amount paid out by medical schemes rose by 11% from the previous year, to R85bn last year.** (*Business Day, The Times, 7 September 2011*) The inflation-adjusted cost per beneficiary for **private hospital care per month increased by 78,4%.** According to Dr Monwabisi Gantsho, registrar and CE of the council, **regulation and price negotiations between schemes and providers are essential as it was clear that the highest cost drivers were private hospitals and specialists, amounting to 60% of total benefit payments.**

## 5. PHARMACEUTICALS

### **Research needed to document and validate indigenous SA medicine**

*The Cape Argus, 20 September 2011*



If South Africa is to **integrate traditional medicine into the healthcare system, it needs to research and document its findings**, according to herbal experts from India. An Indian government delegation visited South Africa to host a **natural medicine workshop at UWC** in an attempt to **strengthen research into traditional medicine and alternative therapies**. In South Africa traditional medicine remains a contentious issue between holders of indigenous knowledge, scientists and medical doctors, partly due to its **lack of documentation**. (*Business Day, 16 September 2011*) Another aim of the Indian delegation is to win **wider recognition for Ayurveda, an Indian traditional system of medicine**. The chairman of the Ayurveda Foundation SA, Liaqat Azam, says Ayurvedic medicines cost a fraction of certain conventional. **It is an ancient system, using natural herbal medicines including food and lifestyle recommendations**. Ayurvedic medicine is **not covered by SA medical schemes as it does not have valid tariff codes**.

#### **Medicine pricing rules are long overdue in SA**

*Dr Anban Pillay: Business Report, 5 September 2011*

A recent article quoting analysts at Frost & Sullivan ("*Health rules 'threaten' suppliers*", *Business Report, August 29*) suggests the **regulation of medicine prices will threaten suppliers and reduce competition**. The Minister of Health recently published regulations on international benchmarking of medicine prices, requiring manufacturers of originator medicines to **reduce their prices over three years** to the lowest price in a basket of countries. As current logistics fees paid by manufacturers are not a true reflection of the cost of logistics services; **manufacturers, wholesalers, distributors and retailers have requested that a maximum logistics fee be set**.

\* **Dr Anban Pillay is chief director: financial planning & health economics at the Department of Health**

## **6. FINANCIAL NEWS**

#### **Litha keen to tap state health spending**

*Business Day, 21 September 2011*

Litha Healthcare Holdings' CEO Selwyn Kahanovitz says the company plans to **expand into the Southern African Development Community (Sadc) region**. Litha's three divisions, focusing on vaccines, pharmaceuticals and medical devices stand to **benefit from the NHI**. Kahanovitz says Litha is focusing on consolidating the three businesses and moving operations to the group's new Midrand office. The group listed on the main board of the JSE last May, after AltX-listed Myriad Medical Holdings had acquired a 51% stake in Litha and took on its name. The group's **profit rose to R50m from R29m, earnings per share rose 57% to 11,8c from 7,5c previously, and headline earnings per share rose 26% to 11,8c from 9,4c**.

#### **Over-65s to continue to get full tax deduction on healthcare**

*Personal Finance, 10 September 2011*

**Taxpayers over the age of 65 are likely to continue to enjoy the tax deductions they are currently allowed** when tax deductions for those under the age of 65 are converted into **tax credit next year**. According to Cecil Morden, the National Treasury's chief director of economic tax analysis, the over-65s will still be able to **deduct their medical scheme contributions from their taxable income in full, as well as all the medical expenses they incurred which they did not recoup from their medical scheme**. If the Taxation Laws Amendment Bill is approved, **taxpayers younger than 65 will get a tax credit, which would**

be like a tax rebate equal to 30% of the rand amounts that are currently allowed as a deduction. Next year, the under 65s will still be able to deduct medical expenses they had not recouped, as well as contributions that exceed a certain limit, if together these expenses exceed 7,5% of taxable income.

**Treasury hopes these measures will make the tax playing field fairer.** (*The Financial Mail, 16 September 2011*). Anban Pillay, the health department's cluster manager of financial planning & health economics, says **tax rebates for private medical schemes would be removed when the NHI was fully in place.**

#### **Aspen looks to Latin America for acquisitions**

*Business Day, 14 September 2011*

**Aspen Pharmacare Holdings, Africa's biggest generic drug maker, could spend about R6bn on acquisitions**, in its effort to expand in Latin America. Last year Aspen, 19% owned by GlaxoSmithKline, bought the manufacturing arm of Australia's Sigma Pharmaceutical. Aspen's revenue increased 29% to R12,4bn in the past year. Normalised headline earnings from continuing operations grew 29% to R2,4bn and the capital distribution rose 50% to 105c. The company foresees **expanding its business in the Philippines (Asia), sub-Saharan Africa and Latin American markets such as Brazil and Mexico** to lift market shares up to the same levels as in SA.

#### **New ventures push Discovery profit up 50%**

*Business Report, 2 September 2011, BusinessLIVE, 2 September 2011*

**Discovery's new businesses were the highlight of the financial services company's results** for the year to June, with **emerging units surpassing expectations and prompting the company to describe the year as "seminal"**. (*Business Day, 2 September 2011*). Discovery's core medical scheme grew members by 6% and increased operating profits to R1,3bn. Discovery posted a 32% rise in operating profit to R2,8bn while embedded value increased 19% year on year to R48,45 a share. Profit for the year was up 50% to R2,57bn and normalised headline earnings a share increased by 31% to R3,658. The most significant progress was the stellar performance by Discovery's emerging businesses - **PruHealth, PruProtect and Discovery Invest. Progress in developing the Vitality framework locally and internationally also impressed.**

## 7. GENERAL NEWS

#### **Costly strike at labs**

*Business Day, 26 September 2011*

**A strike by administration staff at the government's National Health Laboratory Services (NHLS)** is set to put specialised health processes under increased pressure. This may result in costly outsourcing to private labs. The NHLS, SA's largest diagnostic pathology service, is owed R1,7bn by seven provinces. The National Health and Allied Workers' Union (Nehawu) announced the strike over wage and benefit demands. The union was demanding a 9,5% pay hike, a 2% performance incentive and medical aid benefits worth R2 300 a month. The NHLS is offering a 6,5% increase and medical aid benefits worth R2 100 for each worker.

#### **Lunchbox lads and lassies healthier than tuck shop tubbies - and non-communicable diseases**

*The Cape Times, 15 September 2011*

Children sent to school with a sandwich inside their lunchbox are far more likely to consume a diet with enough nutrients and are less likely to be overweight than those paying a daily visit to the tuck shop, was revealed after a study done in schools in the Cape Province.

In reaction to this, Health Minister Aaron Motsoaledi announced that **fast-food companies will soon be forbidden from marketing their 'unhealthy' products on TV during children's programmes.** (*The Times, 14 September 2011*). **Free toys handed out with fast-food meals might also be prohibited** as part of the DoH's plans to regulate the "junk food industry". **"Bad trans-fatty acids" have already been regulated.** (*Business Day, 23 September 2011*).

*Sapa reported on 21 September* that **world leaders have pledged to take wide-ranging action to prevent millions of deaths from non-communicable diseases by tackling the key causes: smoking; excessive; drinking; lack of exercise; unhealthy diets dominated by fast food; and, most important of all: poverty.** At the last meeting of the UN General Assembly on non-communicable diseases the world was finally alerted to the fact that **the burden of cancer, heart disease, diabetes and chronic lung disease is as serious a threat as HIV/AIDS and tuberculosis to social and economic development.** The World Economic Forum has ranked these "lifestyle" diseases among the top threats to economic development. Their effect on the workforce and its productivity, as well as potential future cost to the health system, is daunting.

#### **Stem cell storage**

*Nashira Davids: The Times, 15 September 2011*

A new storage and processing laboratory for stem cells has been opened in Cape Town. At the new bank, clients can store stem cells - derived from umbilical cord, blood and tissue - locally or in Belgium. **Stem cells are currently used in the treatment of several blood-related diseases such as leukaemia.** Cryo-Save CEO Arnoud van Tulder said clinical trials using stem cells in the treatment of diseases such as **diabetes and cerebral palsy** were under way.

#### **Motorbike ambulances among solutions to Africa's problems**

*SAPA-AP via The Cape Times, 14 September 2011*

The latest innovation, an eRanger **motorcycle ambulance with a sidecar stretcher, may save a lot of lives in desolated parts of Africa.** The motorcycle was designed by a **British engineer, Mike Norman.** The bike is used by officials to transport pregnant women to health clinics to deliver their babies. So far, Guinea, Malawi, Tanzania and South Africa have bought the vehicles.

#### **New op could alleviate kidney donor shortage**

*The Cape Argus, 21 September 2011*

**Cape Town surgeons are preparing to unveil a revolutionary, non-invasive procedure to harvest a kidney from a live patient.** Surgeons can now extract a kidney by making **three 1cm incisions in a patient's stomach,** inserting an endoscopic camera, tiny instruments and a plastic bag, and controlling the procedure while watching it on a monitor. The bag, containing the organ, is gently removed through a 5cm incision along the patient's "bikini line". Not only is the **new method far less invasive, it has a far shorter recovery time.** Dr Elmin Steyn, who leads the renal transplant surgical team at Chris Barnard Memorial, says the procedure could revolutionise renal transplant surgery. According to figures supplied by the Organ Donor Foundation earlier this year, nearly 4 500 South Africans are in need of organ or corneal transplants - and fewer than 800 of them will receive a transplant during 2011.