SUMMARY OF HEALTH NEWS: JULY 2012

IN THIS ISSUE:

The high cost of healthcare and the elephant in the room:
Condensed version of Dr Martin Young's open letter to Health Minister Aaron Motsoaledi (written 27th June) Published on the website: Politicsweb

Doctors and specialists are being wrongly singled out for blame.
In his letter Dr Young gives an overview of the events that lead to the **"unhealthy" relationship between doctor, patient and medical aid.** He ends his letter by summarising the problems: "The roots of the present high costs of healthcare are not just based on the economic realities of inflation and technological advance. **They lie instead in a broken and flawed relationship between doctors and funders that goes back over forty years.** The **power of the medical aids has increased**, and their attempts to draw doctors into line based on **limitation of costs and control** have led to a backlash of **over servicing and further expenditure**, leaving patients more and more out of pocket, not to mention the cost to the economy, and to the morale of doctors who have not bought into this manipulative practice, and whom you place directly in the line of fire."

Young's vision for the future of healthcare in SA includes: "A **system whereby high quality and ethical doctors are treated as such and remunerated properly for their services, without having to consider manipulative business practices by medical aids. The membership of such groups should be on a peer-reviewed basis and according to recognised standards of practice.**

"Medical aids already have the data to support the claims of those who wish to be part of that group. **The technology exists to make this possible**. So, Minister Motsoalodi, our public health system is admittedly broken. Our **private health system is effective, though expensive.** Doctors as a body have made historic mistakes that have left us vulnerable in many ways.

"**Big business ambitions, wastage and desire for control of the industry of the medical aid administrators are the elephants in the room**, Mr. Minister. Ignore them, or focus **undue and unwarranted attention on the doctors you have left,** and you will see South Africa get the universal **healthcare system your efforts and policy deserve**, and **not the one the whole of South Africa craves."**
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1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

'State attacking private healthcare'
SAPA, 26 July 2012
Government is seeking to replace private healthcare with NHI, says Jason Urbach, executive director of the **Free Market Foundation's health policy unit**. The Treasury's announcement in March to restrict the availability of "gap" cover medical insurance and hospital income plans was a **systemic attack on private healthcare.** "Gap" insurance came as a result of government restrictions, says Urbach.

Doctors will get NHI pay; NHI pilot sites not able to guarantee payouts
Business Report, 28 June; Business Day, 6 June: The Times, 6 July; SAPA, 5 July 2012
The Department of Health (DoH) will **guarantee the payment** of private general practitioners who work in public clinics in the NHI pilot districts, Health Minister Aaron Motsoaledi told journalists at Sama's conference. The 10 pilot sites - which cover 20% of SA's population - are being funded by a conditional grant of R1-bn. Motsoaledi reiterated the **public healthcare sector needed to be overhauled, the private healthcare sector had to be officially regulated and a medical ombudsman should be appointed**.

* Meanwhile, *Business Report, 28 June* reported that the DoH **cannot ensure that people using healthcare facilities under the NHI pilot projects will not be left with extra financial liabilities.**

SA healthcare cannot become great overnight
The Cape Times, 6 July 2012
According to health economist Prof Di McIntyre, who is also a key NHI advisor to the Health Minister, the starting point of the NHI had to be at the **service delivery side**, even though more money was needed. An **audit of all health facilities in the country is essential for successfully implementing the system.** This includes the state of buildings, the need for more facilities, equipment, human resources and drug supply as well as an audit of **the skills and qualifications of managers** at facilities and providing **additional training**. The **Office of Health Standards Compliance** has been established to address and solve problems. McIntyre said the Green Paper **did not address the funding of NHI** as **the Treasury had insisted on taking responsibility**. However, it had **already missed the April deadline**.

Time for fresh leaders at medicines council
Business Day, 12 July 2012
The Medicines Control Council's (**MCC) purpose is to regulate the use of medicines based on their safety, efficacy and quality,** says Nathan Geffen from the Centre for Social Science Research at UCT. However, its reputation for tardiness is legendary. A **backlog of thousands of medicines is awaiting its consideration.** The MCC's **inability to convey useful information to the public** is another problem. Its **website is poor;** and finding out if a particular medicine has been approved, and for what purpose, is very difficult. **New legislation provides for a new regulatory authority to replace the MCC.** Even with visionary leadership and excellent management, this **transition will be hard to carry out successfully.**

* **The new Medicines and Related Substances Amendment Bill proposes that all people selling medical devices must be licensed**. Manufacturers, wholesalers and distributors also have to hold licences. A new regulatory body, the **SA Health Products Regulatory Authority (Sahpra), which is scheduled to replace the Medicines Control Council (MCC**), would be tasked with the licensing responsibilities.

  - ***For news on the People's Health Assembly's (PHA) third global assembly in Cape Town see addendum pdf: PHAJuly***

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

"Nowhere is the progress in the fight against AIDS more evident than in Africa. Major behaviour change and the amazing expansion of life-giving AIDS treatment breathed life and hope into a dying continent." - *David Wilson, World Bank's Global AIDS programme director. (24th July)*

Over-the-counter HIV home testing kit; SA stops distribution of Bioline testing kits; ARV use to cut risk of infection; SA saves R5,2bn on ARVs; HIV rate in children plummets; Minister encouraged by public's attitude; Drug resistance emerging; Tentative step towards 'cure'; US to cut SA's funding for AIDS

The Citizen, 4 July; SAPA, 9, 24 July; Health-e News, 17, 18 July; Business Report, 20 July; The Star, 19 July; Business Day, 20, 25 July; AFP, 25 July 2012

The US has authorised sales of **over-the-counter home testing kits for HIV.** The **OraQuick In-Home** will allow people to **obtain a result within 20 - 40 minutes**. A positive result did not mean a person was definitely infected with HIV, but that an additional test should be done to confirm the result.

* A **major breakthrough in the war against HIV/AIDS** is the prescription of **ARVs to high-risk individuals,** to be taken a day before and a day after exposure.
* SA has **stopped the distribution of SD Bioline HIV testing kits** after reports that they were **blacklisted and ruled unreliable by the World Health Organisation**
* The US Food and Drug Administration (FDA) has approved the use of an ARV (tenofovir disproxil) by sexually active HIV-negative men and women to reduce the risk of HIV infection.
* The latest UNAIDS report revealed that **SA saved $640 million (R5,2-bn) on the cost of ARVs since 2011** as **the new tender process improved price transparency** and boosted competition among suppliers.
* Meanwhile SA is preparing for **a "50% or more" cut to funding from the US government for HIV/AIDS programmes over the next five years**. The cut is part of a broader shift by the Obama administration, which is scaling down its support for global HIV/AIDS programmes, including the US President's Emergency Plan for AIDS Relief (Pepfar). A spokesperson for Prefar said the best chance at not having the US be the predominant resource motor for HIV treatment and HIV/TB treatment on the planet was to **bring others to put their resources to it.**
* US researchers used the **chemotherapy drug vorinostat to revive and so unmask latent HIV in the CD4+T cells of eight trial patients**. The patients were also on antiretroviral drugs, which stops HIV from multiplying but have to be taken for life. HIV researcher Steven Deeks said the research provided "the first evidence that a cure might one day be feasible".
  * The number of children in the world infected with HIV **decreased by 26% between 2009 and 2011. More than 90% of the 3,4-m children living with HIV are in sub-Saharan Africa.**
* According to the latest figures from the SA Medical Research Council, the **mother-to-child transmission of HIV has decreased from 3,5% in 2010 to 2,7% in 2011**. The increase in HIV-positive pregnant women with access to highly active antiretroviral therapy has also increased from 33% in 2010 to 43% in 2011.
* Health Minister Aaron Motsoaledi has **welcomed the findings of the third National HIV Communication Survey**, which showed **South Africans were indeed changing their behaviour to reduce their likelihood of getting HIV as a result of the information they had received**
* According to a study, published in *The Lancet,* **resistance to AIDS drugs** is **growing in eastern and southern Africa.** The mutations were found in strains of HIV-1 that made them resistant to a class of drugs called non-nucleoside reverse transcriptase inhibitors (NNRTIs). These are **first-option treatments for HIV infection and are also used to prevent transmission of the virus from a pregnant woman** to her foetus.
* There are now 1,7-m South Africans on treatment, making ours the biggest programme of its type in the world, which is quite a turnaround from the days of PresMbeki questioning whether HIV causes AIDS and former Health Minister Manto Tshabalala-Msimang insisting that ARVs were poisonous. –*Editorial Comment: Business Day, 26 July 2012*

Specialists pan plans for proton therapy facility; Battle for public sector patients with cancer
Business Day, 9 July ; Health-e News Service, 19 July 2012
Cancer specialists have poured cold water on the National Research Foundation's (NRF) ambitions to expand its **proton therapy cancer treatment capacity at iThemba Labs in Faure**, saying it is **too costly and in the wrong place**. The laboratory has the only proton therapy facility in the southern hemisphere, which is used for **treating very small tumours in delicate areas such as the brain, spine and eye**.

* More cancer news is that **medicine stock-outs, broken machinery** and **poor hospital administration** are hindering access to treatment that determines whether public sector patients live or die. Considering that SA had the largest health budget in Africa, **this was deplorable, said the Cancer Alliance**.

New TB drug combo could cut costs, recovery
Health-e News Service, 23 July 2012
A New TB **drug combination** could cure **TB in record time (4 months) and cut treatment costs by 90%**. The New Combination 1 (NC1) study at the University of Stellenbosch used two new drugs and one old TB drug in their trials. Their findings are published in the latest Lancet journal.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Centralisation of control for state hospitals; More foreign nurses for SA
Media Statement, 17 July; SAPA, 30 June 2012

* The **ANC commission** on health policy decided that **academic hospitals should be centrally controlled**. This would **also resolve the problem of referring patients across provincial borders,** said Motsoaledi.
* **1 000 doctors would start training in Cuba** later this year. It costs R1,7-m to train a doctor in SA, but a mere R700 000 to train a doctor in Cuba.
* The commission also recommended that a **dedicated NHI fund be established**; that the state be a **major shareholder in a state-owned pharmacy;** and that the **primary training of nurses should take place in hospitals**, not at universities.
* The SA Nursing Council and Africa Health Placements agreed to work together **to bring more nurses to SA** to solve the shortage of nurses, **especially in rural areas** - served by only 19% of the country's nurses.

Babies die due to a lack of facilities; Doctors must choose who lives; ICU shock prompts probe plea
The Saturday Star, 30 June; The Times, 9, 12 July; Business Day, 16 July The Star, 27 July 2012;

* **Wits professor and head of paediatrics at Rahima Moosa** hospital, Keith Bolton, says most **government hospital ICUs catering for babies** have **only half the number of beds they need while private hospitals have ICU beds available** all the time.
* A 2008 report by the National Perinatal Morbidity and Mortality Committee indicated that every year, about **23 000 newborn babies die in SA, with an additional estimated 20 000 stillbirths.**
* **Prof Vic Davies, head of the paediatric intensive care and neonatal unit** at Charlotte Maxeke, said **one or two children, or infants, are turned away daily from ICUs at the hospital**. Paediatricians say 80% of ICUs are dedicated to adults. There are only 25 paediatricians in the country.
* **Prof Keith Bolton, a paediatrician at Rahima Moosa Mother and Child Hospital**, in Johannesburg, said the **shortage of ICU beds was largely due to a lack of nurses**. Figures from the critical care audit showed that **only 26,5% of nurses working in ICUs were trained in intensive care**.
* **Meanwhile the Public Protector is investigating the DoH for the shocking treatment of babies and children in its public hospitals. This follows reports on the shortage of beds for critically ill children in ICUs** as **doctors at several hospitals were forced to "play God" daily in deciding which children got a bed in an ICU** and which were sent to a general ward.
* A report by SA Institute of Race Relations indicates that there were 1 469 maternal deaths in SA in 2010, while 68 736 pregnancies were terminated in 2010, a decrease from 77 207 in 2009.

Eastern Cape health not in crisis; Doctors in trouble; Staff shortage plea disputed
SAPA, 30 June, 2 July; Business Day, 6 June 2012
The Eastern Cape health department has **denied claims that it is unable to maintain medical equipment at state hospitals in the province.** Meanwhile it has been reported that **EC health authorities have acted against three doctors who allegedly spoke about the poor state of hospital infrastructure in the province without permission.** SA Medical Association said the association fully supported their actions.

Meanwhile the head of the EC's health department, Siva Pillay, said the personnel budget had a R800-m shortage. Doctors had legitimate concerns, but the way they had raised it, had been inappropriate, he said.

Health Minister Aaron Motsoaledi said at Sama's annual conference that he had received **conflicting reports about the staffing crisis in the EC**. He said the issue was less about money than it was about management.

Gauteng health department settles debt
SAPA, 7 July 2012
Gauteng's MEC Ntombi Mekgwe, said **the health department had paid its debts up to March this year.** A plan - that included cost containment measures of R1,6-m. - was put in place. The department would also review existing contracts and tenders, address fraud and corruption, and establish an office for ethics and discipline.

Mismanagement blamed for departing doctors; Discovery looks to train more specialists
Business Report, 4 , 27July 2012
Universal healthcare coverage in SA is threatened by the **rate of the brain drain among doctors,** according to Econex director Cobus Venter. He said SA had **enough financial capacity** to **sustain its doctors**, while **importing foreign doctors was costing the country more.** Doctors left because of **uncertainty and poor working conditions** and **not because of financial reasons. Like Dr Motsoaledi, he also ascribed the problem to management rather than a lack of money.** Practitioners registered with HPCSA **fell from 168 160 last year to 165 371 by the end of March.**

* Meanwhile **the Discovery Foundation is considering increasing the funds it awards for the training of medical specialists** to help the country deal with a shortage of health professionals. The company committed R150-m in 2006 to train 300 specialists over 10 years.

Doctors lose patience as suits spike; Doctors are 'sick and tired'
City Press, 8 July; The Sunday Times, 22 July 2012
A research paper by Prof Michael Pepper of the University of Pretoria's department of immunology, published in *SA Journal of Bioethics and Law*, reveals that **South Africans are fast becoming like Americans when it comes to suing their doctors.** In a letter to members last year, the Medical Protection Society, a malpractice insurance company, said there had been a staggering **550% increase in claims in the previous 10 years**. Claims of more than R5-m had increased by 900%, with a number of claims topping the R30-million mark. Obstetricians are most often sued, next are neurosurgeons and spinal surgeons. **Contributing to the phenomenon is the new Consumer Protection Act,** which brought with it additional liability for doctors. In terms of the act**, doctors are liable even for faulty equipment they have no control over**. Pepper believes **litigation can be avoided if an alternative health dispute resolution mechanism is found**, and malpractice payouts are capped, as they are in 30 US states. He warned that a consequence of litigation could be "defensive medicine" - a tendency for doctors to insist on costly diagnostic tests.

* **Although doctors who work for the state** are not held personally liable under SA law, **claims are instead brought against the DoH**. Here, too, **the number and quantity of the claims have increased remarkably**.

4. MEDICAL AIDS

Medical aids fear throttling regulations; Medical schemes feel NHI not enough
Business Report,4 July; BusinessLIVE, 4 July 2012
Medical schemes in SA doubt the success of government's ambitious NHI and believe the provision of **healthcare in the country is deteriorating**. A **PriceWaterhouseCoopers (PwC) survey**, titled *Strategic and Emerging Issues in the Medical Scheme Industry,* shows that schemes believe the NHI alone is not the solution to SA's healthcare problems. The **demarcation between health insurance and medical scheme cover and new regulations from the Council for Medical Schemes (CMS), also resulted in negativity**. Respondents believed better working conditions and an overhaul of basic resources were needed before NHI could be implemented. Although the majority of them believed **that NHI would increase access to healthcare for previously disadvantaged people, they did not foresee it reducing the cost, or resulting in the better use of funds allocated to healthcare. 95% said PMBs paid in full, resulted in excessive benefits being paid by medical schemes to the detriment of members.** Schemes also cited **managing data and data quality as major technology weaknesses**. Most of the respondents think the **pending Medical Schemes Amendment Bill will only cause a further regulatory burden**.

Doctors fees not unreasonable, says SAPPF
Press release 10 July 2012
The **South African Private Practitioner Forum (SAPPF)** is dismayed to see the **BHF blaming the "providers" for escalating private medical costs** (*The Star; Business Report; 5 July, 2012*). These allegations are **never substantiated by facts**, and never include any discussion about the validity of schemes' own reimbursement tariff schedules, nor of the impact of medical schemes' administration costs on the overall cost of private medical services, says **Dr. Chris Archer, CEO of the SAPPF.** In most cases the administration and managed care costs of schemes exceed the fees paid to surgical and consulting specialists.

SAPPF, together with the private hospitals and emergency services, took the DoH to court over their failure to adhere to regulations which should have seen medical scheme benefit tariffs based on provider input costs. I**n his judgement, Acting Judge Ebersohn reiterated, that professional fees were undervalued**. Furthermore the **calculations provided by SAPPF consultants HealthMan,** (based on extensive surveys of professional practices and submitted to the DoH) suggested that **professional fees in some instances required as much as a threefold increase**, to enable the recovery of costs and the payment of a salary based on that of a senior consultant in the public service. A study to assess the **impact of inflation** on benefits revealed that **medical scheme benefit should be twice what it currently is** for consultation services, and **three times its' current level for procedures.** An **independent tariff commission should establish a realistic benchmark, and look into the PMB issue, said Archer.**

Medical schemes welcome planned probe into costs
Business Day, 4 July 2012
All but one of 20 medical schemes surveyed by PwC **welcome the Competition Commission's proposed investigation into private healthcare costs**. The study highlighted healthcare costs as the **most pressing concer**n facing their businesses. Respondents said medical inflation, which was **"higher than CPI** (consumer price index)" made healthcare "unaffordable". Dr Motsoaledi has said he is intent on **regulating private healthcare sector price**s to contain costs and provide certainty to funders - including medical schemes and the state. The government believes the **two-tiered healthcare system in SA is not sustainable**. However, **60% of the respondents said SA's system was sustainable**, although they acknowledged deterioration in healthcare. P**rimary healthcare** had to be revived and **pharmaceutical distribution** for state-owned facilities should be **decentralised.** PwC cited **regulations and "excessive interference** by the Council for Medical Schemes" as the **main challenges** facing the industry.

BHF lays high costs at door of provider; Smart medicines, technology becoming unaffordable
The Star, 19 July; Business Report, 5, 18 July 2012
"100% of **new technology that gets funded was paid for by medical schemes**" and "whatever was paid for had to be funded by members," says Dr Jonathan Broomberg, of Discovery Health. This applies not only to super drugs **- specialised drugs developed through biological origins**, known as **biologics** - but also new medical procedures, such as keyhole surgery.

* According to Broomberg, **Discovery did not believe that there was a specific need for the Competition Commission to investigate costs**, as high costs were generally not a result of collusion between suppliers.
* Other medical schemes have also warned that **contribution rate increases might be worse this year in areas that drove costs in previous years** because of the Regulation 8 payment issue.

* The BHF, which **represents about 95% of the schemes, but not Discovery Health**, said the **high costs of specialists and hospital procedures, and an increase in charging above-scheme rates for PMB's** "is a combination which will have a severe impact on costs and affordability to schemes and their members".

Mediclinic responds to claims by BHF
Media Statement: Mediclinic, 9 July 2012
Mediclinic reacted to an article in *Business Report*, *5 July, 2012***:** "**BHF lays high costs at the door of providers**": Mediclinic said it **annually negotiates prices with every medical scheme** in the country individually and is bound by contract to abide by these fees. Research conducted by MCSA's Health Policy Unit indicates that **more medical scheme members are in fact using private hospital services more often than previously,** said MCSA CEO, Koert Pretorius. "Mediclinic believes that it is critically important to **conduct proper research into understanding the dynamics** that have resulted in the pattern of cost increases in the private sector."

Challenge on 'late joiner' fees; Schemes' discrimination challenged; Warning against interference
Business Report, 23, 24 July; Business Day, 13 July; Sunday Independent, 15 July; FinMail, 27 July
The CMS has **requested an urgent meeting with the National Consumer Commission** (NCC) after the watchdog called schemes **sexist and discriminative**.

* The NCC is taking **Fedhealth, Momentum, Medshield** and **Bonitas (Medscheme's and Bonitas' administrator) to the Equality Court** for **contravening provisions of the Consumer Protection Act.** The commission is **challenging "late joiner" penalty fees** for people who join schemes **after the age of 36 and waiting periods** imposed before members get full benefits.
* The NCC is also **challenging them** on **"discriminatory" clauses that technically exclude women who fall pregnant before they join the schemes from benefiting from the medical aid**, saying it "**unconstitutional"**. The medical schemes had clauses stipulating a three-month general waiting period when someone joined and a "condition-specified" waiting period of up to 12 months
* Neil Kirby director of healthcare and life sciences law at Werksmans Attorneys says **caution should be taken not to interfere too much in the business of medical schemes.** The interests of consumers were **well protected in the Medical Schemes Act**, while the Consumer Protection Act "could not do a better" job.
* Health economist, **Prof Alex van den Heever** described the application as **"completely absurd"**. He said he did not understand **why the NCC did not discuss its concerns with the medical schemes**.

Discovery members urge probe into fees; Putting medical schemes on notice; Discovery defends administration fees; Member activism a 'sign of things to come'
Business Day, 10, 11, 13 July; Editorial Comment; SAPA, 10 July 2012
The **activism displayed by members of Discovery Health Medical Scheme** (DHMS), when they called for a **review of fees paid** to administrator Discovery Health, may be **a sign of things to come for the health industry,** says health economist **Alex van den Heever**. **Blum Khan, CEO of Metropolitan Health**, also agreed that **consumer activism** was the order of the day.

Members resolved that the scheme's trustees actively **seek to reduce administration fees over the next three years**. They **asked for a detailed breakdown of the R2,8-bn spent on administration last year,** instructed the trustees to commission an **independent review of the value for money provided by the administrator**, and moved that the potential benefits of "regularly placing the administration and managed care contracts of the scheme out for tender in the open market" be investigated.

DHMS is the biggest open medical scheme on the market, with 2,35-m members last year, and is administered by SA's **second-biggest administrator, Discovery Health**, a subsidiary of JSE-listed Discovery Holdings. Discovery Health received R3,2-bn in administration and managed care fees from DHMS for the year ended June 30 last year, and R217-m from the other 13 restricted schemes it services. **DHMS contributed more than 90% of the administrator's R1,4-bn operating profit.** The council's annual report shows DHMS administration **fees per beneficiary were the second highest in the country, at R102 per beneficiary per month**. But Broomberg argues this **is a misleading measure as** the industry **does not use a standard definition** of administration fees. A more accurate yardstick, he says, is the ratio of total non-healthcare expenditure to gross contribution income, which shows DHMS is paying competitive rates.

Medical scheme trustees cashing in
City Press, 22 July 2012
The **remuneration of medical scheme trustees** has risen by **as much as 50%** in the past financial year. In its annual report last year, the CMS listed the **10 medical schemes that paid the highest trustee compensation**. On the list were **Liberty Medical Scheme, Spectramed, Medshield, Fedhealth, Bonitas and the Government Employees' Medical Scheme (Gems).**

Pay more for less benefit?
Health-e News Service,
By law, medical schemes are n**ot allowed to make a profit**, and all money collected from their members should go towards p**aying claims and administering those claims**. In the **private sector, healthcare providers are unregulated as far as pricing is concerned.** In a 2010 article for *Equinet* Prof Di Mcintyre of UCT, writes **doctors often had a stake in the financial performance of some hospitals** through share ownership or other forms of financial relationship. This might encourage **higher levels of hospitalisation, longer periods of admission and greater use of expensive diagnostic technology provided in hospitals.**

Medical aid policies to be reviewed; ***Medical aids fail to keep fraud in check; Clampdown on fraud***
Editorial Comment: The Sunday Independent, 15 July; Business Day, 23 July; Fin24.com, 26 July 2012
According to a KPMG study, **code manipulation and claiming for services not given accounted for 76,2% of fraud committed by service providers in the healthcare industry**. The report stated **collusion between member and service provider** was a primary cause for fraud, followed by **member apathy, ignorance**, and a lenient approach by regulatory bodies. There needs to be a **stringent regulatory framework to clamp down on dishonest hospitals, members and medical practitioners,** said *The Sunday Independent* in its *Editorial Comment.*

* Meanwhile Michelle David, a medical scheme specialist at law firm Eversheds, said medical **aid fraud amounts to about R15-bn annually**; much higher than the **estimated R4-bn to R5-bn**. She said only a few schemes took part in surveys to determine the extent of fraud. David said a positive element of the NHI plan was that it would be "one bank of information" preventing the manipulation of information by schemes.

Why Bestmed left Sanlam
The Financial Mail, 20 July 2012
Bestmed Medical Scheme expects **significant cost savings after reverting back to self-administration** after **ending its external administration by Sanlam Health** (SMH). Bestmed CEO and principal officer Dries la Grange said **cost savings and a switch back to its Medware IT system** influenced the decision to part with SMH. Bestmed joins six other SA medical schemes that are self-administered and open.

5. PHARMACEUTICALS

Inferior medicines pose a major health risk
Business Day, 10 July 2012
Up to 15% of all drugs tested in African cities and 7% in Indian cities failed basic quality testing, says Roger Bate, author of *Phake: The Deadly World of Falsified and Substandard Medicines.*
A **study of malaria drugs** found **up to 40% of those bought in the two largest West African cities had insufficient active ingredient**. If a drug is **not made to the highest standards**, **patients are unlikely to recover and it increases the chance of malaria parasites or TB bacteria developing resistance to the treatment**. Some of the drugs might be **counterfeits**, but many were **made by local African, Indian or Chinese companies without the proper oversight** of a government drug regulatory authority.
N**early 18% of the WHO-approved Chinese products did not reach required standards**. In April, the **Indian drug regulator** was heavily criticised by the Indian parliament for **colluding with drug manufacturers.**

India's generic medicine plan a blow to Big Pharma
Reuters via Business Day, 6 June 2012
India has put in place a **$5,4-bn policy** to provide **free medicine to its people. The new policy could provide 52% of the population with free drugs** by 2017. This is a **major disadvantage for global pharmaceuticals** like **Pfizer, GlaxoSmithKline, Merck and US-based Abbott Laboratories,** as they target **big growth for branded medicine** in emerging economies such as India, where **generics account for about 90% of drug sales**.

Patents on third-line ARVS make prices unaffordable
Business Report, 30 July 2012
The protection under patents of the newest HIV drugs - t**hird-line treatments for people who have developed drug resistance** - was making ARV treatment unaffordable for middle- and low-income countries. Countries in sub-Saharan Africa were paying nearly **15 times the price of a first-line treatment**, according a report released by Médecins sans Frontières (MSF). The report was titled shows that a **drug combination for third-line treatment would cost $2 486 (R20 266) a person** a year in the least-developed countries globally and in sub-Saharan Africa. Some **80% of all ARVs used in Africa are from India**.

SA urged to follow India on medicines; Drug patent war threatens SA healthcare
Business Report, 12 July; The Mail & Guardian, 13 July 2012
SA's **medicine patent laws need strengthening as pharmaceutical firms are "evergreening" old medicine,** thus **preventing access to cheaper drugs.** When the US granted a patent, SA automatically granted it. Companies often **register new patents for old drugs** to which **minor changes** have been made. This allows companies to extend the period in which they can hold a monopoly on a drug.

* **MacDonald Netshitenzhe, chief director of policy and legislation at the Department of Trade and Industry,** said a **draft policy on intellectual property** will soon be available for public comment.
  * According to Treatment Action Campaign (TAC) data, **204 new medicine patents were issued in Brazil between 2003 and 2008 in comparison to SA, where 2 400 patents were issued in one year and about 2 000 of those went to companies from the US and EU.**
* **India only grants patents when a drug firm has a new molecule**. However, the **court battle between pharmaceuticals giant Novartis and the Indian government**, could set a dangerous **precedent that will impede local access to affordable drugs**. SA healthcare NGOs, supported by doctors, lawyers and academics, warned about the impact the lawsuit may have on access to healthcare in SA. Victory for the Novartis case could **endanger the supply of cheap generic drugs to developing countries.** Novartis has challenged Indian legislation, blocking its application to patent the leukaemia drug Gleevec.

GSK warns of fake batches of Grand-pa headache powders
Business Report, 27 July 2012
Two batches of **Grand-Pa headache powder have been recalled** after manufacturer GlaxoSmithKline (GSK) sent out a warning about **counterfeited headache powder** being sold to consumers. The group said it was not recalling all the Grand-Pa headache powders, only the cartons of 38-count packages bearing the batch numbers 309339 and 314020. The first batch was released in September 2011 and the second batch in March this year.

No brown envelopes
The Financial Mail, 27 July 2012
The DoH has issued a notice on **proposed amendments to the regulations relating to transparent pricing** under the Medicines & Related Substances Act. This implies that from September, **companies and individuals involved in underhanded pharmaceutical sales practices could face criminal prosecution**.
The legislative amendments support the Marketing Code Authority, a voluntary membership watchdog representing nine pharmaceutical and medical device industry organisations.

Better growth seen for branded generic drugs
Business Report, 27 July 2012
Branded generic medicines (generics marketed under company brand names) are gaining momentum over unbranded and cheaper generics, **as brand awareness rises among African consumers**. Tinotenda Sachikonye, a healthcare analyst at Frost & Sullivan, said **unbranded generics were perceived as low quality by consumers**, and companies producing and distributing branded generics would see the most growth. The biggest players in the branded generics sector include the likes of UK-based GlaxoSmithKline.

6. FINANCIAL NEWS

Adcock offers voluntary lay-offs; Retrenchments a clear sign all is not well with the economy
Business Day, 3 July 2012
Adcock Ingram with an estimated staff of **2 000 people in SA**, **offered a retrenchment package** to workers who wished to volunteer. Adcock has had a tough trading period since the withdrawal by the MCC last year of painkillers containing dextropropoxyphene and the loss of an ARV tender worth more than
R660-m over two years.

Liberty Medical Scheme rated AA-
BusinessLIVE, 10 July 2012
Liberty Medical Scheme's (LMS) **claims paying ability has once again earned the scheme an** AA-rating from Global Credit Rating (GCR), reaffirming its position among the top-performing SA schemes.

Litha completes Pharmaplan deal
Business Day, 4 July 2012
Litha Healthcare announced it has **concluded its acquisition of Pharmaplan for R590-m**. Private equity firm **Blackstar said it had halved its stake in Litha to 13,42%**. Canadian pharmaceutical group Paladin Labs, bought the shares, which has raised its stake in Litha to 44,52%.

GlaxoSmithKline settles healthcare fraud case
Reuters, 2 July 2012
GlaxoSmithKline has agreed to **plead guilty and pay $3-bn to settle the largest case of healthcare fraud in US history.** The settlement includes $1-bn in criminal fines and $2-bn in civil fines in connection with the **sale of the drug company's Paxil, Wellbutrin and Avandia products**. The company also agreed to stricter oversight of its sales force by the government to prevent the use of kickbacks or other prohibited practices.

Adcock buys brands of Indian firm
Business Day, 11 July 2012
JSE-listed drug maker Adcock Ingram has acquired the **brands of Indian pharmaceutical company Cosme Farma Laboratories for R708-m.** It expects the move to enable it to **tap into India's rapidly growing private sector pharmaceutical market**. Cosme Farma has access to more than 150 000 doctors and distribution capacity in 27 states. Its products include gynaecological, gastro-intestinal and skin medications.

Life Healthcare outpaces rivals
Moneyweb via The Citizen, 20 July 2012
Life Healthcare has beaten expectations on its listing in 2010, **outpacing rivals Netcare and Mediclinic - largely because it is less encumbered offshore.** Netcare spent some R20-bn in buying the General Hospital Group and Mediclinic, nearly as much on its Swiss and Middle Eastern acquisitions. Life recently reported interim earnings up 21%. It recently purchased **a minority stake in nine hospitals in India for some R800-m**. The difference between Life and the others is that **they opted to go into First World situations**, where the South Africans' ability to add value is limited, says CEO Mike Flemming.

7. GENERAL NEWS

Smoking draft excessive; Draft smoking regulations 'unconstitutional'
SAPA-AFP, 2 July; The Cape Times, 12 July 2012
The draft regulations on smoking in public places and certain outdoor public places are too restrictive, says Tobacco Institute of Southern Africa (Tisa). Tisa has submitted **comments to the DoH** highlighting certain concerns. Tisa also felt that Health Minister Dr Aaron Motsoaledi had **acted beyond his powers**.

* Meanwhile the **Law Review Project** (LRP) - an independent legal policy institute - said the draft regulations amounted to a **"direct violation of the constitutional requirement of separation of powers between the executive, legislative and judicial authority**". Spokesman, Tebogo Sewapa said they were a "draconian intervention against the rights of smokers". **Smoking was a vice, not a crime**, he said.

SA leads cutting-edge surgery; Backing for heart valve start-up;
The Times, 4 July; Financial Mail, 13 July 2012
Poor, rheumatic heart disease patients could soon have a **new lease on life** due to technology being researched by the University of Cape Town. **Prof Peter Zilla**, and **Prof David Williams -** with the assistance of **polymer technologist Deon Bezuidenhoudt –** are pioneering a way of **replacing heart valves that does not require open heart surgery.** It is expected to sell for under US$1 000 in developing countries, compared with current heart valve prostheses which cost $5 000-$30 000.

Healthier food should be cheaper; State wants SA to halve salt intake; Fat profits from flab
Business Day, 5, 16 July; Business Watch: Business Report, 20 July 2012
Government needs **to protect SA from the lure of junk food** by making **healthier food cheaper and more readily available,** according to researchers. Writing in *PLoS Medicine*, Prof David Sanders said government had allowed the **quality of food** to **deteriorate dramatically** in the past decade, while sales of **snack bars, and ready meals** rose by **more than 40%**. **Healthier foods** cost **10% - 60% more** in supermarkets when compared on a weight basis, and **30% - 110% more when compared on the cost of food energy. Refined cereals and foods with added sugar and fat** were among the **cheapest energy sources** in rural supermarkets. Making processed food more expensive, for example by taxing sugar, would hit poor people hard unless healthy alternatives were readily available. Sanders said **the national school nutrition programme was an example of a lost opportunity** for providing children with healthy food. Jobs should be created for people to prepare food in school kitchens.

* SA's Food manufacturers have **until June 2016 to comply with the first set of sodium targets**, and **another two years to meet the next.** The draft regulations to the Foodstuffs, Cosmetics and Disinfectants Act will **apply to local and imported food products**.
* **Unilever has said consumers rejected its low-salt stock** cubes, believing they would be less tasty. Other big food producers, like Woolworths, are **already reducing the salt content of some products**, and have said they have been doing **so gradually so as not to lose customers**. Scientists at the Medical Research Council and the University of North West were consulted to determine which categories of food to target.
* **Investment:** According to Sarbjit Nahal, an equity strategist at Bank of America Merrill Lynch Global Research **"global obesity is a mega-investment theme for the next 25 years and beyond**". A report, called "*Globesity - The Global Fight against Obesity*", has identified **more than 50 global stocks related to fighting obesity**, focusing on four areas: pharmaceuticals and healthcare; food; weight loss, diet management and nutrition plans; and sports apparel and equipment. **Obesity adds up to 50% to global medical costs**. In 2010 GlaxoSmithKline revealed that about **61% of SA adults were overweight or obese.**

SA professor sets standard

The Times, 16 July 2012

A groundbreaking international initiative by the International Centre for Eye-Care Education will provide **eye-care education to more than 640-m people worldwide.** It was introduced by Prof. Kevin Naidoo from the University of KwaZulu-Natal, and **consists of core teaching and learning units of an optometry degree programme in a downloadable format that enabled educators and students globally to access course notes and presentations by some of the finest optometric educators in the world.**

Ascendis Health expands Africa footprint

Fin24, 24 July 2012

Coast 2 Coast Investments has announced that its healthcare subsidiary **Ascendis Health has acquired Avima for nearly R80-m through its subsidiary Efekto Care.** The transaction opens up new sales channels into Africa for the Efekto subsidiary.