SUMMARY OF HEALTH NEWS: FEBRUARY 2013

IN THIS ISSUE:

INDEX

February's news highlights:

State of the Nation: **Although there was nothing new in Pres Jacob Zuma's State of the Nation, delivered on February 14, there were the usual promises and good intentions:** As far as National Health is concerned, it could be summed up in quotes from his speech: "We have to combat and lower the levels of smoking, harmful effects of alcohol, poor diets and obesity. In 2014 we will create the National Health Insurance (NHI) Fund. The Department of Health (DoH) will accelerate and intensify progress in the pilot districts. The first group of approximately 600 private medical practitioners will be contracted in April to provide medical services at 533 clinics within villages and townships in 10 of the pilot districts. Rural clinics in the pilot districts would also acquire new medical equipment in April."

More focus on these aspects in the rest of this summary.

Budget: **Finance Minister Pravin Gordhan's National Budget Speech on February 27 also lacked anything really new on the NHI – it was hardly even mentioned.**

Gordhan said the discussion document on the NHI (to be released later in the year) will "examine arrangements for risk and revenue pooling, mechanisms for the purchasing of health services - including the size and the cost of the health benefits package - and the mix of public and private provision of healthcare".

NHI clinics drives Motsoaledi to tears:

Health Minister Aaron Motsoaledi has admitted in Parliament that he underestimated the time it would take to lay the foundation for the NHI, according to *The Saturday Star,* 23 February. He told MPs that he was almost left in tears by the lack of interest in the scheme displayed by the Eastern Cape, especially the OR Tambo district (p2: pilot projects). He had hoped that it would take two months to consult key players in the districts where the scheme was being piloted, but the process had gone on for nine months. The minister said tangible changes would only be visible after April. **He admitted that if anyone wanted to assess, right now, the progress of the NHI, his department would probably get zero.**

1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

Discussion paper on NHI postponed

Business Day, 25 February Health-e News Service, 28 February 2013

In his budget speech Min Gordhan said a discussion paper inviting public comment on various NHI options would be published this year. In last year's budget, he said a discussion document on financing mechanisms for the NHI would be released by April 2013, but officials were subsequently given more time to broaden the scope of their analysis. On Friday (22 February), Dr Mark Blecher, treasury health and social development chief director, told MPs that a 100-page document had been prepared and discussed by the Min Gordhan and was likely to be released "around the same time" as the White Paper on the NHI, which follows the Green Paper released in August 2011. Apparently Dr Motsoaledi was still consulting with stakeholders on the White Paper. This implies it will still be some time before South Africans have the details of how the government intends to fashion the financing mechanisms.

MPS question handling of NHI project

Business Day, 25 February 2013

MPs are questioning why the NHI initiative had got off to such a slow start and whether the R150-m conditional grant for 2013/14 was being spent appropriately. Only 14% of the budget had been spent by last month, far short of the 83% benchmark used by the treasury.

Each of the 10 pilot districts was allocated R11,5-m, and 7 central hospitals in these districts got R5-m each. Min Motsoaledi said expenditure was "quite patchy", largely due to problems with medical equipment suppliers and an underestimation of the problems.

Health officials were also challenged by the Treasury and MPs to justify their management of the conditional grant. According to the Division of Revenue Act, the grant is supposed to strengthen the health system in the selected districts, test innovations necessary for implementing NHI, and strengthen revenue collection at central hospitals. The department manages the grant, which it allocates to provinces after approving their business plans. According Dr Blecher (national treasury) the DoH did not seem to be testing innovations in quite the way that was anticipated.

'National Health Insurance wants cheap labour'; Medical profession still wary over NHI

Mail & Guardian, 5 February; Fin24, 26 February 2013

Private practitioners accuse Health Minister Motsoaledi and the Health Professions Council of South Africa (HPCSA) of having a "hidden agenda".

Dr Chris Archer, chief executive of the South African Private Practitioners' Forum (SAPPF), said they were trying to force down fees to a level that government's planned NHI scheme could afford by introducing low guideline tariffs. Archer said that without the private health sector, government would not be able to provide universal healthcare for all South Africans. However, it could not afford realistic private practice rates.

* According to the latest survey by PPS of almost 700 medical professionals, 62% of those working in the public sector agreed with the principle behind the scheme, while 57% in the private sector felt the same. When asked whether NHI was the correct solution to fixing the ailing public health service; 23% in the public sector agreed, while 14% of those in the private sector said it was the right solution.

  Gerhard Joubert, head of group marketing and stakeholder relations at PPS, said that while government-employed medical professionals had slightly more optimism than those in the private sector, both segments still had concerns about the implementation of NHI.

* Earlier this month, the SA Medical Association warned that the NHI scheme could collapse if it was implemented now, as the health system was already overwhelmed by decaying resources. Far greater dialogue needed to be opened between government and the medical sector - both private and public - in order to find a workable solution.

New academy 'must set benchmark for healthcare management in SA'
Business Day, 5 February 2013
Government wants to use the newly launched Academy for Leadership and Management in Healthcare to set benchmarks, norms and standards for the leadership and management of hospitals in SA, said Min. Motsoaledi at the launch of the academy. He expected that, in future, no person would become a hospital CEO or manager without first having attended the academy. The academy - to be chaired by Prof Marian Jacobs of the University of Cape Town - will eventually accredit courses in healthcare.

NHI clinic operates out of tents; NHI project to focus on healthcare for pupils
Business Day, 19 February; The Times, 14 February 2013
The Lusikisiki Clinic, **in the OR Tambo district of the Eastern Cape**, designated as a NHI pilot project, was shut down for two months and reopened in January - in a field on the outskirts of town**. It consists of a mobile unit and two tents, despite OR Tambo having received R11,5-m in extra funding as part of the NHI pilot project grant for the 2012/2013 financial year.**

According to NGO Section27 and the Treatment Action Campaign, 200 people a day had to use one toilet, there was no washbasin or running water. The village clinic (operating since 2000) served 8 000 people a month. The department chose not to renew the lease of the building that housed the clinic (R8 000p/m) and the company was in discussions to recover the money the department owed it.

* **The NHI pilot project for the Western Cape** will focus on providing healthcare to schoolchildren in the Eden district, said health MEC Theuns Botha. The Integrated School Health Programme included health assessments for hearing, sight, gross motor functions, weight, height and oral health. The DoH has donated three mobile clinics to support this pilot project near George.
  According to Prof Craig Househam, head of health in the Western Cape, the project afforded the opportunity to "experiment" and the NHI was by no means "a finished product".

HEALTH STATISTICS:
A decade of blips on the tariffs radar

2004	:	The Competition Commission (CC) rules that doctors may not discuss fees as it amounts to price fixing.
2006	:	The Council for Medical Schemes (CMS) develops a national health reference price list (NHRPL) and the HPCSA adopts it as its ethical, or ceiling tariff. The list would be used by medical schemes to determine reimbursement tariffs. (The country's medical and dental associations calculate professional rates that the HPCSA publishes. These rates are significantly higher than the NHRPL tariffs.)
2008	:	The HPCSA scraps its ethical tariff list as the DoH decides to publish its own reference price list to be used instead.
2010	:	The North Gauteng High Court declares the health department's price list invalid owing to a lack of consultation with stakeholders about determining prices.
August 2012	:	The HPCSA announces it will publish new guideline tariffs for doctors and dentists. Doctors consider the rates unreasonable and claim they were not consulted. The council withdraws the tariffs and opens the process for public participation.
January 2013	:	Min. Motsoaledi says he is in discussions with the CC to overturn its 2004 ruling and start a collective bargaining process to allow doctors, medical schemes and Government to discuss fair prices.

Extract from ANC's Resolutions at Mangaung (Press Release)

* Establishing of the NHI fund, using state revenue by 2014;
* Mobilising social support for the roll out of the NHI;
* **Guiding process of developing the White Paper and legislation on NHI to be finalised by 2013;**
* General hospitals should become the responsibility of National Government;
* Ensuring improved management and related capacity of central hospitals;
* Direct delivery of pharmaceuticals, and related supplies, to facilities to ensure improved turnaround times;
* Extending the central procurement mechanism to all pharmaceuticals, dry dispensary and medical equipment and devices;
* Obtaining a majority shareholding in the state owned pharmaceutical company;
* Accelerating training of health professionals and extending training to outside the borders of the country;
* Fast tracking of legislation to deal with risk factors of diseases and injury, including the creation of a multi sectored Health Commission;
* Comprehensive audit of all health infrastructure and refurbishment of substandard infrastructure by 2025;
* Establishing workshops in health facilities for maintenance of infrastructure and medical equipment;
* Adopting non-negotiable rules for health, e.g. pharmaceuticals, security, vaccines, food, dry dispensary;
* Passing laws to abolish marketing of alcohol products by 2013;
* Accelerating the contracting of general practitioners (GPs) to work in government clinics; and
* Establish a National Pricing Commission to regulate private healthcare by 2013.

Public health in numbers:

The Financial Mail (2012 SAIRR survey), *1 February 2013*

* 5,7-m people in SA are living with HIV;
* 324 307 people in SA are infected by HIV every year;
* 2002: the peak year for deaths of infants and children under five, most likely due to the HIV/AIDS epidemic; 5 in 1 000 children under the age of five are malnourished;
* 76%: the rate by which voluntary medical circumcision can reduce men's risk of acquiring HIV from female partners;
* 12 508: number of doctors employed in the public sector, looking after a population of around 40-m;
* 8 921: estimated number of SA doctors working abroad - 41% of them in the UK;
* 795/100 000 people in SA suffering from tuberculosis (TB);
* 961: women died in 2011 as a result of childbearing, during pregnancy, or within 42 days of delivery or termination of pregnancy. The figure is down from 1 305 in 1990;
* 61% of South Africans are overweight, obese, or morbidly obese;
* R140-bn: the consolidated national and provincial health budget for the 2013/2014 financial year; and
* 794%: the rate at which health expenditure has grown since 1994.

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

TB challenge; Trial dashes hope of effective TB jab; Fake TB drugs; New strain of TB a sure killer

The Times, 31 January; Business Day, 5 February; The Citizen, 5 February; The Star, 13 February 2013

Major pharmaceutical companies are neglecting research into killer diseases such as malaria and tuberculosis (TB) because there is no money to be made out of it, said Dr Hulda Swai, research group leader and principal scientist at the Council for Scientific and Industrial Research, in Pretoria. It had been more than 40 years since the last TB drug was approved.

* **A SA trial, testing the first potential TB vaccine in 90 years, has found that the jab does not protect babies from infection.** The results, published in *The Lancet*, are a blow as the Bacille Calmette Guérin (BCG) shots, routinely given to babies around the world, provide only limited protection from TB. The trial tested the safety and efficacy of the candidate vaccine, MVA85A, in about 2 800 babies, aged between four and six months, who were all living in Worcester in the Western Cape.

* **Africa, India and other developing countries are awash in fake or sub-standard drugs for TB,** fuelling the rise of treatment-resistant strains, according to a survey published in the *International Journal of Tuberculosis and Lung Disease.* Frontline antibiotics for TB from a private-sector pharmacy were examined by chromatography for their active ingredient, and tested for disintegration, to see if they properly dissolve in water at body temperature within 30 minutes. Out of 713 samples of frontline antibiotics for TB 9,1% failed basic quality control tests. Around half of the failed samples had zero active ingredients, "making them likely to contribute to drug resistance".

* **Cases of "totally drug-resistant" TB have been found in SA,** according to a paper published in the US Centres for Disease Control and Prevention's journal. Clinics have reported an explosion in the number of patients struck down with a virulent strain which killed 1,4-m people worldwide in 2011. It is particularly prevalent in SA, where high rates of HIV/AIDS make people susceptible to infections.

Antibiotic link to rise of killer SA superbugs
The Sunday Times, 3 February 2013
Intensive care patients in SA hospitals are increasingly given the wrong type of antibiotic - fuelling the spread of lethal superbugs. An audit commissioned by the Critical Care Society of SA involving 248 intensive care unit patients, and published in the *SA Medical Journal* last year, highlighted the urgent need to monitor antibiotic use in SA. According to Prof Fathima Paruk, (Wits) lead author of the survey, more than half the patients in the survey had not only received the wrong drugs, but they had also been used incorrectly.

Close the HIV tap; Chief drivers of HIV epidemic in Africa; Drop in infections follows ARV's success
Health-e News Service, 6 February; Mail & Guardian, 22 February 2013
A massive population-based study is underway in the Western Cape and Zambia to decide whether testing large populations for HIV could close the tap on new infections. The study, HPTN071 (PopART) will aim to find out whether offering a combination of several HIV prevention methods to a community will better prevent the spread of HIV than the standard individual methods. It is also looking into the results of voluntary HIV counselling and testing combined with earlier ART for those who test HIV-positive.

Research has shown that the viral load of an HIV positive person is reduced significantly while on ART, reducing the likelihood of transmission during unprotected sex. The initial phase of the study ($60-m) is funded by United States government National Institutes of Health (NIH) and the Bill and Melinda Gates Foundation.

* According to research published in *The Lancet Journal*, heterosexual couples in long-term relationships who have sexual encounters outside their established partnership (extra-couple relationships) are one of the main drivers of the HIV epidemic in sub-Saharan Africa. Other important findings were that transmission in couples occurs more from men to women than vice versa, and that women have a period of high infection risk before entering a cohabiting partnership.

* The adult life expectancy in the general population in rural KwaZulu-Natal has increased by more than 11 years - from 49 to 60 - as a result of the availability of ART according to a study by the Africa Centre for Health and Population Studies at the University of KZN.

* Another study by the centre demonstrated that people were nearly 40% less likely to become infected with HIV in areas where between 30% and 40% of HIV-infected people were on ART, than in areas where only 10% of HIV-positive people were on ART.

For a detailed summary on Finance Minister Gordhan's proposed funding for HIV/AIDS and TB from the 2013 budget, read attachment: budget13

Hospices in SA cut capacity as US reduces funding
Business Day, 21 February 2013
Hospices in SA are being forced to retrench staff and cut back on the numbers of patients they care for as US donor funding dries up, according to the Hospice Palliative Care Association of SA. The funding crisis is the latest facing NGOs as the US scales down its support to SA through its Presidential Emergency Plan.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Chris Hani Baragwanath's new CEO: Leading by example
The Financial Mail, 8 February 2013
Poor management, and not a lack of funds, is the main problem of SA' s public hospitals, said Sandile Mfenyana, new CEO of Chris Hani Baragwanath Hospital, the country's biggest hospital, with 2 888 beds. In the past 10 years it has had 5 CEOs. Its problems include the theft of food, medicine and linen; broken equipment; leaking water taps and filthy toilets, as well as numerous incidents of doctors and patients being attacked and/or robbed. Last year a rise in infant mortality rates were reported at the hospital. The hospital's nursing college was closed after students went on an illegal strike.

Mfenyana said his goals are improving communication with patients, staff safety, drug availability and cleanliness.

Chaos at Provincial Hospitals: ***Staff gets meat, patients the bones; Eastern Cape reveals corruption; Doctors stop overtime work; Overtime abuse; State to take over McCord Hospital; KZN to take over more hospitals; Baby deaths due to management crisis; Maternity doctors on go-slow***
Business Day, 31 Jan; The Times, 4, 8 Feb; SAPA, 1, 3, 6 Feb; The Star, 8 Feb; Saturday Star, 23 Feb 2013
Gauteng: At a Gauteng government hospital, kitchen staff preparing patients' meals served chicken bones to the patients and sold the meat. Stealing hospital patients' meals is just one example of the corruption uncovered by Wits School of Public Health staff.

* Doctors at several Gauteng hospitals have stopped working extra shifts, saying the health department is not paying them overtime. The stay-away could leave hundreds of patients unattended.

* Last year an internal inquiry had uncovered widespread abuse of the overtime system and evidence that doctors had submitted fraudulent claims. Nine doctors had been charged with fraud, contravening overtime contracts and contravening the overtime policy; two were found guilty; and six are still being investigated.

* Doctors in maternity and neonatal wards around Vereeniging have embarked on a go-slow over non-payment. A doctor from Sebokeng Hospital said the "crisis" facing the obstetrics wards was beyond their control. He said some doctors had not been paid since October. The hospital was recently lauded for its efforts in reducing its infant mortality rate.

Northern Cape: A report by the auditor-general showed that 40,5 % of the 2010/2011 health department's budget was irregularly spent.

Eastern Cape: A forensic audit of the health department has revealed large-scale graft and nepotism: 544 department workers were suspected to be ghost employees; 8 034 employees were directors of active companies; 929 were listed as suppliers for the department; 235 staff members had received payment of R42,8-m from the department; 35 cases of spouses of employees doing business with the department - linked to 35 companies receiving payments of R11-m. The Special Investigating Union (SIU), is currently investigating alleged manipulation of procurement processes at the East London emergency services.

KZN: More hospitals, previously funded by foreign donors, will be taken over by the provincial health department, according to health MEC Sibongiseni Dhlomo. 12 other hospitals across the province would be absorbed by the public health sector, including St Mary's in Marianhill and St Mary's in Melmoth.

* Meanwhile the department and the McCord Hospital board have agreed that the **McCord Hospital in Durban will become state-owned and will not close.** The department previously said it had no choice but to stop a HIV/AIDS grant of R78-m last year because McCord no longer fulfilled the conditions of the grant.

Limpopo: According to findings of a ministerial task team into the death of four babies at George Masebe Hospital, a nurse with no administrative qualifications or management experience was acting as the manager of the hospital when the babies died. Most staff was on leave. Inadequate control of and unprofessional conduct by members of the medical staff in the hospital, resulted in poor or non-existent clinical care.

* **Corruption Watch** has also received reports from rural towns in the Free State, KwaZulu-Natal and Eastern Cape showing that smaller hospitals are rife with nepotism, with managers hiring family members and human resources officials "selling jobs". The HPCSA also voiced its concern about the rising number of sexually-related misconduct complaints against doctors (120 in the past three years).

Plans for public hospitals raising eyebrows;
City Press, 3 February; Business Day, 6 February 2013
Issues could be resolved far more effectively by improving the way hospital financing is managed, said health economist Alex van den Heever, reacting on Min Motsoaledi's decision to centralise control of SA's 10 "central" hospitals. If government wanted to protect registrar posts it should make them nationally funded, ring-fenced with conditional grants, and reach an agreement on how many such posts SA needed, he said.

SA students protest in Cuba; Minister reads students the riot act
The Times, 21, 22 February; The Cape Times, 22 February 2013
Min Motsoaledi has told students studying medicine in Cuba to return home if they could not stomach their situation. About 190 SA medical students in Cuba are on a hunger strike, demanding a bigger monthly stipend of $700 a month as opposed to the $200 they currently received. The Health Department spends almost R500 000 per student over six years for a language course, medical training and living expenses. The department sent 1 000 students to Cuba in September to study medicine.

4. MEDICAL AIDS

Workers' sick fund 'faces total collapse'
Business Day, 14 February 2013
Payment backlogs in the Compensation Fund have deteriorated to such an extent **that hospital groups and private sector specialists are refusing to treat employees covered by the fund.** The fund, financed by a levy paid by employers and which deals with about 850 000 compensation claims each year, had an accumulated deficit of R14-bn at the end of March 2012. By December 2012, 123 520 medical invoices valued at about R300-m had not been paid.

The fund has received disclaimers or qualified opinions from the auditor-general for the past four years. Some of the findings were: a poor service culture, lack of skilled staff, inefficiencies, inadequate systems and fragmented business processes.

* **Meanwhile Rand Mutual Assurance Company (RMA) issued a circular stating they handle all invoices submitted to RMA in respect of mining sector employees directly**. The average turnaround time for payment of medical invoices is 30 days, subject to the correct procedure, supporting documentation and compliance with pre-authorisation. Service providers experiencing problems may contact the Claims Processing Services department at 010 214 3071.

Fee hikes threaten survival of medical aids
Business Report, 12 February 2013
The CMS has warned that the rising costs of medical aids are threatening the long-term sustainability of the industry because consumers are struggling to afford membership fee increases. This came after 50% of the 85 schemes evaluated by the CMS implemented tariff increases higher than what it advised based on consumer price index (CPI) expectations. Increases set by schemes for 2013 averaged 9,6%. The Treasury's projected increase in headline CPI for 2012/13 was 5,5%. 74 medical schemes representing 87,1% of medical aid beneficiaries have experienced increases higher than December's inflation rate and 24% bore increases of more than 10%. Only 11 schemes increased their contributions by 5,7% or less.

Health Insurance vs. Medical Schemes: No clarity in sight
The Financial Mail, 1 February 2013
National Treasury plans to release another set of **draft regulations on the demarcation between health insurance policies and the medical schemes** after the 2012 version has been strongly criticised by insurance brokers and other stakeholders. The draft regulations, developed by Treasury, the DoH, the CMS and the Financial Services Board (FSB), are an attempt to clarify what should be offered as a health insurance product and what medical schemes should cover. They propose tight regulation in the marketing of health policies. Another contentious issue is the power of the CMS's registrar to determine what is and what is not insurance.

Treasury acknowledges the view that medical schemes are becoming unaffordable and says health policies should be regulated in order not to threaten the survival of medical schemes.

Medshield guilty of selective recruiting; CMS: Surging legal costs
Business Report, 13 February; The Financial Mail, 15 February 2013
The North Gauteng High Court found that Medschield's board of trustees was guilty of paying brokers "research fees" worth an estimated R28-m, which encouraged them to discriminate unfairly against older people. This was unconstitutional and contravened the Medical Schemes Act, it said. The trustees were ordered to pay legal fees estimated at R1-m out of their own pockets. Medshield had also illegally paid broker fees to unaccredited brokers. The board of trustees was guilty of failing to protect the best interests of Medshield's beneficiaries by entering into illegal contracts.

Reaction: The Board of Healthcare Funders (BHF) said it was ironic that the CMS's legal bill kept rising when the council had been slamming medical schemes for wasting members' money on non-healthcare expenditure. Like schemes, the council is funded with members' money.

Guideline tariffs: Doctors' fees not regulated; Minister wants to stop patient rip-offs
The Times, 26 February; Mail & Guardian, 14 February 2013;
It is possible for doctors to overcharge because there were no guidelines that suggest reasonable fees, said Lize Nel spokesperson fot the Health Professions Council of SA (HPCSA). The council gazetted a reference price list in August 2012, but the guidelines were withdrawn within weeks after doctors' associations threatened with court action as they had not been consulted. In response, the gazetted tariffs were re-published late last year and opened for public comment.

Comments: Min Motsoaledi: "Doctors who out-price themselves won't be part of the NHI."

Human rights organisation Section 27: "The council should find a more scientific basis to calculate tariffs as the core concern was that if the price-list was not set at a realistic level and doctors could opt out provided that they had informed consent from the patient, there would be no downward pricing pressure." **Medical organisations: Dental Association:** "We strongly suspect there is an already written document with tariffs lying on someone's desk that will be accepted, regardless of our input."

South African Private Practitioners' Forum (SAPPF): "If doctors are ignored, the tariff list will end up in the courts again."

Medical Schemes: "The only feasible mechanism was a structured, bilateral negotiation process in which doctors and healthcare funders could work together in a structured manner to reach agreement each year."

South Africa Medical Association (Sama): The list reflected "more about what medical schemes agree to pay than what it costs a doctor to do a procedure".

Cheap healthcare for domestic workers
The Star, 26 February 2013
A new healthcare scheme, DomestiCare (by CareCross Health Group) will allow domestic workers to access nationwide private healthcare at a cost of R170/month to the employer. It includes occupational and private primary healthcare, such as GP consultations, medicines, X-rays and blood tests. However, it will not include chronic medicine or hospitalisation. Dr Reinder Nauta, MD at CareCross Health, said the scheme would not only provide primary medical care to low-wage earners, but also keep the country's workforce healthy, reduce absenteeism and employee turnover, increase employee loyalty, improve productivity and increase employer satisfaction. However, Myrtle Witbooi of the SA Domestic Services and Allied Workers' Union said the DoH should devise a plan that would include all workers.

5. PHARMACEUTICALS

Médecins Sans Frontières (MSF) claims aid for vaccines subsidising pharmaceutical companies
News-Medical.Net, 5 February 2013
MSF says vaccines bought with UK and other donor governments' money, are too expensive and have not been designed for the needs of poor countries. MSF is concerned that the deals between the [GAVI Alliance], to which the UK was the biggest donor last year, and pharmaceutical companies such as the British giant GlaxoSmithKline (GSK) and Pfizer in the US, are not transparent and do not have inbuilt sustainability.

Generics as good as original
The Cape Times, 20 February 2013
Generic equivalents of popular medicines are as effective as the originator products, says Paul Anley, CEO of Pharma Dynamics. Generics have to pass the same high quality requirements as originator products before they were allowed to be registered. There had never been a clinical trial showing generics were less effective or of a lesser quality, he said. (Seven of the top 10 products released in the past 10 months were generic variations.)

Pharma will launch Dynafil, SA's first generic of Viagra, in May.

Ketlaphela: Still a mile away
The Financial Mail, 22 February 2013
A year after it was unveiled, the state's pharmaceutical firm is yet to commission the construction of its pilot plant. Ketlaphela, a joint venture between state-owned fluorochemical producer Pelchem - a subsidiary of the SA Nuclear Energy Corp - and Swiss drugs firm Lonza, was set up to manufacture active pharmaceutical ingredients (APIs) for the production of ARVs. Some of the issues were ensuring that the firm would be able to manufacture the APIs at competitive prices, funding, and bringing in private equity partners. The plant was expected to start delivering the products in 2016. Now officials are talking about 2017 or 2018.

6. FINANCIAL NEWS

Discovery results send shares to a record high; Discovery has plenty of prospects in Africa
Business Day, 22 February; The Financial Mail, 22 February 2013
Discovery released a solid set of results for the six months (ending December) and news that the company had invested about R116-m, in Ping An for an additional 5% stake. It will now hold 25% of Ping An health insurance, China's largest privately owned insurer.

* The star performers at Discovery were UK businesses PruProtect and PruHealth. PruProtect, a life insurer, posted a 58% increase in new business to R344-m and its operating profit rose 107% to R180-m. PruHealth posted a 36% and 39% increase in new business and operating profit, respectively. Established businesses Discovery Life and Discovery Health posted 17% and 12% increases in operating profit, to R10-bn and R762-m. Discovery Invest reported a 22% profit increase to R99-m. New businesses Discovery Insure, Humana and Ping An recorded a combined loss of R208-m.

* Discovery's Vitality programme has now been rolled out in the UK, US and China. Discovery should also look at African countries, such as Nigeria and Ghana, reported *Financial Mail* on 22 February.

Adcock Ingram: Getting its house in order; Seals Indian buy
The Financial Mail, 1, 8 February 2013
SA's second-biggest listed drugs firm, Adcock Ingram, has purchased a portfolio of 55 medicines from India's Cosme Farma. It will add about R250-m to the group's R4,5-bn annual turnover. Deputy CEO and finance director Andy Hall said the group was looking to develop a solid business in India.

* Over the past five years, Adcock Ingram has achieved only 8,5% compound growth at top line. It's much smaller rival, Cipla Medpro, recorded 21% revenue growth over the same period. CIO Chris Logan says the group could attain 15% growth in earnings in the current financial year. Adcock believes the new growth opportunities lie in Africa where drug registrations take about 6 months, compared to SA's 3 to 6 years.

Aspen: Talks on for MSD product purchases

Business Report, 5 February 2013

Aspen Pharmacare is in discussions with Merck Sharp & Dohme (MSD), to acquire an active pharmaceutical ingredient (API) facility and a related portfolio of pharmaceutical finished-dose products. The API facility, situated primarily in the Netherlands, could be a springboard to expand into that region. MSD manufactures and markets prescription medicines, vaccines, biologic therapies, animal health, and consumer care products.

GlaxoSmithKline (GSK) faces crucial year after shortfall

Reuters, AFP, 6 February 2013

GSK announced a 13% drop in annual profits. Chief executive Andrew Witty said the company was extending its European restructuring programme "to deliver annual cost savings of at least £1-bn by 2016". Sales were held back by drug price cuts in austerity-hit Europe. Sales in the final quarter of 2012 fell 3% to £6,80-bn. GSK's stock has underperformed, due to disappointment at its lack of growth.

Nestlé offers concessions in Pfizer deal hearing; Conditions on Nestlé-Pfizer nutrition merger

Business Report, 6 February; The Citizen, 7 February; Business Day, 7, 12 February 2013;

The merger between the largest and third-largest players in the SA infant milk formula market, Nestlé and Pfizer Nutrition, has been approved by the Competition Tribunal but with a detailed list of conditions to alleviate concerns about lessening of competition and potential price increases. The buyer will be compelled to rebrand the Pfizer Nutrition products - referred to as the S-26 and SMA range of products - within 10 years of the approval of the transaction. The global transaction - worth R105,3-bn - has been investigated by regulators in 15 countries and has been unconditionally approved in 9 of them.

Earlier **the Competition Commission (CC) concluded that the merger would reduce or eliminate the existing direct competition between the two firms in the market** for infant milk formulas.

Cipla Medpro strikes a deal

Sake24 28 February 2013

After negotiations of almost a year, Cipla Medpro (South Africa) accepted India's Cipla offer of R4,5-bn for a 51% share in the company. This means R10 per share in comparison to the earlier offer of R8,50 per share. This is the first take-over of a SA listed pharmaceutical company by an overseas company.

Pharmaceutical industry targets Africa's growing middle class

Reuters, 12 February 2013

Pharmaceutical spending in Africa is expected to reach $30-bn by 2016 - driven by the continent's increasing economic wealth. By 2020 the market will reach $45-bn. Several European companies hope to reap rewards by investing early. Sanofi and Novartis already have interests in Africa. However, Western multinationals face hurdles like bureaucracy, corruption and a lack of regulation and infrastructure. They also have to deal with cut-price competition from drugs imported from India and China. GlaxoSmithKline is addressing the issue by emphasising volume over profits and expanding its market of over-the-counter drugs.

7. GENERAL NEWS:

Surgery may offer new hope to diabetics; One-third of black women in SA obese
Business Day, 4 February; SAPA, 4 February 2013
About 90% of obese patients with diabetes who undergo bariatric surgery are free of the disease three years later, according to a local study presented at a metabolic surgery conference. It helps overweight people shed kilograms, and triggers fundamental changes to their hormones, appetite and metabolism that can put diabetes into remission, said Prof Francesco Rubino of Weill Cornell Medical College in the US. The director of the Centres for Excellence for Metabolic Medicine and Surgery of SA, Tess van der Merwe, said a SA study tracked 820 patients who had tried to lose weight for up to 18 years before they had surgery. After three years, 88,5 % of the patients who had diabetes at the time of surgery had normal blood sugar levels.

* **Almost one third of black SA women are obese,** according to a survey by the SA Institute of Race Relations (SAIRR). Indian women follow closely, with around a quarter being obese. In contrast, 18% of all white men are obese, 9% of Indian, 8% of coloured and 6% of black men.

Netcare launches smartphone application
Netcare Media Statement: 19 February 2013
Netcare's new smartphone app Netcare Assist, which can be downloaded for free from Apple's App Store SA and the Android Market, offers a lifeline for anyone caught in an emergency, or looking for medical help or advice. A single swipe of a finger can: call Netcare's emergency medical service, Netcare 911, find contact details for the nearest Netcare hospital, pharmacy or Medicross Family Medical and Dental Centre or locate GPs and dentists at Medicross as well as specialists by their medical speciality across Netcare hospitals countrywide. Medical data can be inserted into the Personal Emergency Actions Manage feature.

Alcohol advertising ban 'not feasible'
Business Day, 22 February 2013
The head of Discovery's Vitality Institute, Dr Derek Yach, said a step-by-step approach to prohibiting alcohol advertising would be more successful than to impose a wholesale ban, reacting on last year's controversial draft legislation proposing a total ban on advertising alcohol. It also prohibited sports sponsorships and outlawed a range of promotional activities.

Marketing analyst Chris Moerdyk estimated the media industry would lose R2-bn in revenue (loss of 2 500 jobs) if the ban took effect. The SABC said such a ban would cost it R400-m a year in revenue. Prof Charles Parry, head of MRC drug abuse research, said alcohol cost SA R38,7-bn in 2010. However, alcohol generated R10-bn in excise tax, and R9,3-bn in 2010, he said.

Sick? Stay home!
City Press, 17 February 2013
A new study by virologists from the University of Arizona in the US has revealed that a sick employee coming to work contaminates office surfaces like printers, photocopiers, door knobs, coffee pot handles, telephones, etc within four hours. By lunchtime more than half of the employees would become infected with the virus. Meanwhile a study by the Adcorp recruitment company found that SA lost R3,9-bn in output in 2011 due to sick leave and absenteeism. Absenteeism was most pronounced in the government sector.

Non-invasive facelifts gain favour:
Business Day, 19 February 2013
The global medical aesthetics procedures market is worth about $6-bn, and is expected to grow to $10-bn by 2017, according to Allergan. The most popular non-invasive procedures are Botox injections (smoothing out wrinkles) and hyaluronic acid fillers (plump out lips and cheeks). About 3,2-m Botox procedures and 1,94-m hyaluronic fillers were performed globally in 2011(International Society of Aesthetic Plastic Surgery).

Scientists link illnesses to common chemical:
Reuters, 19 February 2013
According to UN-sponsored research man-made chemicals in everyday products (dubbed endocrine disruptor chemicals or EDCs) are the partial cause of a global surge in birth deformities, hormonal cancers and psychiatric diseases. EDCs include phthalates to make plastics soft and flexible; used for toys, children's dummies and cosmetics, and absorbed into the body. Bisphenol A, is used to harden plastics and is found in food and beverage containers.

8. SUMMARY OF NATIONAL BUDGET 2013

Money for HIV/AIDS and TB, but NHI finance document still delayed
Health-e News Service, 28 February; Business Day, 28 February; The Star, 28 February 2013
In his budget speech on 27 February, Finance Minister Pravin Gordhan, announced that government health expenditure is to rise from R138-bn in the 2013/14 fiscal year to R148-bn in 2014/15 and R157-bn in 2015/16.
While commentators on the 2013 budget welcomed the renewed focus on NHI, they wanted to hear more on rooting out failures and corruption within the health system.

National Health has been allocated a budget of R133,6-bn in the Budget - R48,8-bn for district, R26,4-bn for provincial, and R18,9-bn for central health services.

Gordhan confirmed that the NHI pilots would include improvements to health facilities, contracting with general practitioners and financial management reforms.

He also announced a new conditional grant, which would enable the national Department of Health (DoH) to play a greater role in coordinating these reforms.

Gordhan said the initial phase of NHI development would not place new revenue demands on the fiscus. Over the longer term, however, it was anticipated that a tax increase "might" be needed.

He confirmed that health infrastructure remained a priority with a total of 1 967 health facilities and 49 nursing colleges in different stages of planning, construction and refurbishment. Around R10-bn has been earmarked for infrastructure.

Additional allocations for the following health priorities:

* R800-m in 2015/16 for boosting the provision of Antiretroviral treatment (ART).

* R100-m in 2014/15 and R384-m in 2015/16 to partly offset the decrease in funding over the medium term from the US President's Emergency Plan for Aids Relief (Pepfar). This programme has contributed roughly R4-bn a year towards the South African national HIV and Aids and tuberculosis response, but the amount is likely to decrease by 50% over the next five years.

* R90-m, R100-m and R250-m for the Medical Research Council to strengthen its research capabilities and infrastructure and to support partnership projects on high priority diseases with development partners.

* R15-m, R31,5-m and R31,5-m to strengthen the National Institute of Communicable Diseases and address the decrease in Pepfar funding support.

* R30,1-m, R30-m and R30,3-m - most of which comes from internal reprioritisation and savings - for the infrastructure unit systems support programme, that provide capacity-building support to the department and provinces.

* R15-m in 2015/16 for the National Aids Council for HIV and Aids programmes.

* R22,1-m, R28,3-m and R41-m for improved conditions of service to cover high personnel costs.

* R6-m in 2013/14 for emergency medical services during the 2014 African Nations Championship.

Reaction on the budget

Fin24, 28 February 2013

* **Health economist (Wits) Prof Alex van den Heever** said Gordhan failed to "provide any coherent strategy to address deep systemic flaws within the public and private health systems". He said there had been no legislative reform of any relevance since 2003, a full decade ago, adding that the provinces were in chaos, with systemic fiscal deficits and gross mismanagement despite a 58% real budget increase since 2006.

  Van den Heever said the NHI pilots appear haphazardly implemented with no clear goals or auditable outcomes. The government had to improve its governance structures in health districts and hold public health sector employees accountable for their actions. Funding for the medical schemes industry had increased about 26% to R114-bn over the same period, he said,

* **Prof Laetitia Rispel, head of the Wits School of Public Health** said a problem with budget speeches was that they did not comment or report on the promises or targets set in the previous year. She said that although there had been lots of hearsay about the central hospitals and whether they would be "taken over" by the DoH, there was nothing in the speech. It was encouraging that Gordhan devoted a substantial part of his speech to procurement and preventing corruption.

* **Associate Prof Susan Cleary of the University of Cape Town's Health Economics Unit** said NHI provided an opportunity to do things differently including an opportunity to reform governance, management and accountability arrangements. She said that while this might not take a large amount of money in comparison to the total health budget, the success of NHI depended on getting these aspects right.

* **The Board of Healthcare Funders' (BHF) managing director Humphrey Zokufa**: **SA had already spent 8,5% of its gross domestic product on health and still had poor health outcomes when compared with similar middle-income countries.** Zokufa is also a member of the NHI ministerial advisory committee. He said the NHI model could be similar to the Gautrain model where the private sector was contracted by government to fulfil the function of building the entire system. This model created flexibility and would establish an appropriate platform to attract, retain, contract and remunerate the required skills and expertise adequately.

* **Vuyiseka Dubula, Treatment Action Campaign General Secretary,** welcomed the budget, but cautioned that to build public confidence in the NHI there had to be an improvement in health services or the public would lose confidence in the reform. She called for an undertaking to root out corruption, but in a manner that moved beyond rhetoric and became visible in terms of action taken.

* **Sasha Stevenson, attorney at the NGO Section27** welcomed the introduction of the new conditional grant, as it would enable the DoH to play a greater role in coordinating the reforms involved in the piloting of NHI.

* **Econex economist Mariné Erasmus:** The fact that there was no significant increase for the NHI was not surprising, since the government had yet to release its funding paper. She said it was positive to hear the Minister saying there would not be any major tax changes.