

## SUMMARY OF HEALTH NEWS: NOVEMBER 2012

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#### **November's news highlights:**

**Historical pact:** Health Minister Aaron Motsoaledi has signed a "social pact" with CEOs of 23 companies, describing it as a historic step towards closer collaboration between Government and private enterprise. The 23 CEOs represent pharmaceutical, private hospital and medical scheme administration industries, who have committed themselves to providing financial support for the next three years.

More news regarding cooperation between public and private healthcare is that the pharmacy division of Clicks has formed a public-private partnership with the Western Cape government to provide vaccines and family planning services next year. (p2)

**NHI:** The majority of SA's doctors (56%) believe the country's healthcare system does not have a bright future, and they do not support Government's NHI concept, but many are willing to help improve it, and most of them said they will not leave the country. These were a few of the results of a survey released by the *Medical Chronicle* and an independent health consultancy Lifechoice. (p3)

**Is this possible?** There are no screening services available for yellow fever on public holidays or weekends at OR Tambo International Airport, as the Gauteng Department of Health does not have the budget to pay their staff overtime. (p5)

**Chinese book keeping?** The DoH has acknowledged it did not know how many babies were unvaccinated because it had only a hazy idea of the size of the population it was targeting. According to an annual report, there was a 95,1% coverage rate. However, according to the World Health Organisation (WHO) and United Nations Children's Fund (Unicef), only 72% of babies were vaccinated. (p2)

**Turnaround due to pressure by SAPPF and its partners:** Due to sustained pressure by the SAPPF and its partners the HPCSA has rescinded its decision to approve the Guideline tariff for publication. The board intends to start a new process of developing and publishing a guideline tariff according to section (53)(3)(d) of the Act. (p7).

**The GP dilemma:** We all know that one of SA's biggest problems is the "brain drain" of GPs to other countries. Health Minister Aaron Motsoaledi has made many a speech promising all kinds of solutions to this problem; BUT: Thousands of matriculants with straight-A's will not be able to study at any of SA's medical schools: At Wits there were approximately 6 000 applications for 250 slots in first year medicine; at Pretoria University 11 000 for 240 places; UCT had 4 400 applications for 220 and Stellenbosch 1 800 applications for 230 places. (p5)

## 1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

### ***Healthcare has a poor prognosis***

*Business Day, 26 November 2012*

The majority of SA's doctors believe the country's **healthcare system does not have a bright future**, but many are willing to help improve it, according to a survey of medical practitioners released by health publication *Medical Chronicle* and an independent health consultancy Lifechoice. Most practitioners (**56%**) who responded **did not support government's concept of NHI**. They feel strongly that the government's focus should be on fixing up state facilities that are largely ineffective. Only **12,4% agreed with the statement that SA health had a bright future**. The majority indicated that they were likely to stay in the country. **Medical schemes were seen in a negative light** by practitioners, who indicated that they were unconvinced that the schemes had members' interests at heart. 66% of specialists thought GPs were not well remunerated, while only 21% of GPs felt that specialists were not well remunerated.

### ***Department baffled by vaccination rates***

*Business Day, 19 November 2012*

The DoH has acknowledged it **did not know how many babies were unvaccinated** because it had **only a hazy idea of the size of the population it was targeting**. According to the Expanded Programme of Immunisation's annual report, there was a **95,1% coverage rate**. The figure refers to the benchmark DPT3 vaccine that protects children against diphtheria, whooping cough and tetanus. However, according to the World Health Organisation (WHO) and United Nations Children's Fund (Unicef), **only 72% of babies were vaccinated**. **The DoH reported a 98% coverage rate for measles in 2009, while WHO reported 62%**.

### ***Public, private healthcare sectors sign 'historic' pact***

*Business Day, 9 November; Business Times, 4 November 2012*

Health Minister Aaron Motsoaledi has signed a **"social pact" with the private sector**, describing it as a historic step towards **closer collaboration between Government and private enterprise**. The Minister and the **CEOs of 23 companies have agreed to meet at least twice a year to discuss issues that affect them**, and have established the **Public Health Enhancement Fund** to address the skills shortages facing the healthcare sector. The fund pools **donations from 23 companies from the pharmaceutical, private hospital and medical scheme administration industries, who have committed to providing financial support for the next three years**. The money will be used to **train more doctors**, improve the **skills of healthcare managers**, and ensure more doctors get **specialised training in HIV/AIDS programmes**.

**R40-m** has been committed for the first year. The companies are: Abbott Laboratories, Alcon Labs, Aspen Pharmacare Holdings, Bausch & Lomb, Clicks Holdings, Clinix Health Group, Discovery Holdings, Dischem, Galderma, Roche, Joint Medical Holdings, Life Healthcare, Litha Healthcare, MediClinic, Mediscor, Medscheme, Netcare, Novo Nordisk, United Pharmaceutical Distributors and Servier Laboratories.

\* Healthcare executives said this will help **build a bridge between the public and private sectors** and enable the two to work more closely together; an imperative if NHI is going to work. As the private sector is facing more regulation, the initiative may ease tense relations with the authorities.

### ***NHI Academy to improve the health service***

*Health-e News Service, 8 November 2012*

From January 2013 **new hospital CEOs** and other high-level managers responsible for healthcare delivery in SA will undergo **specialised training in healthcare management** at the newly established **Academy for Leadership and Management in Healthcare**. The first students will be the **new CEOs of the 97 hospitals located in 8 provinces**, with the exception of the Western Cape. The Academy aims to **empower hospital CEOs with practical knowledge** about the day-to-day running of hospitals, and **giving healthcare workers class-based as well as on-the-job training on healthcare delivery**, particularly towards the implementation of the NHI scheme. Min. Motsoaledi said no new hospital CEO would start work before he/she had been taken through

the necessary paces at the Academy. An **advisory committee comprising 12 senior local and international experts** in healthcare delivery will lead and provide guidance to the Academy.

### ***HSRC chief 'worried' about health spending decline***

*Business Day, 1 November 2012*

**State spending on health** as a percentage of gross domestic product (GDP) **would decline** from 4,1% in 2011-'12 to 3,95% in 2013-'14; at a time when more was required to prepare for the NHI scheme, according to Human Sciences Research Council (HSRC) CEO Olive Shisana. Public health spending as a percentage of government spending was also declining, from 13,7% in 2011-'12 to 13,4% in 2013-'14. The Treasury indicated that an **additional R6-bn would be needed in 2014-'15** but this **was not provided for in the policy statement**. Shisana hoped that the release of the **proposed options for revenue for the NHI** would shed light on its financing. Budget allocations to the NHI conditional grant, established in April, were **too small to allow for testing various components of NHI as intended**.

### ***Plans and recruitment on track for NHI roll out; Reform prompts mixed reaction; Doctors have doubts***

*The Cape Argus, 1 November 2012*

The DoH says the **roll out of NHI is on track**, with **doctors and specialists being recruited**. Most specialists had been appointed and deployed to districts that were piloting the NHI.

- \* **GPs were enlisting to help with the implementing of the NHI** and the DoH was finalising the legal and contractual requirements. However, **some doctors are sceptical of the department's proposal** as many felt they were being **dictated to by administrators** and the **needs of the community were not being addressed** properly. Some said there was **no clarity on doctors' remuneration or whether they would work from clinics or treat state patients in their rooms**.
- \* Prof Steve Reid, the director of primary healthcare at UCT, believes **the NHI will neither bankrupt SA nor lead to inequity**. Reid, who is also a member of the Health Minister team on the NHI pilot districts, said the NHI **was ideal for everyone as its goal was to provide health services based on patients' need, regardless of their ability to pay**. IT was **the only option that would work for SA's** health system as costs of private healthcare were spiralling out of control and becoming unsustainable, while the public health sector was struggling on many fronts, especially with quality of care, he said.
- \* Jacky Thomas from SA NGO Coalition (Sangoco) said while the **NHI had the potential to transform healthcare across SA**, this was **not guaranteed**. She said it was important to support and monitor the NHI initiative to ensure that it achieved universal access to, and quality of essential healthcare.

### ***Clicks, province seal healthcare accord***

*Business Day, 22 November 2012*

The pharmacy division of Clicks has formed a **public-private partnership with the Western Cape government to provide vaccines and family planning services next year**. The retailer will be providing babies with government-procured vaccines. Consumers will be able to book a half hour consultation with a nurse for R75. **Vaccines will be free**. Clicks will also **provide family planning services, at R50 per consultation**. Western Cape health MEC Theuns Botha said partnering with the private sector was **"a practical, sustainable way to expand the reach of public healthcare and enhance the quality of care"**. Clicks held 16,2% of the market at the end of August, and expects to add 20 - 30 new stores next year.

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

### ***AIDS threat recedes as internal spending exceeds foreign help; AIDS council chides UNAIDS' report; More important to get patients on sustainable, affordable drugs; UN lauds SA for HIV fight***

*Bloomberg, 21 November; Health-e News Service, 31 October, 27 November; Business Day, 28 November; The Times, 21 November 2012*

**Low- and middle-income countries have doubled spending on AIDS to \$8,6-bn** (R76-bn) since 2005, compared with international funding for the disease that stalled at \$8,2bn last year, the Joint UN Programme on HIV/AIDS, or UNAIDS, said in its annual report. The virus is **still spreading in the Middle East, North Africa, Eastern Europe and central Asia** as poorly targeted or inadequately funded programmes fail to check epidemics. The **Caribbean experienced the steepest decline** in new cases, with a fall of 42%. About **\$24-bn a year will be needed by 2015 to meet targets** of reducing new infections through sex and needle sharing by half, eliminating new infections among children, and expanding treatment to 15 million people.

The report also stated that the number of new HIV infections last year was 20% lower than in 2001.

- \* The executive director of UNAIDS, Michel Sidibé, praised SA for "**increasing its HIV treatment by 75% in the last two years**". About 1,7-m of the 5,1-m HIV-positive South Africans now have access to ARVs. There were **100 000 fewer deaths from HIV in SA in 2011** compared with 2010, and the infection rate had fallen by 50 000 between 2009 and 2011. However, **more than 2,5-m people worldwide were infected** with the virus last year. Of the 34-m people living with HIV, about half did not know their HIV status.
- \* However, the deputy head of the SA National AIDS Council (Sanac) has taken issue with the "rosy picture" UN joint agency on HIV/AIDS (UNAIDS) has painted of the world's response to HIV, **saying the end of the epidemic was nowhere nigh**. He said recurrent drug shortages at public hospitals and clinics were undermining patient confidence in SA's health system, and increasing the risk they would not stick to their daily pill regimens.
- \* Meanwhile, an HIV specialist, Prof Brian Guzzard from the UK, said it is more important to deal with the costs of the medicines and how to sustain access to it, rather than treatment outcomes. He said studies from the US showed that patients likely to get onto treatment earlier, are those who are wealthy and often less likely to have a high incidence of HIV infection. He said **doctors needed to discuss how to give the cheapest and simplest treatment to the largest number of patients**. He revealed that 15% of all HIV-related deaths were due to cryptococcal meningitis and that current treatment options were inferior.
- \* **Government's HIV/AIDS programme is bearing fruit**, with fewer deaths now than in 2006. Pali Lehohla, Statistics South Africa's statistician-general, said it looked as though SA had turned the corner, probably, in **the face of availability of ARVs**. The report said it was hard to state that AIDS was the cause of the majority of deaths prior to 2006 because it was **not a notifiable cause of death**.

### ***TB rates have not changed in 100 years; Drug resistant TB a threat; Centre earns international award***

*The Cape Times, 13 November; SAPA, 4 November; Health-e News Service, 27 November 2012*

**Tuberculosis transmission rates** in SA and more specifically Cape Town **have not changed at all** over the past 100 years. At the SA HIV Clinicians' Society conference in Cape Town Prof Robin Wood said with the arrival of HIV, survival rates dropped like a stone, but in New York, long-term survival had continued. Among HIV-positive patients, a third of TB cases were found to be retreatment of TB cases, meaning they had been cured, but infected again.

- \* According to a novel study **children were most at risk in their homes and crèches, with evidence of "quite a bit of risk" when using public transport**. Among 18- to 24-year-olds, the risk was less in the household, but very high when using public transport and also in some work situations. Wood said a large part of the problem was that the world was stuck on discussing the "ineffective", such as Directly Observed Treatment Strategies for TB, versus the "unobtainable", which involved social development.
- \* Research published in the *Lancet* medical journal in August 2012 suggested **that MDR TB was becoming increasingly prevalent in Africa, Asia, Latin America, and parts of Europe**. MDR TB was **200 times more costly to treat than TB**, and had severe side effects. SA had a TB incidence rate of 981 per 100 000 people. In April 2012, the government launched a **three-year health plan to treat TB alongside HIV for the first time, with the aim of halving the TB death rate by 2015**.

- \* **The Desmond Tutu TB Centre (DTTC), at the University of Stellenbosch, will receive the international R5,6 - m Kochon Prize for its research into childhood TB and its pioneering community-based approaches to TB and HIV care.**

#### ***OR Tambo 'could be conduit for diseases'***

*Business Day, 27 November 2012*

**There are no screening services available for yellow fever on public holidays or weekends** at OR Tambo International Airport, as the Gauteng DoH does not have the budget to pay overtime to staff. MEC Hope Papo said disinfection services - spraying visiting aircraft from malaria and yellow-fever endemic countries with insecticides to kill mosquitoes - had **been "disrupted" at OR Tambo and at Lanseria International Airport**. The desks where yellow fever certificates were supposed to be inspected had also been "disrupted" at both airports due to a shortage of staff and non-payment of overtime and night duty allowances to employees. OR Tambo's **thermal imagers**, used to detect fevers among passengers, were **out of service** because maintenance contracts had not been paid. DA spokesman for health in parliament, Jack Bloom, said he had been reliably informed that it had been since May.

#### ***Fighting the scourge of non-communicable diseases***

*Health-e News Service, 13 November 2012*

The SA phase of the **Lilly NCD partnership, a US\$30-m global project aimed at addressing non-communicable diseases**, has recently been launched. The project, involving **SA, Mexico, Brazil and India**, will tackle the scourge of **non-communicable diseases (NCDs)**, paying particular attention to **diabetes**. WHO predicts that in the next 15 years the number of people with diabetes in SA will multiply by 300%. Non-communicable diseases are chronic **diseases, including heart diseases and cancer**. The project aims to make **direct contact with patients (especially in rural areas) at the primary healthcare clinic level**.

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

#### ***Failing healthcare hit by double-whammy***

*The Times, 19 November 2012*

According to lawyer Gary Austin he has won about **R30-m from provincial health departments** in the past seven months. Most of the allegations are directed at **government hospitals**. Gauteng DoH spokesman Simon Zwane said the department was taking steps to improve healthcare to prevent further problems and to avoid further lawsuits. Due to **legal claims of R1,4-bn against the Gauteng DoH** it could face further budgetary constraints.

#### ***Fight to get into medical school***

*The Citizen, 2 November 2012*

**Thousands of matriculants with straight-A's aspire to get into medical school - but admission is uncertain** even among the brightest. At Wits there were approximately 6 000 applications for 250 slots in first year medicine; at Pretoria University 11 000 for 240 places; UCT had 4 400 applications for 220 and Stellenbosch 1 800 applications for 230 places.

#### ***Council comes down on tardy medics***

*SAPA, 5 November 2012*

Almost **10 000 healthcare practitioners were suspended from the Health Professions Council (HPCSA) register** for failure to pay their annual fees. They included 1 500 medical and dental practitioners, 6 500 emergency care workers, and almost 600 psychologists. Practitioners had to pay their annual fees on or before April 1 every year. The money is used by the council to **act on its mandate of protecting the public and guiding the professions**.

**Gauteng: Bara has big problems: Outcry as private ambulances are told to pay e-tolls; Union challenges DoH on claims; Delay tactics on medicines depot findings; Current CEO deemed not fit enough to manage Bara; Shot in arm for Gauteng healthcare; Bara doctor who charged for free eye operation fired**

*The Saturday Star, 3, 24 November; The Star, 7 November; SAPA, 13, 27 November; Health-e News 2, 20 November 2012*

The Gauteng DoH has been granted a **R2,4-bn bailout to sort out the provision of healthcare** in hospitals, clinics and other health facilities. The finance department also gave the health department an additional R3-m as a once-off for medical services during the Africa Cup of Nations.

- \* Meanwhile the department is **delaying the announcement of findings of a forensic investigation into suspected financial irregularities** at the **provincial medicines supplies depot in Auckland Park**. **The depot's services cost the department R250-m per month**. According to DA health spokesman Jack Bloom, corruption and mismanagement at the depot are the root causes of the shortage of medicines supplies that hit the province's health facilities towards the end of last year.
- \* **Chris Hani Baragwanath Academic**, the biggest hospital in SA, also has massive problems. These problems needed **more than a patchwork approach if it is to shed its dysfunction**, said **Prof Karl von Holdt**, director of the Society Work and Development Institute at Wits, in a lecture **about appointing practising clinicians at the helm of hospitals**. Von Holdt was involved with the **Naledi project that started in 2000 but was shut down in 2010**.
- \* The Gauteng DoH recently announced that Bara will be getting a **new intensive care ward and other infrastructure boosts such as lifts and generators being repaired and upgraded**.
- \* Controversial CEO **Johanna More will vacate her position at Bara** at the end of December after a fall-out with, among others, the Gauteng portfolio committee on health.
- \* A doctor at **Bara, Dr D Soma**, has been fired for **charging a pensioner R3000 for an operation** which is free at public health facilities. Five operations at the hospital had to be cancelled because of another doctor, who was accused of working at a private hospital when he was meant to be at Bara.
- \* **Private emergency services may now have to pay the controversial e-tolls to get to accident scenes or risk lives** by delays on response times using alternative routes. Only emergency vehicles belonging to the **Gauteng provincial government, the City of Jo'burg, the City of Tshwane and Ekurhuleni are automatically exempt from paying e-tolls**. Some private emergency services said they had been trying to negotiate with Sanral for exemption under the draft regulations to no avail.

**Western Cape: R130m in claims for health**

*The Cape Argus, 5 November 2012*

**Western Cape DoH could end up paying more than R130-m in medico-legal and civil claims if litigation against its health workers is successful**. According to the auditor-general's 2011/2012 report, **new claims worth R62,3-m relating to botched medical treatment and procedures** were registered during this period, while **civil and legal claims amounted to R1,1-m**. Just **over 9 300 medico-legal cases** were admitted. The report also revealed an **increase in cases of corruption, nepotism, fraud, financial and human resource irregularities at the department**. About **60 people** were dismissed in the 2011/2012 financial year due to **theft, bribery and absenteeism**.

- \* During the discussion of the report, the department was also **quizzed on its policy for the proposed NHI**, which **contradicted that of the national DoH**. Health MEC Theuns Botha told the committee that the department had communicated the province's model to the national Health Minister, Aaron Motsoaledi who backed a pilot operation at Eden in the Western Cape.

### ***Eastern Cape Strike makes clinics bleed***

*Health-e News Service, 2 November 2012*

In the Eastern Cape more than **100 rural clinics and a number of hospitals have been affected by the strike** by administrative staff. About **4-m people depend** on the affected services and large parts of the affected area fall under the OR Tambo District, a NHI pilot site. Dr Karl le Roux at Zithulele Hospital, said the strikers were **holding the sick and poor at ransom in order to get a pay rise**. Clinics were **running out of essential medicines such as ARVs and antibiotics**.

### ***Mpumalanga: SAHRC to probe hospitals; Limpopo: Officials 'behind health woes'***

*SAPA, 8 November; Business Day, 27 November 2012*

A DA complaint about the state of **32 hospitals in Mpumalanga will be investigated by the SA Human Rights Commission (SAHRC)**. SAHRC provincial manager Eric Mokonyama said it would undertake to probe the state of affairs at the hospitals, looking at: a moratorium on the filling of vacancies, shortages of health professionals, and insufficient maintenance and infrastructure development at the hospitals.

\* Health Minister Aaron Motsoaledi said the **Limpopo health department's extensive failings were because of mismanagement, not a shortage of money**. An investigation by the DoH had identified a host of shortcomings in the way Limpopo had been running its affairs. Among the problems were pilferage, theft, corruption, expired medicines and poor logistics (about R14-m worth of medicines in Limpopo had expired).

## **4. MEDICAL AIDS**

### ***Battle: Discovery versus Transnet; Discovery apologises for 'wrong' rules***

*Personal Finance, 3 November; Business Day, 22 November 2012*

Discovery alleges that **Transnet, Transmed and healthcare brokers Aon** are conspiring to **bankrupt Discovery by encouraging the wholesale transfer of Transmed members to the scheme**. Since Transnet and Transmed decided to close a low-cost option Ubuntu option in 2009 a **flood of older Transmed members wanted to join Discovery's low-cost KeyCare plans**. A ruling by the Appeal Committee last month revealed that DHMS is of the view that it is **being forced to take on the Transmed members after both DHMS and the Government Employees' Medical Scheme (GEMS) declined offers to merge with Transmed**. **Discovery was ordered to admit a Transmed member** who had applied to join DHMS. DHMS says it **received 2 500 membership applications from Transmed members**, mainly for its KeyCare options. The **Medical Schemes Act obliges open schemes to admit anyone who wants to join**, whereas restricted schemes are entitled to limit their membership to a group.

According to Discovery an influx of members from Transmed will unfairly **transfer the risk and liability for these members from Transmed and Transnet to DHMS** and its current members.

**Dr Monwabisi Gantsho, Registrar of Medical Schemes**, says his office will not tolerate discrimination against medical scheme members.

\* **Discovery Health Medical Scheme has apologised for misleading its 2,4-m members** about the requirements for convening a special general meeting, saying the rules on its website, which contain more stringent requirements than those actually registered with the CMS, had been put there by mistake. The issue is important in the light of **growing consumer activism among the medical scheme's members** involving **the fees the scheme pays its administrator, Discovery Health**, a subsidiary of JSE-listed DHMS. DHMS' **proposed changes to rules for special meetings** were rejected in April by the Council for Medical Schemes (CMS) **because Discovery had not consulted its members via ballot** or annual general meeting.

### ***Turnaround due to pressure by SAPPF and its partners***

*SAPPF media release*

In a press statement the South African Professional Practitioners Forum (SAPPF) announced that due to

**sustained pressure by the forum and its partners** (SADA and SAMA, together with the Anaesthetic and Radiological Associations, the National Pathology Group and the GP IPA Foundation,) the **Health Professions Council of South Africa (HPCSA) has rescinded its decision to approve the Guideline tariff for publication.** The board intends to start a new process of developing and publishing a guideline tariff according to section (53)(3)(d) of the Act.

SAPPF et al objected to the fact that they had **not been engaged meaningfully in the development and determination of the tariff** which **limited their rights to fair administrative action** and therefore rendered **the tariff unconstitutional and unlawful.** SAPPF states it will **insist that a guideline tariff be developed that prevent overcharging;** takes into consideration the true costs of providing services; and the tariff be developed within the **parameters permitted by the Competition Act.**

#### ***'Bhabhaza' scam leaves patients without medical aid benefits***

*The Star, 19 November 2012*

**Medical aid scheme fraud by doctors in cahoots with members** has led to a new scam bhabhaza (sick) where a **doctor gives medical scheme members cash, then claims the money** - and more - back from the medical aid, even though he may not have treated the patient. The scam was said to be rife among **civil servants.** These irregular activities and the over-use of funds cost the medical scheme industry **R5-bn to R8-bn** a year. The worst-hit scheme appears to be **GEMS.**

#### ***Government workers' medical scheme contributions to rise more than 10%***

*Personal Finance, 17 November 2012*

GEMS has announced an **average increase in contributions for next year of 10,26%** as a result of its need to build reserves and its **intake of about 16 000 pensioners** (former state employees, Medihelp-members, who retired before 1992) earlier this year. GEMS now covers about 62% of all eligible public service employees.

- \* The decision by National Treasury to **move the pensioners to GEMS in March** this year was expected to result in a **saving for government in the subsidy,** for which it is liable in terms of an agreement with these former employees. **96,6% of these pensioners** (average age 82) **were users of chronic medicines, while 95% claimed benefits on a monthly basis.**
- \* Other large open schemes that have announced **increases higher than 10%** are Discovery: 10,9%; Liberty Health, Medihelp and Resolution Health.

#### ***Medical aid tax benefit extended***

*Business Day, 20 November 2012*

The **wider definition of a dependant for tax purposes** will **benefit individual taxpayers assisting family members who are unable to pay their own medical aid contributions,** according to the SA Institute for Professional Accountants (SAIPA). A dependant now includes a husband or wife, their children **and "any other person who is recognised as a dependant** of the person in terms of the rules of a medical scheme or a fund". This may include **nephews, nieces, parents and grandparents.** The change was introduced in the latest **Taxation Laws Amendment Bill,** but the internal guides on how the provisions would be applied had not been finalised. A **means test would still be used to determine whether someone was truly dependent on the taxpayer** who paid the contributions.

#### ***More opting out of medical schemes as costs rise***

*The Star, 23 November 2012*

Data from Alexander Forbes Health's Annual Diagnosis showed that the **cost of belonging to a private medical aid was becoming less affordable** and people were either **downgrading** their cover or **opting not** to be part of a scheme at all. Medical treatment costs and medical aid contribution costs had risen on average over the past 12 years at 2,5% and 1,7% higher than CPI (consumer price inflation) respectively. Fewer people joining schemes meant increased pressure on state-run hospitals, and increased vulnerability for schemes. The report

also **warned against the rise of an oligopoly** of the most prominent funds (Discovery: 1,075-m, and Bonitas: 275 780 principal members).

## 5. PHARMACEUTICALS

### ***Indian bid for Cipla Medpro 'derisory'; Cipla Medpro appoints two deputy CEOs***

*Business Day, 5, 22 November; The Financial Mail, 23 November 2012*

Indian pharmaceutical company Cipla made a **bid for a 51% stake in SA's Cipla Medpro at R8,55 a share**. Cipla Medpro was founded by former CEO Jerome Smith in 1993 and is SA's third-largest generic drugs pharmaceutical firm. **Smith**, who resigned last month after Cipla Medpro's board suspended him and charged him with a string of alleged financial irregularities, **dismissed speculation that he might return** to the company should Cipla India's bid succeed. With 4,465-m shares in issue, the proposed deal would be worth about R1,95-bn. But **analysts argued that Cipla Medpro was worth more than that**.

\* Meanwhile Cipla has announced that it has **appointed two new deputy CEOs**; the first step towards restoring good corporate governance. **Dr Skhumbuzo Ngozwana: regulatory and pharmaceutical industry affairs**, and **Mark James: finance and corporate governance issues**.

\* Cipla has been the talk of the pharmaceutical industry since mid-August, when its board **suspended Smith**. Allegations against Smith included awarding himself **R3,6-m in unauthorised bonuses and taking undeclared interest-free loans from the firm**.

### ***Mumbai India revokes Roche hepatitis drug patent***

*Reuters, 4 November 2012*

India has dealt a fresh **blow to the international pharmaceutical industry** as its patents appeal board **revoked a patent granted six years ago on Roche's hepatitis C drug Pegasys**. The Intellectual Property Appellate Board cited a **lack of evidence that the drug was any better than existing treatments** and its **high price** as reasons for the decision. The revocation will rekindle **tensions between New Delhi and global drugmakers** worried by the country's tough stance. The decision follows another high-profile ruling in March, when India granted the **first ever compulsory licence to domestic drugmaker Natco** to sell cheap copies of Bayer's cancer drug Nexavar. Generic medicines account for more than 90% of drug sales in India.

### ***Documenting what the healers already knew***

*Business Day, 14 November 2012*

The discovery of **old notebooks belonging to an adventurous Norwegian Dr Henrik Blessing, who lived and worked in the now-known as KwaZulu-Natal in the 1800's**, culminated in the launch of a **book detailing the traditional uses of nearly 100 medicinal plants from that region**. **SA Traditional Medicinal Plants from KwaZulu-Natal** catalogues traditional uses of the plants and modern scientific records of their effects. Traditional medicines are widely used in SA, with politicians frequently claiming that up to 80% of the population uses them. **More than 300 local plants are traded with an economic value of R4-bn a year** according to the University of the Western Cape's.

### ***Illegal substances in OTC diet pills***

*Health24, 20 November 2012*

**Lean Genie's JS Slim slimming capsules** and **Lifestyle Tradelink's Fruits & Vegetables capsules**, sold countrywide as "100% natural" have been found to **contain sibutramine and phenolphthalein**. Sibutramine is a schedule-five drug that can **cause serious side effects such as heart palpitations and high blood pressure and increase the chances of a heart attack or stroke** in people with a history of cardiovascular disease. Phenolphthalein is a laxative that could **potentially cause cancer in humans**. It was withdrawn from the market more than 10 years ago.

### ***Solal: Bitter pill to swallow as ASA rules on anti-ageing claims***

*The Star, 28 November 2012*

The Advertising Standards Authority (ASA) has ordered **Solal Technologies**, a SA company professing to be "leaders in anti-ageing, integrative and preventative medicine", to **stop making misleading claims** about several of its key products. In hearings the ASA found the company had **failed to provide adequate substantiation for some of its claims**. In the case of Solal's Anti-Aging Pill, the company has been ordered to stop using the name of the product, as it was unable, in the directorate's view, to provide evidence to back up the expectation that the name created in consumers' minds. Complainant Dr Harris Steinman told the ASA there was no single study that tested this product formulation on humans. SA Directorate also ruled against two other Solal products' claims: 24-in-1 Super Fruit & Veg Drink and Solal's Flu Bacteris.

## **6. FINANCIAL NEWS**

### ***Mediclinic focuses on NHI rollout costs***

*Business Day, 7 November 2012*

Mediclinic and its rivals **hope the NHI scheme will provide opportunities to sell their services to the state**, as private hospital group Netcare did in the UK, said group CEO Danie Meintjes. Mediclinic International reported a **45% rise in normalised headline earnings per share to 112c**, up from 72c in the previous period. Including a once-off item of a R185-m gain on foreign exchange forward contracts taken out ahead of the completion of its deal to refinance its Swiss debt, **headline earnings per share increased 83% to 141,5c**. Growth was driven by **increased admissions of seriously ill patients** who stayed in hospital for longer and required more expensive technology, and a weaker rand. **Revenue increased 12% to R11,7-bn**; and normalised earnings before interest, tax, depreciation and amortisation rose 14% to R2,49-bn. In Switzerland, 13 out of 14 of its Hirslanden hospitals had been accredited to provide services funded by their respective cantons. The company is expanding in SA as well as southern Africa.

### ***GlaxoSmithKline to raise stakes in India, Nigeria units***

*Reuters, 26 November 2012*

GlaxoSmithKline (GSK) plans to buy **about 321-m shares of GSK Consumer Nigeria** for a total of \$100-m, the London-based company said. Glaxo also offered to buy as many as 13,4-m shares of India's GSK Consumer Healthcare for \$940-m. The offer price in both cases is about **28% above the previous last close for the shares**. If Glaxo buys the maximum amount of shares in the offers, the company's stake in the India unit will rise to 75% and its holding of the Nigeria operation will climb to 80%. Indian law requires a minimum public shareholding of 25%, while 20% is needed for a Nigerian stock listing. Glaxo's pharmaceutical sales fell 2% at constant exchange rates in the first nine months of this year.

### ***Strike, costs take their toll on Litha; Life plans for 1 000 more hospital beds***

*Business Day, 14, 19 November 2012*

**Litha Healthcare has reported its first set of quarterly results** following its **acquisition by Canadian firm Paladin** earlier this year, disclosing a disappointing three-month period. It was the first time the group was reporting in line with Paladin's requirements. **A transport strike, the weakening rand and lower than expected sales of pneumococcal vaccines** affected performance. CEO Michael Flemming said Life's **operating profit rose 17% to R2,54-bn, up from R2,17-bn** in the previous financial year. A final **dividend of 60c, up slightly on last year's 54c** was announced.

Litha was still in talks over a **technology transfer agreement for flu vaccines**. It is the only JSE-listed pharmaceutical company to have invested in vaccine production, through its **joint venture with the government, called Biovac**. It also plans to open **1 000 more beds within the next four years**, anticipating a **growing demand from an increasingly sick population**.

### ***Netcare writes down value of UK business by R11-bn; Famous Brands to run Netcare coffee shops***

*Business Day, 20 November; Fin24.com, 19 November; Business Report, 23 November 2012*

Netcare has reported a **R9,3-bn loss** for the year to September as it **wrote down the value of its UK business by R10,7-bn and saw a decline in its most profitable patients**. Netcare owns a stake in the UK's biggest private hospital group, General Healthcare Group (GHG). Analysts said the **health insurance market in the UK reacted pro-cyclically to economic downturns because everyone had universal free access to the National Health Service** and they dropped private insurance when household budgets were squeezed. In the UK, earnings before interest, tax, depreciation and amortisation (ebitda) **fell 6,6 %** to £176,1-m; in **SA a 10,8% increase** in ebitda to R2,8-bn was reported. Netcare also provides pharmacy, emergency and primary healthcare services.

\* **Famous Brands has won a tender** to provide Netcare hospitals with catering and retail. The group's franchise, Creative Coffee, was specially tailored for **Netcare's Net Café contract**. The format of these cafés would comprise a fully-fledged convenience retail and restaurant offering.

### ***Lenmed: Venture into Africa***

*The Financial Mail, 23 November 2012*

While SA's top private hospital groups seem to prefer developed markets, a smaller competitor, **Lenmed Health, is targeting Africa**. After bedding down two acquisitions, in **Botswana and Mozambique**, the group is in discussions to enter **Nigeria and Ghana**. Lenmed is a community-orientated group founded by the residents of Lenasia in 1984. It has grown significantly under Devchand, a finalist in last year's Ernst & Young World Entrepreneur Awards. It will have nine hospitals by year-end, with 1 300 beds.

### ***Adcock full-year operating profit slides***

*Business Day, 28 November; Business Report, 28 November 2012*

**Adcock Ingram reported a 19% drop in operating profit to R869-m** for the year to September 30, as **consumers opted for cheaper products** and the cost of imported ingredients rose because of the **weak rand**. Adcock Ingram faced steeper input costs thanks to higher water, electricity, transport and labour bills Adcock Ingram reported a 2,4% increase in revenue to R4,64-bn for the period under review. Headline earnings per share fell 9% to 422,4c, while earnings before interest, tax, depreciation and amortisation (ebitda) dropped 16% to R986-m. Turnover in its prescription business decreased by 6,9%; over-the-counter turnover rose 11,4% to R1,79-bn. The upgrade at the Aeroton facility and construction of the high-volume liquids facility at Clayville were both completed, with capital expenditure in the year amounting to R512m.

## **7. GENERAL NEWS**

### ***Clinical trials 'need more African cash'***

*Business Day, 6 November 2012*

European research, innovation and science commissioner Máire Geoghegan-Quinn asked **African countries to commit funds to the European and Developing Countries Clinical Trials Partnership programme**, which channels European Union (EU) funding to health research in Africa. Health Minister Motsoaledi said Africa **could not continue to depend on "handouts"**. He noted that while SA received donor funding for its HIV treatment programmes, it had **drawn more than 80% of the required budget from the fiscus**. Geoghegan-Quinn said the **European Commission would propose a fivefold increase in the EU's funding for clinical trials in Africa to €1-bn, on condition that EU member states, the private sector, philanthropic organisations and African countries also contributed**.

### ***Springs woman leads battle in British court to get paid out for agonising operation***

*The Star, 7 November 2012*

In 2007 Martie Botha had a hip replacement that was supposed to last 20 years, but 5 years later she had to have a second replacement after months of debilitating pain. **Botha and 70 other South Africans are seeking compensation through the courts from UK-based healthcare manufacturing company DePuy Orthopaedics**. DePuy's ASR Hip System - **a metal head fitted into a metal cup to form a socket** - was recommended specifically for many younger patients like Botha because of its supposed long life. But in **2010 DePuy issued a recall as studies showed the system had a failure rate of 13% within the first five years**. By that time, there were 93 000 ASR patients worldwide; 3 400 of them were from SA.