SUMMARY OF HEALTH NEWS: MARCH 2013

IN THIS ISSUE:

INDEX

MARCH HIGHLIGHTS

Competition Commission: Although there are hopes that the Competition Commission's (CC) inquiry into pricing and possible collusion in the healthcare market (commencing on April, 1) are supposed to identify and root out anti-competitive behaviour, **critics in the mass and social media think the inquiry has more to do with implementing NHI than addressing anti-competitive behaviour in the industry.** A research note released by Econex last year points out that under the NHI system the government "will have to buy services from the private healthcare sector, and it wants to ensure that these rates are not inflated". *(HealthMan summary: econex summary).* Some critics advise Health Minister Motsoaledi to start by putting his house in order and first clean up the public healthcare sector.

According to the latest audit of public healthcare facilities - in preparation of the NHI - only 53% met patient care standards, 40 % had sound infrastructure and only 30% offered good clinical services.

"**Although Motsoaledi has stepped up to the plate and admitted that public healthcare is not far short of a nightmare, his juniors do not seem able to make that same leap**," - *The Star* 18 March

The question the CC will be faced with is whether there is active collusion in the healthcare industry or whether, due to skills shortages, medical professionals are able to charge what they choose as there is naturally limited competition. A return to a recommended price list would greatly assist consumers to make informed decisions about the price of their healthcare.

A research report conducted last year by analysts at the CC suggested that an inquiry should look at how consumers choose medical schemes. It also recommended that entry into the healthcare market be made easier and that ways be found to increase transparency with regard to the choice of product quality and price.

Medical aid corruption: In its editorial comment on 19 March, *The Cape Times* addresses the matter of medical aid corruption: **"This kind of fraud is particularly easy - and shameful - because patients are by definition in a vulnerable situation, dependent on their doctors and hospitals."** Patients tend to trust their doctors and do not easily suspect them of fraud. The victims are the 8,5-m members of medical schemes, as schemes battling to meet costs cut back on the benefits they offer their members or increase medical aid contributions, putting medical aid out of the reach of many households and reducing the schemes' long-term ability to spread risk.

1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

Private healthcare is 'wasteful, costly'
Business Report, 5 March 2013
The private healthcare sector is wasteful and its excessive pricing could lead to further shrinking of benefits if costs continued to escalate, said Lord Nigel Crisp, member of the UK House of Lords and board member of SA Department of Health's (DoH) Academy. **The system suffers from over-treatment, excessive pricing and it is very hospital-focused.** The SA system mimicked that of the US, which was characterised by large use of the private sector and private health insurance. Over-treatment cost the US healthcare system between $158-bn and $226-bn in 2011. SA spends a higher proportion of gross domestic product on healthcare than most of its Bric counterparts Brazil, Russia, India and China, however, scores worse on indicators such as its maternal mortality rate and tuberculosis. SA should not confuse healthcare with social care, especially among the elderly, as this was one of the factors that pushed up healthcare costs in the UK.

Healthcare inquiry: sector cleared for surgery; 'collusion' to be probed; Prices in the private sector
Mail & Guardian, 22 March; SAPA, 13 March; Business Report, 20 March 2013
According to the CC's divisional manager, Clint Oellermann, the commission's inquiry into pricing and possible collusion in the healthcare market **will start on April 1.** The inquiry follows complaints to the CC about many practices and will probe whether there were agreements to charge set prices for procedures or consultations. Pharmaceutical companies would not form part of the inquiry. Recommendations for new policy or regulations will be made to the Minister of Economic Development.

Although there are hopes that the CC's inquiry would identify and root out anti-competitive behaviour, **Critics in the mass and social media think the inquiry has more to do with implementing NHI than addressing anti-competitive behaviour in the industry.** Some advise that Health Minister Motsoaledi should start by putting his house in order and first clean up the public healthcare sector.

Meanwhile the proclamation of the Competition Amendment Act has been branded as a move to launch a "draconian witch hunt" into price setting by attorneys representing clients in the private healthcare industry. The Act gives the CC the power to investigate the general state of competition in industry. The investigator may summons industry players to question them under oath. Failure to comply may lead to a fine of R2 000 or imprisonment of up to six months. Companies and individuals are expected to cover their own legal costs.

Lawyers claim Min Motsoaledi used his executive powers to push the Act through so that prices charged by private doctors and private hospitals can be decreased significantly in time for the implementation of the NHI. Given the general poor state of public health facilities in SA, the NHI would be compelled to contract private healthcare providers to provide services if it is to operate efficiently. Prior to the proclamation, the CC only had the power to conduct inquiries into specific companies in an industry and mostly only after a formal complaint. **The CC is now able to conduct an inquiry if it has reason to believe that any feature of a market prevents, distorts or restricts competition.**

***Reaction:** Paul Coetser, director of Werksmans Attorneys' described the proclamation of the Amendment Act as "a great surprise" because the Act had been in limbo for the past three and a half years.

Trudi Makhaya, the CC's advocacy and stakeholder relations manager, said the body had no control over the timing of the proclamation of the Act. However, an urgent investigation into the private healthcare sector was needed to establish "why the free-market system has not worked in this sector, why competition has not managed to drive down prices and what alternative models may work better".

SA Dental Association's chairperson, Maretha Smit, said they would "no doubt" threaten the commission with legal action if dentists perceived the investigation to be unfair, unscientific and not transparent.

The South African Private Practitioners' Forum (SAPPF) chairperson, Dr Chris Archer, said an investigation would give doctors the opportunity to show that their charges were not excessive and medical aid rates did not meet their costs.
Roly Buys, a Mediclinic executive, said his company had "nothing to hide" because its financial information was "public anyway" as it was listed on the JSE.

According to the social justice organisation Section27, the new legislation is essential.
Senior researcher Sha'ista Goga said the Act provided a framework and structure for a sorely needed investigation into price setting in the industry.

CMS is witness in healthcare pricing inquiry
Business Report, 22 March 2013
Dr Monwabisi Gantsho, the Council for Medical Schemes' (CMS) chief executive and registrar, said the council would become an integral part of price determination as a result of its collaboration with the inquiry by the CC. The CMS **proposed in the Medical Schemes Amendment Bill that it should be given power to collect critical information from hospitals that currently fall outside of its regulatory capacity.**

* The CMS tabled its budget for 2013/14, in which it sought to increase its funding to R110,1-m from R98,4-m in the 2012/13 financial year. Its total income excluding levies was estimated at R6,9-m and, therefore, R103,2-m would have to come from medical scheme levies (an increase of 9,85% could be expected). **Most of the budget would fund the move to bigger offices and an increased staff complement.**

Audit: Health centres in a shambles; Matsoso defends results; MPs set deadline for NHI funding plan
The Cape Times, 20 March; Business Day, 12, 20, 25 March 2013
According to the latest audit of public healthcare facilities - in preparation of the NHI - only 53% met patient care standards, 40 % had sound infrastructure and only 30% offered good clinical services. Only 43% of management was adequate: Of the 3 800 health facilities, 504 (13%) had no domestic waste removal, 36 (3,5 %) had no medical waste removal, at least 174 had no hazardous waste removal, 56 clinics had no water and 36 no electricity. Gauteng scored 69% for quality, KZN 58%, the Free State 57% and Western Cape 57%. For infrastructure, Gauteng scored 70% and the Western Cape ranked fifth at 54%.

* **Reaction: The DA has accused the DoH of spinning the findings** of the audit and said it was politically motivated. Health director-general, Precious Matsoso, did not elaborate on the methodology used to calculate the provincial rankings in her presentation to MPs, but deputy director Jeanette Hunter conceded that the scoring system might result in anomalies. In the Western Cape, 21 facilities, managed by the City of Cape Town, were not audited as the city refused on the grounds that they were compliant.

* Meanwhile Parliament's two finance committees have set the Treasury a deadline of six months (after the report has been adopted by the National Assembly and the National Council of Provinces) to submit their reports on a funding model for the proposed NHI scheme. The model must ensure that low-income taxpayers are not burdened by the scheme**. How the NHI will be funded has been a rather elusive issue.**

Visit http://www.doh.gov.za/docs/reports/2013/Healthcare.pdf for a copy of the report.

Doubts in Soweto over NHI plans
Business Day, 6 March 2013
Soweto's private sector general practitioners (GPs) are broadly in favour of the NHI plan, but question the states capacity to implement it, according to a survey by Murire & Company. About 70% of the 40 doctors polled by the consulting firm said the fact that the government had failed to manage public hospitals and clinics effectively meant it would find it difficult to successfully implement NHI.

Health regulations: Motsoaledi defends strict regulations
Business Day, 20 March; SAPA, 19 March 2013
New smoking regulations would, inter alia, restrict the smoking of tobacco outside of buildings and the distances from other people they may smoke in public places. Although the regulations on smoking have elicited criticism, Min Motsoaledi said the government would not stop regulations while people were still choosing to smoke tobacco. The Free Market Foundation called the Tobacco Products Control Act "unconstitutional, impractical and ill-considered".

Meanwhile Motsoaledi's proposals of restricting the sale of liquor to certain days have also been met with contention from businesses and society in general.

The DoH has also expressed intentions to halve salt composition in different food goods, in a bid to improve the state of health in the country. The Consumer Goods Council of SA had written to the Health Minister about alternative approaches to ensure a reduction in salt content, but Motsoaledi reacted that measures were being taken around the world regarding health and diet to ease "an explosion of health problems".

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

HIV-prevention drug's hype falls flat; HIV One pill a day; 28% of schoolgirls are HIV-positive
Sowetan, 14 March; Health-e News Service, 5, 27 March 2013
A study conducted mostly in SA on the pill-a-day HIV-prevention tool has been dealt a huge blow as it was found that most women did not adhere and take the single ARV drug daily. The VOICE (Vaginal and Oral Interventions to Control the Epidemic) trial tested whether ARV pills tenofovir, Truvada (a combination of tenofovir and emtricitabine) or a tenofovir gel (a vaginal microbicide) are safe and effective in preventing the sexual transmission of HIV. Dr Jeanne Marrazzo of the University of Washington in Seattle confirmed that results showed that daily use of the pills or microbicide was neither effective nor acceptable to the more than 5 000 women. **VOICE provided a clear answer - daily use of the product was not the right approach for African women.** The next prevention hope now lies with two ongoing trials - ASPIRE and The Ring Study.

* Meanwhile Health Minister Motsoaledi has announced that **from April 1, HIV-positive people (pregnant women included) on ARTs will be able to take one pill a day, instead of three pills twice a day.** The single pill is thanks to a new government tender for a generic that combines the three first-line ARVs, tenofovir, emtricitabine (FTC) and efavirenz, into one pill. New patients and pregnant women were being prioritised for the fixed-dose combination (FDC) pill treatment. For those who were already on ART it would be left up to their doctors to decide whether to change them over.

* Min Motsoaledi confirmed a report that at least 28% of schoolgirls are HIV-positive while only 4% of young boys are infected with the virus in the country He said 94 000 schoolgirls fell pregnant across the country in 2011. About 77 000 girls had abortions at public facilities.

HIV-Infected infant cured; HIV 'cure' in infancy; Viral loads remain undetectable in absence of ARVs
Bloomberg, 3 March; SAPA, 4 March; AIDSmap via Health-e News Service, 19 March 2013
The US reported from Mississippi that **for the first time an infant born with HIV was cured by giving her a cocktail of drugs shortly after birth**. The baby took a regimen of AIDS drugs and at 18 months the mother took the child off the medication. With no signs of the virus for 10 months, the infant was deemed "functionally cured," researchers said.

* AIDS experts have cautioned against the hype the cure caused and stressed that it might have been a freak result. Oxford University AIDS researcher John Frater said it is important to concentrate on preventing children from getting HIV through screening pregnant women and putting those with HIV on ARV treatment.

* Meanwhile a study from France has found 14 adult patients who also started on ARVs soon after infection, subsequently stopped it, and have not had to re-start because they have largely - and in 8 cases completely - maintained undetectable viral loads for at least four years after stopping therapy. Researchers suggest that such cases are more common because, once having started ART, few people stop. They could subsequently become so-called "post-treatment controllers". This is a stark contrast to findings from studies between 1996 and 2000, which looked at HIV control in people who had received treatment for 12 to 18 months. The French patients had been on treatment for an average of three years before stopping, and all started treatment within ten weeks of infection, compared to within six months in previous studies.

* Researchers continue studying a drug by Merck & Co for a rare type of cancer after it showed early signs of being able to clear the hidden deposits of HIV, and Gilead is testing a cancer drug called Istodax.

Revaccination plan on cards for teenagers

Business Day, 26 March 2013

Scientists in SA are considering revaccinating teenagers with the Bacille Calmette Guérin (BCG) shot to see if they can get more mileage out of the jab. The shot is given to 100-million babies around the world each year, and while it initially provides them with fairly good protection against tuberculosis (TB) its effects rapidly wane over time which means it has limited effect on the spread of the disease.

Prof Willem Hanekom from the University of Cape Town said Worcester would be the ideal place for a trial of teenage reimmunisation with BCG, as about 40% of the teenagers in the town were infected with TB. By the time they were 18, 65% -70% of them would be infected.

Cost of HIV treatment to rocket

The Times, 14 March 2013

Though Gauteng's cost of treating people with HIV and preventing new infections are expected to double; funding from the US government is expected to halve, according to the CEO of the SA AIDS Council, Fareed Abdullah. Money from a US presidential fund for SA's HIV programmes will drop from 2011's $500-m to $250-m a year by 2017. Donations have been cut in the wake of the global financial crises. In the next four years, the cost of helping HIV patients in Gauteng will reach R6-bn a year.

Record gene haul points to better cancer screening

Reuters: 27 March 2013

According to Doug Easton, a cancer researcher of the University of Cambridge**, a batch of new genetic discoveries meant medical experts would be able to develop new cancer screening programmes**. The new research has nearly doubled the number of genetic variations implicated in breast, prostate and ovarian cancer, offering fresh avenues for screening at-risk patients and, potentially, developing better drugs. It follows an international project to analyse the DNA of more than 200 000 people - half of them with cancer and half from the general population - to find alterations that are more common in individuals with the disease cancer. A few of the variations were common to more than one cancer type, suggesting there may be common mechanisms of action that could be targeted by new drugs. The new research was published in *Nature Genetics, Nature Communications, PLOS Genetics*, the *American Journal of Human Genetics* and *Human Molecular Genetics.*

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Conflicting reports: Gauteng healthcare system in ICU; Gauteng health turnaround working
SAPA, 2 March; The Citizen, 4 March; Health-e News Service, 3 March 2013
Social justice action group, Section27, released a report painting a grim picture of the state of Gauteng's 33 hospitals. Section27 director, Mark Heywood, described the system as a "nest of snakes where nobody can hold anybody accountable". The report lists several health system failures, among others:

* Children are contracting diseases they should have been immunised against;

* Tertiary hospitals are increasingly unable to offer specialised care due to a lack of medicines they require;

* Broken equipment preventing medical interventions such as anaesthetics, radiology and oncology;
* A lack of wheelchairs, stretchers and beds;

* Power outages at Chris Hani Baragwanath forcing surgeons to operate using headlights and cellphones;

* At Charlotte Maxeke the delays in appointing critical staff caused the cancellation of between 20% and 25% of operations due to a shortage of anaesthetists; and

* Newborn babies died or were left disabled at Chris Hani Baragwanath in an understaffed maternity unit.

Heywood said nobody was ever held accountable and heads of department and MECs were shuffled in and out of their positions without any questions asked or consequences.

Reaction: Gauteng health recovering well; Two scans to interpret Gauteng health; Crisis at its worst ever
The Times, 15 March; The Star, 7, 15 March; The Financial Mail, 15 March 2013
According to *The Financial Mail* **Health MEC Hope Papo said Section27/TAC's report was based on old data, and that many of the problems had been fixed.** He claimed: 'electronic gatekeeping' was introduced to eliminate unnecessary tests; a processing centre will be established to manage procurement, supply chain and payments; and staff will be vetted to ensure they have no conflicts of interest and are not corrupt.

<u>According to Papo:</u>

* **Human Resources:** 752 nurses, 595 clinical professionals, 528 allied professionals, 41 allied support staff, 71 management staff, 397 administration staff and 144 support staff were appointed. Medical and allied trainees who completed their community service were absorbed against funded vacant posts. These included 739 professional nurses, 80 medical practitioners, 30 pharmacists and others.

* **Infrastructure and Equipment: The department spent more than R12-m to provide critical equipment to its central hospitals**. At Charlotte Maxeke equipment like boilers, generators and gas sterilisers were replaced and the oncology unit is fully functional. At Bara, medical and ICU wards have been refurbished. Maintenance work was also done at Dr George Mukhari Hospital in GaRankuwa. An equipment survey is under way to identify old and defunct equipment.

* **Availability of medicine:** The availability of essential drugs has been improved from 40% to 76%. The department is preparing for the introduction of fixed-dose combination ARVs and is expecting to receive 60 000 units of the drug in March.

* **Budgeting and financial management:** By the end of January, R4,2-bn had been paid to service accruals.

A total of 34 927 invoices were paid within 30 days between April 2012 and January 2013. R250-m of cash is ready to be released to suppliers. About 99% of the total accruals that were owed have been settled.

* **Accountability and discipline:** Following an investigation of tender fraud, the department has taken disciplinary action against 3 senior management officials and several disciplinary hearings are taking place.

* **Neonatal deaths:** Retired nurses have been appointed to assist in hospitals and clinics. Perinatal mortality rate (death of neonates from birth to 28 days) was down to 26,7⁄1 000 in 2012 from 28,7⁄1 000 in 2011.

<u>However</u> on March 14, Papo admitted to the standing committee on public accounts in Johannesburg that the province's health crisis is at its worst ever this year. He told the committee that he had introduced a biometric verification system to catch “ghost workers”. Employees were asked to undergo fingerprinting to verify whether it matched their details in the employment profiles.

More Reaction: Jack Bloom, the DA’s spokesman in Gauteng, said credit must be given to Papo as he had addressed some of the glaring issues. **But, he has yet to release the findings of a forensic investigation into suspected financial irregularities at the Auckland Park depot.**

Gauteng Hospitals: Natalspruit: From R20-m to R2-bn; Soweto hospital unveils world class equipment
The Star, 13,14 March 2013
The New Natalspruit Hospital was supposed to cost just R20-m according to the 2003 Gauteng budget. Instead, the cost is now more than R2-bn - 100 times more than the planners had thought. In 2010, the building costs were R1,47-bn and equipment was estimated at R220-m. However, since 2004 and including this year's budget, R1,595-bn was spent on the hospital and R410-m on equipment.

***The Clinix Tshepo-Themba Private Hospital in Soweto** has unveiled its new kidney and dialysis clinic with 11 dialysis chair-beds and the latest 5008s dialysis machine. The hospital collaborated with Fresenius Medical Care - one of the world's largest providers of products and services for dialysis patients - to build the clinic. The group has 8 hospitals in Gauteng, 4 of which - including Tshepo-Themba - have dialysis clinics.

Limpopo: Department cannot vouch for R739-m spent; Ex-health MEC charged regarding R16-m fraud
The Star, 7, 27 March 2013
The Limpopo health department has failed to account for R739-m of taxpayers' money spent illegally on tenders and contracts in the financial year that ended last March. MEC Dr Norman Mabasa said the documents could not be retrieved "because of the challenges in our filing system". He said his department had suspended chief financial officer (CFO) Friday Mushwana for failing to provide essential documents required by the Auditor-General. Mafubedu was asked to provide names at a later stage.

* Meanwhile former Limpopo health MEC Miriam Segabutla appeared in the Polokwane Magistrate's Court (27 March) on charges of fraud and corruption relating to R16-m worth of contracts awarded to two companies owned by her associates, Jonny Lucas and Peter Erasmus, without being advertised. A spokesman for the Hawks (SAPS’ elite investigating team), Captain Paul Ramaloko, said they had a strong case based on information unearthed by the Limpopo anti-corruption task team set up by the cabinet.

Western Cape: Mobile clinic first for Africa

The Cape Argus, 20 March 2013

A solar-powered clinic on wheels (targeted at rural areas) has been unveiled in Cape Town and billed as Africa's first solar-powered mobile healthcare centre. The 7m truck includes a fully-equipped eye and blood clinic and a dental surgery. Patients will be screened for conditions such as diabetes, HIV, malaria, high blood pressure, tooth decay and cataracts. A mother-and-child clinic equipped with 4D ultrasound scans and baby delivery facilities will follow. The project is sponsored by Samsung.

DoH to standardise training of nurses; Health audit shows conditions nurses have to deal with

Business Day, 12 March; The Times, 12 March; Editorial comment: The Star, 15 March; SAPA, 27 March

A standardised nursing sector could be in sight as the **DoH has launched a strategy to improve monitoring of nursing institutions and new nurses, and do away with "illegal nursing training colleges".** Health Minister Motsoaledi said a "chief nursing officer" would soon be appointed in his office to deal with nursing in hospitals and to monitor progress of the strategy. It is believed nurses were placed in Gauteng hospitals without proper vetting of their qualifications, which may have come from fly-by-night institutions. New regulations stated that, by 2015, all nursing colleges would have to register as higher education and training institutions with the Council of Higher Education. This meant about 300 operational nursing colleges would not only be regulated by the SA Nursing Council, but would also have to meet university standards.

* **According to a recent audit 93% of maternity wards did not have functional and essential equipment to keep mothers and newborns safe** leading to a high child mortality rate. The Democratic Nursing Organisation of SA (Denosa) warned that relationships between the community and health professionals were deteriorating, due to these infrastructural problems as communities often believed that nurses were to blame for the wrongs that occurred in healthcare facilities. Staff morale was affected by non-payment, shortages and unreliable supplies. The union also supports the SA Medical Association's Positive Practice Environments campaign for tighter compliance with procurement for health infrastructure.

Dentists welcome probe with teeth

The Star, 14 March 2013

The probe into private healthcare has been welcomed by dentists. Recent SA Medical Association research showed that of the R93,2-bn spent by schemes in 2010, R34,1-bn went to private hospitals and R12,1-bn to non-healthcare costs such as administrator and broker fees. **Medical specialists received R21,3-bn, while general practitioners and dentists were paid R6,8-bn and R2,6-bn respectively.** Maretha Smit, CEO of the SA Dental Association, said dentists were not adequately reimbursed as oral hygiene was low on medical aid priority lists while set-up costs and equipment were exorbitant.

Department awards first health PHD scholarships

Business Day, 15 March 2013

The DoH has taken its first step towards realising its plan to produce 1 000 PhDs within a decade, announcing the 13 candidates to get scholarships for their research. The recipients of the funding for health PhDs are employed at universities and the Medical Research Council, and each one will be investigating a project within a different category of health research. The researchers are to get full funding to match their salaries. A sum of R15-m has been set aside for the first year of the programme: R5-m from the DoH and R10-m from the private sector via the Public Health Enhancement Fund launched by the Minister last year.

Cuba students: Minister claims plot
The Times, 15 March 2013
The interception of e-mail communications between SA and Cuba indicated that a conspiracy lead to 187 of the 1 200 students who are part of the SA-Cuba doctor training programme going on a hunger strike and storming the SA embassy in Cuba. The students demanded that their $200 monthly stipend be increased to $500. Motsoaledi said three of the six specific students who were recalled, have returned to SA. He said the scholarships of the other three students, who remained in Cuba, will be recalled.

4. MEDICAL AIDS (also read attachment: *mschemes13*)

R22-bn medical aid rip-off; Calls for action on medical aid fraud
The Times, 15 March; The Cape Argus, 18 March 2013
Corrupt healthcare practitioners are defrauding medical aid schemes of as much as R22-bn a year. This comes after a report that the Board of Healthcare Funders (BHF) had convened a two-day conference to discuss the crisis of soaring medical aid fraud. An analysis of two-and-a-half years' worth of data had been done to arrive at the estimated fraud. According to the head of information analysis company SAS, Chris McAuley, **each member of a medical scheme in SA was effectively paying between R2 500 and R2 800 a year to cover fraudulent and irregular expenditure.**

Bertha Peters-Scheepers of the HPCSA said the council worked closely with the BHF and medical schemes when they were investigating matters of fraud where doctors, hospitals and patients work in cahoots.
Common methods used to defraud medical aid schemes include: doctors billing for multiple procedures, instead of using one billing code; a radiology practice billing medical schemes for disposable gowns for every patient, irrespective of whether the patients needed a gown; patients being sent for unnecessary blood tests, scans and other diagnostic procedures; and short-term insurance paying cash for days spent in hospital.
*(*Also read *HealthView* and attachment: *mschemes13)*

Government Employee's Medical Scheme (GEMS) requires earlier submitting of claims
Circular issued by Gems, 28 February (Also read *HealthView*)
GEMS is urging healthcare providers to submit claims in accordance with the Medical Schemes Act and the Rules of the Scheme which require that claims be submitted not later than the last day of the fourth month in which the service was rendered. Claims submitted after this period will not qualify for payment. Schemes will be notified of erroneous claims within 30 days and should rectify and resubmit the claim within 60 days.

Sizwe Medical Fund and Sechaba Medical Solutions at loggerheads
The Financial Mail, 22 March 2013
The curator of the Sizwe Medical Fund, Khaya Gobinca is still at loggerheads with the scheme's administrator, Sechaba Medical Solutions. Sizwe was placed under provisional curatorship after its board of trustees had failed to address allegations of fraud relating to the election of two trustees in December 2010. The latest problem is a decision by Sechaba to defy an instruction by Gobinca to charge a 30% co-payment on claims by members who did not use the designated service providers across all options. Sechaba said this contradicted the scheme's 2013 rules and Gobinca's decision last year that the 30% co-payment would apply only to the scheme's primary option. Sizwe is Sechaba's only client.

5. PHARMACEUTICALS

Antibiotics crisis prompts rethink on risks and rewards
Reuters, 19 March 2013
Antibiotics have become victims of their own success. Seen as cheap, routine treatments, they are overprescribed and taken haphazardly they create "superbugs" they can no longer fight. The costly research needed to combat superbugs is not worthwhile as they have not yet spread widely. Fixing the problem will need both faster approval of last-resort drugs and new ways to guarantee rewards for companies, according to both industry leaders and public health officials who have been sounding the alarm.

* Public-private alliances across countries could change the conventional market model, said Andrew Witty, CEO of GlaxoSmithKline, one of the few Big Pharma companies still actively researching antibiotics. He has made an offer to England's chief medical officer, Sally Davies, to create new laboratories for developing research ideas brought in by others. **New market approaches could include doing away with a price and instead having the healthcare system paying the inventor a fee per year as a reward for delivering a medicine.** Davies said the steady rise in resistance in the last five years represented a "ticking time bomb" that ranked alongside terrorism as a threat to the nation.

Africa's first clinical study site, in SA will boost medical research
Business Report, 5 March 2013
Africa's first clinical study site in Cape Town, developed by Novartis and UCT's H3-D drug discovery and development centre, will enable SA to deliver drugs ready to be tested on human patients. H3-D developed the first compound approved by the Medicines for Malaria Venture (MMV) as a pre-clinical anti-malaria candidate drug in July last year. The director of H3-D, Kelly Chibale, said the MMV's team of scientists had expanded from 4 to 22 people. The centre, due to open later this year, was funded by the Department of Science and Technology and the Technology Innovation Agency funded the MMV project and centre.

Cosmetic medicine
Business Report, 12 March 2013
Allergan, the largest cosmetic medicine player in the local industry, says due to the growth of the middle-class on the African continent, the anti-ageing market is anticipated to reach about $274-bn this year, with more than $100-bn of that devoted to aesthetics. SA is one of its highest growth markets right now after experiencing 25% growth in its dermal filler treatment for lips and 10% on botox last year.

Cheap drugs a bitter pill for the West
Mail & Guardian, 13 March 2013
Since Uganda began making its own medicine in 2007, it has produced not only anti-malarials, but also anti-retrovirals (ARVs). This was made possible in part because Uganda is considered a "least-developed country" who does not yet have to respect international intellectual property laws, set out through the World Trade Organisation's, and was given until July to adopt the agreement's measures. Middle- and high-income countries, SA included, have to give strong patent and copyright protection.

According to Jamie Love, director of Knowledge Ecology International, **several big drug companies had either abandoned enforcement of the patents in least developed countries, or grant voluntary licences.**

Almost 80% of first-line ARVs used in the developing world is produced in India. Mozambique also plans to produce ARVs and other medicine.

Meanwhile a letter was signed by nearly 400 organisations, including many from SA, voicing their support of the indefinite extension of an agreement. A final decision on the matter is expected in June.

US generic drug maker challenges jury award
Reuters, 18 March 2013
US Supreme Court will hear arguments in a case that could decide whether generic drug makers can be held liable for alleged flaws in the designs of their medications, even though federal law requires generic manufacturers to copy the design of the brand drug maker. Mutual Pharmaceutical has asked the court to overturn a $21-m jury award to Karen Bartlett from New Hampshire who took Mutual's generic non-steroidal anti-inflammatory drug, sulindac, in 2004 for shoulder pain. The reaction to the drug left Bartlett with permanent near-blindness, scarred lungs and a constricted oesophagus that makes it difficult to swallow. Asking the Supreme Court to overturn the award, Mutual is arguing that federal law bars such claims because its drug had already been approved by the US Food and Drug Administration and federal law requires generic drugs to have the same design as their brand name equivalents.

SA must follow Brics lead on patents
Media Release via Health-e News Service, 28 March 2013
The Treatment Action Campaign (TAC) and Medécins Sans Frontières called on the SA government to follow the lead of its Brics peers to ensure that life-saving medicines are affordable. SA's patent system currently does not take advantage of flexibilities for protecting health, like overriding patents with a compulsory license (CL) when drugs are priced out of reach for those in need.
SA has never issued a CL - despite being a major purchaser of antiretroviral drugs and TB treatment. SA's patent registration system, does not scrutinise patent applications, and often grants multiple patents on the same pharmaceutical ingredients. **By protecting poor-quality patent monopolies of pharmaceutical companies, SA cannot obtain more affordable generic medications available from Brics countries like India, nor develop substantial local pharmaceutical production capacity.** Despite SA government assurances that a new law is in the works, the deadline for the draft law to be made public and opened for comment has been repeatedly missed.

6. FINANCIAL NEWS

Litha: Ease the pain; Earnings plunge on weak rand, slower sales to the state
Business Day, 1 March; The Financial Mail, 8 March 2013
Last year's depreciation of the rand against the dollar - and a slump in sales - hit Litha Healthcare hard, sending headline earnings per share for the year ended December tumbling 78%. About 84% of Litha's business was regulated by the single exit price. Litha's bottom line was affected by the costs of its acquisition of generic pharmaceutical company Pharmaplan.

The company is tagging the possibility of delisting from the JSE to a proposed black empowerment deal. If it does, minority shareholders will be offered 390c/share. Litha is looking at a 52,5% stake in the Biological & Vaccines Institute of Southern Africa (Biovac). Biovac distributes a variety of vaccines on behalf of the SA government, but will soon start manufacturing vaccines from a plant in Pinelands in Cape Town. Litha will now be consolidating operations and building its product base rather than focus on growth.

Cipla India's offer for SA firm raised; BEE surprise may lie ahead; Bonding; Restatement to hit Cipla Shareholders want sight of Cipla Medpro supply deal; Cipla Results: Payout bites into earnings
Business Day, 1, 18, 27 March; The Financial Mail, 8 March; Business Report, 27 March 2013
Among the issues complicating the decision for Cipla Medpro (CMSA) shareholders on the bid by Mumbai-listed Cipla to acquire 100% of its shares, is Cipla Medpro's 20-year supply agreement with Cipla India, which expires in November 2025. The deal (including a confidential contract) lies at the heart of Cipla Medpro's business, as it secures a pipeline of generic medicines from Mumbai-based Cipla. A shareholders' meeting to vote on the deal is planned for April 30.

The Cipla India bid is valued at R4,5-bn. The deal aims to strengthen Cipla's position in the SA market and support its expansion into the rest of Africa. The Indian company has a turnover higher than $1,4-bn; has more than 34 plants across India; and makes more than 2 000 products supplied to about 170 countries.

Shareholders of CMSA are likely to accept the buyout offer of R10/share for the whole company. CMSA's shareholders include BEE consortium Sweet Sensations, Sanlam and the Public Investment Corp.
Chairman Sbu Luthuli said Cipla India would support BEE. CMSA won the largest portion of the government's antiretroviral (ARV) tender last December; R1,4-bn.

Results: CMSA's profit for the year to December slide to R168,4-m from R238,9-m. Two major contributors to the poor performance were the settlement costs that Cipla had to pay to Reckitt Benckiser SA as well as the restatement of the group's amortisation and impairments on intangible assets for 2011. Cipla won government tenders with a combined value of about R1,448-bn, a significant increase from the previous ARV tender, in which it won R633-m. Tender business with the government may exceed R2-bn over the next two years. CMSA's group revenue grew 30% to R2,3-bn, underpinned mainly by increased supply of ARVs to the state, private market growth of about 13% and growth in other operating segments of about 34%.

Discovery: No slowdown with age
The Financial Mail, 1 March 2013
The Discovery Health Medical Scheme may find it difficult to grow exponentially from its high base, but it has proved hard for competitors to poach its members. The lapse rate fell from 3,9% to 3,2% . The scheme added 400 000 members over the past three years as it has grown to more than 2,5-m. Discovery Life, which used to consume lots of cash, has turned cash positive. But the group will need to keep the taps running for Discovery Invest and the short-term business, Discovery Insure**. Discovery looks well entrenched in its core business, and may be the pick of the life insurance sector for the long-term investor.**

Aspen sees boost from Asia-pacific; Another solid year
Business Day, 8 March; The Financial Mail, 15 March 2013
Aspen Pharmacare's Asia-Pacific business grew revenue by 18% to R3,4-bn, due to its acquisition of new products in Australia and organic growth in Asia. Aspen launched a subsidiary in the Philippines last year, and plans to extend its reach into Malaysia, Japan, Taiwan, Thailand and India.

Despite the weak rand and modest price hikes, the business in SA reported a 24% increase in revenue and its domestic consumer business a 17% increase, driven by increased sales of infant milk. The group was selling R100-m/month worth of ARV drugs a month to government in the previous tender. That will now shrink to R60-m/month. However, the demand for the three-in-one molecule is likely to increase and Aspen is one of the three companies contracted to produce the new pill.

Discussions to acquire an active pharmaceutical ingredients plant and a portfolio of related products in the Netherlands from MSD may mark its entry into Europe.

Dramatic bid to buy Adcock; Bidvest sets a tough one for shareholders; Adcock injection
Business Report, 26 March; Business Day, 25, 26, 27 March 2013
Brian Joffe's Bidvest Group is offering Adcock Ingram R6,2-bn for 60% of the group. Joffe's company is offering cash of R65/share for 30% of Adcock, and 1 Bidvest share for every 4 Adcock shares for the other 30%: R61/ share, given Bidvest's share price. After the offer, Adcock's share price shot up 9,2 % to R61,40, valuing the company at R11-bn. Analysts believe Bidvest could be the catalyst to inject renewed energy into Adcock. Although opportunistic, Bidvest's offer it is not cheap. Adcock's board has five working days to decide to co-operate: 75% of shareholders have to vote in favour. Offer terms will be adjusted downwards if Adock's interim earnings are not at least R2/ share. The offer won't be higher if the earnings are above R2.

7. GENERAL NEWS

Day hospitals: Shifting trends

Financial Mail, 1 March 2013

While SA's big three private hospital groups, Life Healthcare, Medi-Clinic and Netcare, have traditionally focused on sophisticated acute operations, some independents have been carving out a niche by establishing day hospitals and integrated primary healthcare facilities. **In the past six years they have grown from 14 to 28 independent day hospitals.** Intercare Medical & Dental Centres operates 15 medical & dental centres, 3 sub-acute hospitals and 2 day surgery facilities. Day hospitals are increasingly being preferred by medical schemes, as they don't have to pay for patients' overnight costs in a hospital.

Medical device industry says revised BEE codes 'unfair'

Business Day, 12 March 2013

The SA Medical Device Industry Association (SAMED), representing150 suppliers and importers of equipment and devices from abroad, expressed its reservations on the proposed amendments to the broad-based BEE bill. Samed chief operating officer Tanya Vogt said **the bulk of the targets and criteria made achievement in ownership, skills development and supplier development near impossible.** Financial commitments and business changes required by the draft codes could not be achieved within of a year or two. SAMED proposed that the implementation of the amendments be delayed as more research was needed to ensure that the codes had a fair application. It also proposed that the skills development element of the codes be amended to include in-company training of healthcare professionals that falls outside the proposals.

Cost of 'telehealth' reduces its viability

Reuters: 24 March 2013

Monitoring patients at home using modern technology, so-called tele-health, is tipped as the next big thing in healthcare. But a new study by Prof Martin Knapp from the London School of Economics, suggests that it may not be worth the extra expense. Researchers found that the cost per quality-adjusted life year - a standard measure of quantity and quality of life - of tele-health when added to usual care was $139 200; well above the £30 000 that Britain's National Institute for Health and Clinical Excellence uses as a benchmark for assessing whether medical interventions are worth using in the state-run health service. This has led to controversy as British Health Minister Jeremy Hunt announced plans in November 2012 to roll out tele-health to 100 000 people with a long-term condition in 2013 and have three million on the system by 2017.