SUMMARY OF HEALTH NEWS: JUNE 2012

IN THIS ISSUE:

National Healthcare Insurance: not the solution to all problems

* In its editorial comment ***The Star*** (7 June) calls to attention the death of two sick people while waiting for our health system to help them: Electrician Mlungisi Dlamini died after **waiting 19 hours for a state ambulance** and 74-year-old Mashaole Mangena **died after more than 7 weeks of to-ing and fro-ing to get medical treatment.** In both cases the **system failed the people and the attitude of government health officials was to blame**.

* ***Business Day's*** (20 June) states that the Department of Health (DoH) is responsible for the shortage of life-saving antiretroviral (ARV) medicines in several provinces due to a **problem with supply chain management** and not one of procurement, as the government would have us believe.

Most of these dilemmas follow the same route: At first government (health department) denies that there is a problem; then there is an about-turn and the problem is blamed on "logistical issues"- small empowerment companies failing to meet their contractual obligations for which they were awarded a two-year-tender of R4,2bn in the case of the ARV cricis. (also read ARV crisis on p.8)

In the ARV case the DoH (after issuing the tender) **delayed ordering** stock from suppliers for more than a year; placed **orders late** and eventually ordered much larger quantities than originally called for. Meanwhile DoH chose to use **donor-funded stock** and was therefore contractually bound to purchase only US approved medicine, which eventually led to a country wide shortage of ARVs affecting more than a million patients.
By deflecting the blame – as in many other cases - the DoH failed to take responsibility for its actions and ignored its own failure to anticipate the effect of the delay on manufacturers and the crisis of a shortage/no medicine available for patients.

"**NHI was wrongfully seen** as being able to **decrease the bad things about private sector healthcare, to strengthen primary healthcare and address human resource issues." -** Dr Duane Blaauw

Neither the NHI, nor the latest technology – whether it be iPads or an isotope breakthrough for cancer - not even the best legislation in the world to prevent obesity, the use of tobacco or the amount of salt we eat in our food – can compensate **for a lack of responsibility and dedication** - whether it be that of the government, the province or overworked/untrained medical staff.

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1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

NHI pilot sites not able to guarantee payouts
Business Report, 28 June 2012
The DoH can't ensure that people using healthcare facilities under the NHI pilot projects will not be left with extra financial liabilities nor that all healthcare service providers will be paid. According to health minister Motsoaledi the budget of R150-m allocated for the NHI grant is to test innovations necessary for implementing the NHI and to support selected pilot districts. Other conditional grants were made for **nursing colleges and schools (R100-m),** and for **hospital revitalisation programmes (R4,1-bn). According to health economist Alex van den Heever it's unclear what was being piloted as it looked like most of the things that needed to be tested were not. The fact that there is no formal document on the aims of the project is a concern.**

Case for critical care; R1,5m for Cape NHI pilot; NHI seen as catch-all solution
The Financial Mail, 8 June; The Cape Argus, 4 June; SAPA, 30 May 2012
Although the NHI pilot project is up and running, it seems doubtful that SA would be able to implement the strategy according to the detailed grand plan many stakeholders are demanding, says Gary Scott, SA director of the global services company Towers Watson.

***Tshwane stood out among the pilot districts for their NHI as being the most developed.**

The W-Cape health department will spend **R11,5-m this year in piloting the NHI in Eden District**. Health MEC Theuns Botha said at least **R8,5-m would be used to staff and strengthen specialist teams**, and **R3-m to strengthen school health services**.

Partnerships needed for health reform; Medics doubt NHI's ability to cure health system
BusinessLIVE, 21 June; Business Report, 8 June 2012
Partnership between business, organised labour and civil society to co-design a reformed health system in SA is lacking, according to Andre Jacobs from the Business Unity SA (Busa). Jacobs said it was possible to transform the system so everyone had access to quality care if **all parties engaged in a constructive manner**. One area of engagement already taking place was **with private doctors in the ten pilot districts of the NHI.** Other sectors desperately in need of expertise and partnerships are **product supplies and hospital infrastructure.**

Meanwhile the NHI is seen as a threat by SA's medical professionals and **they do not believe it will provide a solution to the country's ailing health system**, according to a survey conducted by PPS, a financial services provider focused on graduated professionals. Although **more than half of the 800 professionals interviewed, agreed with the principle behind the NHI,** only **18% believed it is the solution to the struggling health system.** Respondents were concerned about the **standard of current training of medical staff and the lack of information available.**

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

Sugar daddies 'not sweet'; row over HIV trial; abortion rate rises; vaginal ring to prevent HIV
The Times, 8 June; Health-e News, 11, 26 June; The Times, 12 June2012

*** Eastern Cape had the third-highest number of teenage pregnancies** in 2009. Pregnant girls - as young as 12 - are putting a **massive strain** on abortion clinics, forcing desperate women to **backstreet operators**. *The Annual Surveys for Ordinary Schools for 2009-2010 report* revealed that, of the 45 276 pregnancies of pupils, 8 420 were from ECape.

*** The KwaZulu-Natal health department budget to fight HIV/AIDS has been increased to R2,269-bn.** The campaign is called **Anti-Sugar Daddy** as increasing HIV prevalence among females 15- 29-year-old is indicative of early sexual involvement with older men.

*** Many health workers refuse to perform abortions on these teenagers**.

* Meanwhile aids researchers and activists are at loggerheads over the **planned SA trial of a lower-dose version of the antiretroviral stavudine**, which has debilitating **side effect in HIV patients**. The Treatment Action Campaign, Médecins Sans Frontières (MSF) and the Treatment Action Group are concerned that **stavudine is more toxic than tenofovir.** The stavudine team, led by Wits Prof Francois Venter, said the evidence that stavudine had bad side-effects was at the 40mg dose - at half this dose it had been as effective as tenofovir, although this had not been established.

* A new clinical trial - known as **"The Ring Study"** is underway in SA. It will explore whether a vaginal ring containing dapivirine, which is changed monthly, is safe to use and whether it can protect women from contracting HIV-1. Approximately 1 650 women will participate in the trial.

Better drugs needed to stop drug-resistant TB; SA 'has to step up TB fight'
Health-e News Service, 14 June; Business Day, 18 June 2012;
In the **past four years the percentage of people cured of TB had risen from 50% to close to 70%** but reaching the WHO's target was still hard, said Margo Uys, co-chairwoman on the SA TB conference in Durban. The incidence of **TB might be underreported** in SA as it **carried a stigma in some communities which associated it with HIV/AIDS**. Dr Helen Cox of MSF said **treatment for drug-resistant TB** was **ineffective, took too long, had significant side-effects and was expensive.** Aside from the painful daily injections, 30% of people with drug-resistant TB developed irreversible **hearing loss**. Prof Valerie Mizrahi from UCT, said overcoming TB was formidable as **the bacteria had the ability to "persist"** in the face of treatment.

Facts hard to come by
The Financial Mail, 15 June 2012
Statistics SA's latest figures on the **causes of death,** rate **HIV/AIDS as the seventh** most important. It accounted for 3,1% of all deaths in 2009. According to Prof Richard Nethonond (cardiology at Wits) the l**atest population census was the closest the country has come to an information hub** where mortality trends could be tracked. Prof Debbie Bradshaw from MRC says misreporting could be attributed to the era when the political climate meant there was a **huge stigma attached to HIV/AIDS.** TB or pneumonia was often stated as cause of death by doctors, rather than HIV/AIDS.

Gonorrhea becoming drug resistant
SAPA-AP, 6 June 2012
The UN health agency is urging governments and doctors to step up surveillance **of antibiotic-resistant gonorrhea, a bacterial infection that can cause inflammation, infertility, pregnancy complications, and maternal death**. **Overuse or incorrect use of antibiotics, coupled with the gonorrhea bacteria's astonishing ability to adapt, could imply the disease is becoming a super bug.** Resistance to cephalosporins has been reported in **Japan, Britain, Australia, France, Sweden and Norway**. However, resistant strains may also be circulating undetected elsewhere.

Early intervention may stop full diabetes
Business Day, 11 June 2012
People with **"prediabetes" who normalise their blood sugar levels** - even temporarily - can **halve their risk of developing the full-blown disease**, according to research published in *The Lancet.* Researchers found **glucose-lowering drugs were just as effective as lifestyle changes** at reducing the risk of developing diabetes.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Emergencies only at hospitals' theatres; Red lights flash for Eastern Province health
The Cape Times, 26 June; Business Day, 31 May; SAPA, 29 May, Business Day, 29 June 2012
The Eastern Cape health department has a budget shortfall of more than R2,5-bn. – R3-bn. D**ozens of doctors and thousands of community healthcare workers had not been paid**; some for as long as six months. Doctors who head specialist departments at the PE Hospital Complex issued a statement **warning the public that they were in a state of crisis and would be forced to offer emergency services only from 1 July.** According to the statement the department is incapable of dealing with the crisis, which includes **lack of staff, vacant posts, contracts of doctors not being renewed and some doctors not being paid**. The complex's surgery unit had been working under conditions which were "medico-legally indefensible" and opened doctors to litigation and disciplinary action by the Health Professions Council. Although the surgery unit had 16 medical officers in January, it now has 8 - 5 of whom cannot operate as a primary surgeon.

Money matters in Gauteng Health Department - top-heavy management
The Saturday Star, 2 June; SAPA, 4 Jun; SAPA, 25 June; The Star, 26 June 2012
Earlier in the year Gauteng's premier, Nomvula Mokonyane, **admitted there was a crisis in the health department**. For instance, the department pays about **R90-m of its annual salary bill for its 180 deputy directors**, claiming they help to improve the system. However, according to the DA's Jack Bloom many of them are non-performers. He blamed the department of being **top heavy with unproductive people and said it needed to be slimmed down** and staff should be **deployed to hospitals and clinics to improve healthcare in the province.**

Gauteng health MEC Ntombi Mekgwe has **set aside R1,5-bn to ensure provincial hospitals, clinics and healthcare centres have adequate medicine supplies**. The department **was investigating the feasibility of direct delivery from the central depot to clinics and the appointment of resident pharmacists and doctors. R1,3-bn was spent to clear the debt** owed by the medical supply depot. Mekgwe also announced a **major boost of R8,1-bn for clinics,** especially in townships.

Turnaround time for payments to service providers and suppliers has improved and the department's debt has been **reduced from R1,4-bn in April to R51-m in June**. The 305 companies the department owed money for more than 180 days were also reduced to 65 and the department has committed itself to **releasing more than R250-m to its suppliers and service providers**, in keeping with its new policy to honour payments within 30 days.

Training: SA signs deal with Cuba; Motsoaledi wants '4hours a day'; Diplomat doctors;
The Cape Times, 30 May; Business Day, 28 May; The Times, 28 May; The Star, 7 June 2012

*** The Western Cape Health MEC, Theuns Botha, and the vice-chancellors of the University of Stellenbosch, UCT, UWC and the Cape Peninsula University of Technology (CPUT) signed an agreement to ensure their health science students have equitable access to the province's hospitals and health centres for training and research.**

* Health Minister Aaron Motsoaledi has signed a co-operation deal with Cuban counterpart Roberto Morales Ojeda to **raise the number of SA medical students training on the island and** to **bring more Cuban-qualified doctors to work in SA**. **500 medical students will be sent to Cuba in September** and **304 doctors have already been trained in Cuba, where 406 are studying and 98 will graduate this year.** Cuba will **provide 208 specialists for district-based support teams in the pilot phase of the NHI**.

* Motsoaledi made a **plea to doctors in the private sector to contribute their skills (4 hours a day) to the NHI** pilot programme**. He pledged that the department would pay doctors in the private sector from its own coffers** as soon as they signed contracts agreeing to work in clinics.

Lawyers scare off doctors
The Sunday Times, 3 June 2012
Doctors are **reluctant to specialise in obstetrics because of the constant threat of being sued** and the **exorbitant cost of insurance premiums for medical malpractice cover**. Health Minister Aaron Motsoaledi has commissioned an **investigation into the spike in litigation.** Gynaecologists pay R 234 000 p/a while their counterparts in public hospitals – members of Medical Protection Society - pay only R7 020 p/a in insurance as the state is liable to pay out negligence. Dr Chris Archer, (obstetrician in private practice and president of the SAPPF) said some of his colleagues were considering **giving up their practice because of the steep cost of malpractice insurance.**

Hospitals under siege
Sunday Independent,27 May; The Star, 11 June; SAPA, 20 June; The Times, 25 June 2012.
The planned **Nelson Mandela Children's Hospital** - in Parktown, Johannesburg at the Wits Medical School - due to open in 2014 - will be **a paediatric academic and tertiary hospital catering for the children of Southern Africa**. It **will accommodate 200 beds and 8 operating theatres**. T**he operating expenses - estimated at about R417-m per annum** - are already catered for in the government's 2013/14 health budget. The hospital's CEO, Sibongile Mkhabela, said it will also **provide specialist care and produce research in the fields of hematology and oncology, cardiology and cardiothoracic surgery, endocrine, renal, neurosciences, craniofacial and paediatric surgery.**

At the **300-bed Jabulani hospital** project **in Soweto** two payments, of **R844 000 and R3,7-m, to the contractors are a month overdue** due to late tax certificates, design, Gauteng's cash crisis, and difficulties with payments. On completion Jabulani should **take some of the load off Chris Hani Baragwanath**.

At **Charlotte Maxeke Johannesburg Academic Hospital** **9 machines** for treating cervical cancer, including cobalt external radiation machines, **were broken and 5 others kept breaking down**. Siemens refuses to service the machines because it had not been paid by Phambili Hospital Products - the intermediary company on contract with the department. The **department claimed it had paid the company**. A DA spokesman said he was suspicious as to **why there was an intermediary company at all,** instead of a direct contract with Siemens.

* According to a report, presented in parliament by Malebona Matsoso, the DoH director general, the **number of violent attacks at hospitals**, had spiked in the last two to three years as security was not regarded as a core business of health facilities.

4. PHARMACEUTICALS

Plans in place to address ARVshortage; Centralise medicine supply
SAPA, 6 & 7 June; SAPA, 30 May; The Cape Argus, 19 June 2012

***Gauteng's** provincial health department spokesperson, Simon Zwane, said in an attempt to prevent future shortages of the HIV drugs Abacavir and Efavirenz and the diabetes medication Metformin, MSD **would increase its stockpiles of essential and fast-moving medicine from six weeks to three months. R2,8 bn had been paid to suppliers** who were owed money and another R250-m will soon be paid.

* **Eastern Cape and Limpopo:** DA spokesperson for health, Patricia Kopane, suggested that the supply of medicines to clinics and hospitals in the two provinces should be **centralised** in order to cope with critical shortages of medicines.

* **Western Cape:** Health authorities have been forced to **ration ARV's because** of shortages.

Roche buys Alzheimer's drug rights; cuts prices; Discovery warning on biologic drug costs
Business Day, 5 June; Business Day, 20 June; Reuters, 18 June 2012

*Swiss pharmaceutical giant **Roche has bought the rights** to a **second type of experimental Alzheimer's drug from AC Immune**. Roche's Genentech unit will make an undisclosed **upfront payment and pay up to $420m in milestones, based on the success of the anti-Tau antibodies in clinical development**. The trial of AC Immune and Roche's crenezumab **will be tested on people** before the disease has done much damage to brain cells.

***More news from Roche** is that the DoH has persuaded the company to **halve the price of its cancer drug rituximab, opening the way for the government to provide it to more patients**. The drug (Branded MabThera) belongs to an **expensive class of medicines called biologics**, and is used for treating **non-Hodgkin's lymphoma, leukaemia, and severe rheumatoid arthritis**. Other generic companies, including **Cipla and Ranbaxy, are developing capacity to make biologics**.

***Meanwhile Discovery Health** has warned that **growing demand for expensive biologic drugs** is **sharply pushing up its medicines bill**. Biologics are made from live organisms which target processes in the body that have gone awry and **cause diseases such as cancer, multiple sclerosis and rheumatoid arthritis**. A spokesperson for the Board of Healthcare Funders said the government's proposals for **NHI, with a central fund** that would pay for services, would be the **best way to finance biologics**. Patients could be screened according to national guidelines.

'Speed up regulation of supplements'
The Sunday Independent, 10 June 2012
Complementary medicine is a multi-billion rand industry in SA with more than 150 000 products offering cures for almost everything. However, the unregulated market means there is **no guarantee on the efficacy quality or safety products. Dr Harris Steinman** warns that they could present a danger to those using them to treat conditions "that could actually need serious medical attention". Most complaints to the Advertising Standards Authority (ASA) relate to **complementary health products by big-name companies like Homemark, Solal and Patrick Holford.** Many of the ASA **rulings force companies to change their claims** because the science on which they are based is "abysmal", said Steinman. Prof Roy Jobson, head of pharmacology at Rhodes University, said self-medicating meant the diagnosis of **underlying disorders would be delayed.**

Vital celebrates 65 years with UK buy and switch to plastic
Business Report, 8 June 2012
Vital Health Foods celebrated its 65th year by increasing its footprint in Europe and **repackaging its products in recyclable plastic containers rather than in boxes**. The family-owned vitamin and nutritional supplement manufacturer **also bought 80% of the Wassen Group** as part of its strategy to **grow the brand in southern Africa and abroad**. Vital manufactures some of Dis-Chem and Clicks' in-house ranges of vitamins and nutritional supplements.

Drug prices cut to benefit more
Business Report, 7 June 2012
Pharma Dynamics has announced it is **reducing the cost of its popular medicines by up to 65% to make generic medicine more affordable**. The prices of antidepressant drug Zytomil; hypertension medication Dyna Indapamide SR and diabetes medicines, are being cut.

Doctors push congress to help end US drug shortages; Cancer incidence to surge 75% by 2030;
Bloomberg, 2, 4 June 2012
The **global incidence of cancer may rise more than 75% by 2030**, **led by developing countries**, according to research published in the UN's Human Development Index. The **richest countries currently bear much of the cancer burden** (almost 40%), while having only 15% of the world's population. The most commonly diagnosed cancers in these areas are **colorectal, lung, female**

breast, prostate and stomach.
United States regulators and the country's top cancer doctors have urged Congress to **merge bills** that would **require drug makers to notify the Food and Drug Administration when they expect a disruption to production of medicines**. The legislation would require companies **to report potential drug shortages** to give regulators time to find alternate sources

MCC delays stifle business; Pain killer recalls; Delays undermine local biotech industry:
Business Day, 30 May; Reuters, 29 May; Business Day, 21, 26 June 2012
Pharmaceutical and research companies have been complaining for years that the Medicines Control Council's (MCC) **delays in registering new products are stifling business**.

Delays in getting clinical trials approved by the MCC are also **tarnishing SA's reputation with sponsors, undermining the local biotech industry and denying patients new treatments**. The problem has dogged the R3,2-bn clinical-trial industry for **more than a decade**.

* In June, 80 specialised jobs were lost when QdotPharma, a South African-owned clinical-research entity, closed its doors, citing delays in approvals by the MCC. Owner Michelle Middle said **the delays led to two companies cancelling contracts worth R9-m.** Prof. Salim Abdool Karim, director of the Centre for AIDS Research in Africa at the University of KZN, said he did not know whether it was obstructionism or incompetence or a combination of the two.

* Although the MCC's registrar Mandisa Hela claims it takes up to **eight weeks** to approve trials, scientists and research entities said it took **four to six months**. The DoH has acknowledged the council's weaknesses, and planned to replace it with a better-resourced agency called the South African Health Products Regulatory Authority. SAHPRA would employ about **400 permanent staff compared with 150 currently**. It aims to **cut the registration timelines for name-brand drugs to 24 months and 12 months for generics by 2015.** It would **also regulate food, medical devices and in vitro diagnostics**. **However, legislation to bring the authority into being has yet to be submitted to parliament.**

* The delays at the MCC highlight the challenge the government faces in achieving its **ambition of building a local pharmaceutical industry, as spelled out in its New Growth Path**.

* Meanwhile **Netdoctor.co.uk** reports that r**ed tape is strangling the progress of medical research in the UK.** Researchers say they are caught up in unnecessary and inconsistently applied red tape that slows them down by months or even years, and costs more in time and paperwork.

5. FINANCIAL NEWS

Aspen has right medicine to grow;
Business Times, 27 May; BusinessLIVE, 13 June 2012
Aspen Pharmacare was the JSE's best-performing blue-chip stock in the past six months, **rising by more than 36% to R120,40**. Aspen **acquired GlaxoSmithKline's over-the-counter products for $263-m** and reached a deal with minority shareholders of its Shelys unit, focused on East Africa, to buy their **40% holding for $24-m**. Aspen also bought the **generics business of Australia's Sigma Pharmaceuticals for $879-m in 2010**. Aspen CEO Stephen Saad has **built the group into a global player in just 14 years**. **Aspen also expects to grow by clinching the licence to make some of the $100-bn worth of drugs with patent protection that will lapse over the next few years**. Saad said he believed "Aspen is well positioned for NHI". Aspen has also announced its **black economic empowerment (BEE) partner, Imithi Investments, would sell Aspen shares as part of the BEE transaction concluded back in 2005.**

Cipla: AIDS-drug price pioneer wants same for cancer treatments

SAPA-AFP, 20 June 2012

Indian pharmaceuticals tycoon Yusuf Hamied revolutionised AIDS treatment more than a decade ago by supplying **cut-price drugs to the world's poor**. Now he wants to do the same for **cancer**. Hamied, chairman of generic drugs giant **Cipla**, **slashed the cost in India of three medicines to fight brain, kidney and lung cancer, making the drugs up to more than four times cheaper**. He aims to cut prices of many more cancer drugs, and supply the drugs to Africa and elsewhere. Hamied **denied that his latest move was simply for financial reasons,** insisting business must be linked to "social responsibility". Cipla is now the world's largest ARV supplier and is valued at nearly $5-bn, while business magazine Forbes puts Hamied's personal fortune at $1,75-bn.

ARV crisis: bad management, lack of planning?

Health-e News Service, 17 June; The Star, 15 June; The Financial Mail, 15 June; SAPA, 20 June

Health Minister Motsoaledi has asked the big pharmaceutical companies **Aspen Pharmacare, Adcock Ingram** and **Cipla Medpro** to r**escue an anticipated bungle by the small companies which are part of the current two-year, R4,2bn ARV tender which ends in December 2012**. This follows the **failure of the small empowerment companies and certain multinational firms to supply Lamivudine, Stavudine and Abacavir** (read intro p1).

The recent **shortage of Tenofovir** (which started in October last year) **shows the underlying general problem of health management in SA: a general lack of planning by both the DoH and the suppliers,** said director of Section 27 and executive member of the TAC during a march on the Gauteng department of health's offices in Johannesburg (14 June).

Only when small quantities of the donated stock of Tenofovir (from the US) were left, did the DoH urgently request Aspen Pharmacare (70%) and Sonke Pharmaceuticals (30%) to increase their production and supply 100 % of the stock for an estimated 1,2-m patients. But they **failed to meet the demand at short notice**, leaving patients in dire straits.

Dr Anban Pillay of the Health Department's Finance and Economics unit said it was clear that the **number of suppliers will have to be increased.**

***Reaction from Aspen**: In light of **suggestions that contracted suppliers had been unable to supply TDF timeously**, Aspen Pharamacare has released a statement confirming that according to its contract Aspen would have been required to supply 3,33-m TDF packs by the end of June 2012. However, it will have delivered 4,2-m packs, or **126% of its required volume** during this period. Aspen has also **supplied other ARV medicines** where other suppliers had experienced shortages.

Clicks set to launch mobile healthcare

Business Day, 12 June 2012

JSE-listed health and beauty products retailer **Clicks has teamed up with healthcare purchaser** Health Connects to launch **cellphone healthcare vouchers** that can be **redeemed at its pharmacies.** Clicks competes head-on with Dis-Chem and thousands of smaller community pharmacies as well as Shoprite and Pick n Pay. Prepaid vouchers are **loaded onto a cellphone**, **transferrable to other people**. It can be **used to pay for consultations with nurses and over-the-counter medicines at any Clicks clinic.** Health Connects also sells vouchers to GPs and dentists and plans to expand its business to private hospital vouchers.

Tribunal to decide on hospital merger;

Business Day, 28 May; BusinessLive, 16 June; Business Day, 19 June 2012

The Competition Tribunal has to decide whether to approve with conditions or to prohibit the potential **merger between Life Healthcare Group and Joint Medical Holdings** after hearing arguments from the Competition Commission (CC) and merging parties on the potential impact of the merger. The **CC earlier recommended the prohibition** on the grounds that it would l**essen or prevent**

competition in the greater Durban area, and that the dominance of the merged entity in the area could give rise to higher prices - up to 3% in **national private hospital costs** - as the tie-up **would boost concentration in the private hospital sector by 3,8%.** LHG intends to increase its holding in JMH from 49% to 70%.

Insurance regulations may deny thousands access to private care

Personal Finance, 2 June 2012

Thousands of people could be denied access to insurance cover, and possibly private hospital care, if draft regulations on health insurance are implemented as proposed. According to National Treasury **insurance products that provide similar benefits to medical schemes could harm schemes by attracting younger and healthier members, or encourage healthier members to buy cheaper options**. The financial services industry - through the Financial Planning Institute, the Financial Intermediaries' Association, the Association for Savings & Investment SA, the Actuarial Society of South Africa, the South African Insurance Association (SAIA) - has **criticised the proposals on gap and top-up cover, which could** affect some 887 000 policies. **If the proposed regulations are implemented as drafted, hospital cash plan benefits will be limited to 70% of one's income for each day spent in hospital**. SAIA says some policyholders who are unemployed, retired or stay-at-home parents would be denied cover if the proposal to link hospital cash plans benefits to income was implemented. If implemented **insurers would also be prevented from offering policies that exclude cover for pre-existing health conditions.**

Ipad-toting doctors spur venture funding in medical apps

Bloomberg, 18 June; Business Day, 8 June 2012

*** Investment in health information technology has doubled since 2006**, and rose 78% from 2010 to 2011, according to the National Venture Capital Association. Funding totalled $184 -m in 27 deals in the first quarter of this year, according to Mercom Capital Group, an Austin, Texas-based consultant to healthcare companies. Industry venture investments of $2-m or more per deal are up about 30% this year, with most start-ups getting an average of $11,8-m.

*** Investment in traditional medical device makers** has s**talled to $2,8-bn in 2011, from $2,9-bn in 2006**. According to draft guidelines released by the US Food & Drug Administration **some mobile apps might have to meet medical device quality standards before being sold** for use with smart phones and tablets.

* A recent initiative, introduced by **Discovery Health, Health ID, gives doctors access to a member's full electronic patient record from Discovery's consulting rooms via an iPad.**

6. GENERAL NEWS

Thousands of mothers die after childbirth

Health-e News Service, 30 May 2012

Between 2008 and 2010 almost **5 000 SA women died while pregnant or within 42 days of giving birth,** according to the **Saving Mothers report**. **The "big 5" (HIV /AIDS, haemorrhage, hypertension, health worker training and health system strengthening) accounted for 86,5% of maternal deaths**, with non-pregnancy related infections (NPRI), at 4,0,5%. Pneumonias (tuberculosis, pneumocystis pneumonia and other) contributed to 67% of the NPRI deaths, followed by meningitis (12,9%) and gastroenteritis (5,2%). **HIV infection was the most common contributory condition, with 87,3%** of the women being HIV-infected; 5,2% HIV-negative; 0,7% declined testing; and the status was unknown in 6,8%. The most common **administrative-avoidable factor** was **the lack of well-trained staff (6,2%**) and **a lack of ICU facilities (3,7%).**

Research breakthrough: SA to produce new medical isotope; Therapy to remove tumours
Business Day, 14 June; The Saturday Star, 16 June 2012
Groundbreaking therapy to **remove tumours in the livers of cancer patients without a surgical operation** has been unveiled at the Steve Biko Academic Hospital. The Nuclear Energy Corporation of SA (Necsa) will be **producing a new medical isotope by late** 2013. Selective Internal Radiation Therapy (Sirt) uses **Yttrium 90 to bond radio-active beads** and directs them **straight to the site of the tumours, to the DNA of the cancer**, destroying or shrinking the tumour. Candidates for the therapy are inoperable cancer patients with bulk tumours situated in other areas.

Legislation: Obesity, junk food and too much salt
The Cape Times, 6 June; Business Day, 19 June; The Star, 8 June 2012

* The World Health Organisation (WHO) has called on governments **to create policies to dictate private sector companies' marketing of food products to the youth in a bid to ensure that children consume more nutritious meals.** The US and SA are both implementing regulations regarding the marketing of energy-dense, micronutrient-poor food - also known as "junk food" - and beverages to children, to f**orce the private sector to develop and market food products responsibly.** In SA the recently enacted **Consumer Protection Act** prohibits **misleading and irresponsible marketing to protect vulnerable and impressionable groups of consumers, such as children**. The **Food and Beverage Code prohibits the encouragement of poor nutritional habits, unhealthy lifestyles and excessive consumption**.

* Sky News sounded a warning, quoting scientists at the **London School of Hygiene and Tropical Medicine,** that the **world's population is in danger of running out of food if obesity growth is not tackled.** The world's adult population weighs 287-m tons, 15-m of which is due to being overweight and 3,5-m is due to obesity. In the US average body weight is 81kg. If all people had the same average body mass index, the total human biomass would be 58-m tons by 2050.

* Meanwhile the distributors of the **Body2Tone weight-loss pills**, Natural Body Distribution (NBD), were found **guilty of making unsubstantiated claims on their website** by stating: "burn fat, increase energy, improve metabolism and reduce cravings".

* Salt: Most South Africans **consume double the government's recommended daily salt threshold of between 4 and 6 grams.**. Unilever's nutrition and health manager, Nazeeia Sayed, said the company was struggling with consumer acceptance of less salty food products. The latest research **found a fifth of respondants added salt before tasting their food. Regulations controlling the amount of salt in food products were being considered** by Dr Motsoaledi, but he declined to say when they would be published for comment.

To smoke or not to: Let us decide what is good for us; Non-smokers have rights, too
The Business Times, 24 June; The Star, 25 June 2012
The Supreme Court of Appeal has **dismissed an appeal by British American Tobacco (BAT) SA and found the ban on tobacco advertising reasonable and justifiable.** Judge Mthiyane said the **seriousness of the hazards of smoking far outweighed the interests of the smokers as a group.** The DoH published draft regulations to the Tobacco Products Control Act that, if passed, would tighten **restrictions on smoking in all public areas.**

* Government's **latest proposals for restricting smoking in public places and the use of tobacco** products are "**unrealistic and elitist**", says **Free Market Foundation executive director Leon Louw**.
In the *The Business Times of 24 June* Louw defends the rights of smokers under the headline: ***Let us decide what is good for us.***

"In a free society, individuals are **free to smoke tobacco, ingest sugar, eat meat, or do whatever it is they believe will give them satisfaction, provided they do not harm others**. The Free Market

Foundation's focus in the tobacco debate is on fundamental rights in a free society, namely freedom, property rights (including ownership of your body), and choice. Already the government has undermined private property rights by insisting that restaurants install enclosed smoking areas. The Free Market Foundation is concerned that bad laws, such as this one, will be ignored, and societies that ignore bad laws become societies that also ignore good laws," says Leon.

* In *The Star of 26 June* **Yussuf Salojee of the National Council Against Smoking** reacts to Louw's argument, calling smokers "a small, obstinate minority that insists on smoking anywhere and everywhere."

* The editorial comment of *The Star,* 27 June, states: "Critics of the latest clampdown on smokers also argue that while South Africa has been at the forefront of restricting smoking internationally, **cracking down on smokers is akin to taking aim at an easy target** while far **more pressing matters such as reducing crime and addressing social inequalities should be legislators' priorities."**

* In *The Business Times of 24 June* Stephen Mulholland takes the argument even further, focusing on the **contentious Obamacare, or the Affordable Care Act,** Pres Barack Obama's proposed healthcare legislation. This act has raised **a judicial clash over a basic aspect of freedom**: can the state force citizens to buy something and then punish them if they don't obey? asks Mulholland.

* **The latest take on Obamacare** is that the US Supreme Court on 28 June upheld the core of Obama's healthcare overhaul, preserving most of a law that would **expand insurance to millions of people** and transform an industry that makes up 18% of the country's economy. The judges, voting **five to four, said Congress had the power to make Americans carry insurance or pay a penalty.**

FOCUS ON MEDICAL SCHEMES

Summary of news on medical schemes and supplements published in *Business Day*

Articles on Medical Aid Administrators by Andrew Gillingham: *Business Day*, 20 June 2012

Medical Aid Administrators: Andrew Gillingham: *Business Day*, 20 June 2012

Growth slow in private healthcare industry

André Meyer: CEO of Medscheme: The overall industry growth in the private healthcare industry is close to stagnant - excluding the Government Employees Medical Scheme (GEMS). Medical **scheme administrators operate in a high volume, low margin environment**; one that does not favour the smaller players. SA's **8.5m medical scheme members are served by about 98 medical schemes** and the consumer would benefit from consolidation as larger schemes had **more bargaining power.**

Dr Johan Pretorius: CEO of Universal Healthcare: The private healthcare sector i**s managing to grow, despite challenging market conditions.** GEMS is generating growth and there is also some expansion in the middle and lower market segments. The formalised labour sector is negotiating more effectively for improved employee benefit packages, including medical scheme benefits. In addition, SA has an upwardly mobile middle-class contributing to the growth in the market. The average cost of PMB's is showing a **slow upward trend** due to a l**ack of regulation with regard to the pricing of healthcare services** and a regulatory gap as pharmacists' fees are regulated but medical service providers are not covered by any limit.

Funders and providers must begin to work together

Anderson: principal officer at Profmed: Although many sector players suggest that overspending on administration is responsible for fuelling medical inflation, the most significant portion of a medical scheme's budget is spent on **hospital and pharmaceutical costs. Both healthcare providers and funders should start working together to manage costs more effectively**: like medical schemes working with groups of specialists and practitioners to manage their own cost bases.

As Government is focused on introducing the NHI over the medium-term, it is becoming increasingly crucial for key stakeholders to work together, not against each other, to deal with problems.

Neels Barendrecht: chairman of Agility Global Health Solutions: Investing in technology that integrates processes could decrease administration and risk management costs while substantially boosting healthcare outcomes, both clinically and financially.

André Meyer: CEO of Medscheme: The larger the player, the greater the scope to reduce costs. Merging two schemes into a single scheme **could reduce the cost ratio by 15 % to 25%.** Having a few larger schemes meant having more **negotiating power with medical service providers.**

Effective administrators needed

Dr Tumi Seane: acting CEO of Sechaba Medical Solutions:
Medical schemes are looking for **administrators who can deliver excellent service, as well as holistic and flexible administration solutions that can cope with and adapt to the continued local legislative changes**.
André Meyer, CEO of Medscheme: SA can't afford to implement NHI to the level that was initially envisaged, however, there was now a more realistic vision**.** As NHI is being implemented it is likely to further **drive consolidation in the private healthcare sector as players will try to make cover more affordable for consumers.**
Research has shown that the economies of countries with national healthcare programmes in place tend **to perform better and create opportunities for effective private sector players to participate.**

While schemes and members demand not only **high service levels but also cost containment initiatives, administrators had the added role to assist in identifying and managing the clinical and financial risks and ensuring a stronger holistic solution for clients.**

Employers leave employees to buy their own health cover

Dr Johan Pretorius, CEO of Universal Healthcare: M**any employers have realised that it is beneficial to pay employees according to the cost to company model and allow employees to buy their own medical cover**. In some cases **it is a condition of employment that employees join a preferred medical scheme.** Research done on some of the large open schemes in the industry in comparison with some of the corporate schemes showed that, on a benefit for benefit and rand for rand spent basis, **restricted schemes provide excellent benefits and a different approach. While open schemes tend to be rules-based, within a restricted company scheme there is room to manoeuvre, with a softer and "more caring" approach.**

Workers reap benefits from innovative state plan

Zava Colbert Rikhotso, chairman of GEMS: The innovative **Government Employees' Medical Scheme (GEMS) has grown in seven years to become SA's second largest medical scheme and provides cover for 58% of eligible government employees or more than 1,7-m beneficiaries. In 2011 the scheme's membership increased by 14,5% to 595 737 principal members**. The **Friends of GEMS service provider network now includes more than 12 000 healthcare practitioners in 22 000 practice locations around SA and is still expanding.** Results of the annual GEMS member satisfaction survey, indicates **that satisfaction levels are at 84%**.

Technology can help to reduce undue costs

Neels Barendrecht, chairman of Agility Global Health Solution: Advanced technology is making it easier for medical scheme administrators and risk managers to bring down costs and integrate systems. Schemes are now able to develop patient profiles that collate valuable information about members' health and enable them to cut out fraud and over usage, while improving governance, risk management and customer service Even smaller schemes could bring down costs radically via the use of cutting-edge technology.

However, developing and deploying technology in the industry should not be neglected for short-term gains as this would result in long-term losses. The latest developments include better customer care and ensuring effective communication with stakeholders through the internet, mobile technologies and smart cards.

André Meyer, CEO of Medscheme: The benefits of this **self-service approach** could be significant, taking some of the pressure off call centres and allowing them to focus more on exceptions rather than routine queries while also providing members with **speedier service.**

MEDICAL SCHEMES

BHF to renew court battle over medical schemes' liability for PMBs

Personal Finance, 26 May 2012

The Board of Healthcare Funders (BHF) plans **to continue its legal challenge over medical schemes' obligation to pay prescribed minimum benefit (PMB) claims at full cost**. The BHF was **denied leave to appeal a court's decision not to provide legal clarity on a regulation under the Medical Schemes Act that states that schemes must pay PMB claims in full**. The BHF now **plans to appeal against the decision in the Supreme Court**, and to launch another court application that will deal with the merits of the PMB regulation. The **BHF will be joined by Samwumed in its appeal**. The Council for Medical Schemes (CMS), which opposed the BHF's application, said it protected members from ill-health leading to financial catastrophe, because medical schemes were obliged to pay claims.

Get pre-authorisation to ensure your medical scheme will pay for PMBs in full

Personal Finance, 2 June 2012

Medical schemes are **obliged to pay for treatment for certain life-threatening conditions, but if a scheme requires pre-authorisation, one should obtain it to ensure medical bills are covered in full.** This was the message of a recent **ruling by the appeal board of the CMS**. The board **ordered Medshield Medical Scheme to pay a substantial portion of the cost of a member's treatment for prostate cancer.** The board **upheld Medshield's appeal against a ruling that it should pay the cost in full, because the member had failed to obtain pre-authorisation for the treatment.**

New medical scheme for casuals

Business Day, 12 June 2012

A company established less than two years ago to provide **pay-as-you-go medical insurance said it has found a niche market among seasonal and contract workers**. The MD **of OnePlan, Michael Otten, said he was providing a "no frills" approach to medical insurance through its simplified approach to transactional banking.** Monthly contribution rates started as low as R100, rising to R750, and a client could choose to stop contributing depending on their circumstances. Otten said he saw the product as **complementing the government's NHI scheme**.

On a hiding to nothing,Hosmed's tussle with regulator continues

The Financial Mail, 8 June; Business Report, 27 June 2012

Hosmed Medical Aid Scheme is now facing **more fraud, irregular management and fiduciary questions on top of being labelled by the CMS as the most troublesome private health funder**. Hosmed **might lose its state membership and SA Local Government Association accreditation**, and eventually be **forced into** curatorship. Between the CMS and Hosmed, **37 court cases are pending**. The CMS has referred matters, including charges of multimillion-rand fraud, to the SAPS and the prosecuting authority.

Younger members boost Momentum

Business report, 28 June;BusinessLIVE, 28 June 2012

Membership growth and a younger beneficiary population boosted Momentum Health's surpluses in 2011, and it was likely to reach the minimum solvency levels by 2015, as agreed with the CMS. Momentum achieved an operating surplus of R85-m and a net surplus of R118-m. The **average age of covered lives decreased to 42,8 years from 43,3 years.** The average age of new beneficiaries joining in 2011 was 27,4 years - the **lowest among the top 10 open schemes in the country** - and its claims ratio had seen a similar positive improvement. Global Credit Rating Company awarded Momentum Health **an A+ rating** for the eighth consecutive year.

Resolution Health, Nimas merger gets nod

Business Report, 8 June 2012

The CMS has **approved the exposition for the merger of two open medical aids, Resolution Health Medical Scheme and the National Independent Medical Aid Society** (Nimas). A merger would **increase their negotiating power** with service providers. A larger scheme will have a significantly **reduced risk of volatility and members** would be offered a wider range of benefit options. Daniel Erasmus, an actuarial specialist at Lighthouse Actuarial Consulting, said **smaller schemes were struggling to meet minimum solvency levels and had smaller risk pools,** which left them to either **amalgamate or face liquidation**.

CMS rules against GEMS

On June 22 the Registrar of the CMS ruled in favour of Dr ND Burman in the case between **Burman and GEMS** relating GEM's refusal to refund Burman for his services on the grounds that he is not registered with the BHF and therefore does not have a practice code number (PCNS). **The Registrar found that the scheme has to refund the member for the claims paid out of pocket to Burman, the decision is binding on both parties, and there is no provision in the rules that excludes funding to a healthcare provider that does not have a practice code number. The ruling implies that medical schemes are liable to fund the costs of services rendered to its member where a practice does not have a PCNS number.**