SUMMARY OF HEALTH NEWS: SEPTEMBER 2013

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SEPTEMBER: FOOD FOR THOUGHT:

The Council for Medical Schemes' **(CMS) annual report highlighted that medical schemes' vital signs are healthy, but there are still strong arguments that the industry needs "medical attention". One nasty symptom for members is that contributions are increasing at a much higher rate than most members' income.** At this rate, members will more rapidly reach the point at which the proportion of their income that they spend on contributions is unsustainable, according to John Anderson, managing director for research and product development at Alexander Forbes. Read more on tariff increases on p6.

Due to ever-increasing tariffs, an increasing number of people seems to opt for medical insurance policies.

Medical insurance: In *The Citizen* (12 September) RM Blackman, owner of Day1 Health Insurance, makes a case in favour of medical insurance policies. He quotes Christoff Raath of the Health Monitor Group in his assessment of the medical schemes market stating **that medical schemes in SA are for "the worried healthy or worried wealthy"** and says **the demand for insurance products is a direct consequence of the inability of medical schemes to provide cost effective cover at the right price**. He admits that, as with any other financial services provider, there should be close scrutiny of the health insurance market. But it has a place in the market as only 7.8m lives are currently covered by medical schemes whilst at least 45m citizens remain without cover: "an indictment to the failure of the Medical Schemes Act. **Just as medical schemes have a role to play for the more affluent members of society, so do insurance policies for those wanting practical, cost-effective cover**." (Read more on hospital cash plans on p 6).

NHI: the wrong name

On 12 September SAPA quoted Health Minister Aaron Motsoaledi, saying that SA's health care system fails to provide quality care for 84% of the population. However, costly private healthcare is provided for the privileged 16% of citizens. He also said the name 'National Health Insurance' (NHI) was problematic because the insurance part does not reflect exactly what government wanted to achieve**. It should be called 'universal health coverage'.** Unless there is good quality in public healthcare, and unless the costs are brought down in private healthcare, the concept of universal healthcare will never find leverage in SA, said Motsoaledi.

Intellectual property

(Editorial Comment in Business Day 11 Sept) "If well-meaning but short-sighted changes to laws governing intellectual property rights tip the risk equation too far in the wrong direction, society as a whole will be the poorer for it. **Making it more difficult for drug manufacturers to secure patents on their inventions may well have short-term benefits in terms of prices but the long-term effects of a heavy-handed approach could be detrimental to foreign investment in SA and the resources the pharmaceutical industry is prepared to put into research**." (Read more on p 7)

1. NATIONAL HEALTH INSURANCE (NHI) & PUBLIC HEALTH

NHI: Mountain to climb in primary healthcare

Business Report, 30 September 2013

At the recent Public Health Association of SA's conference it was revealed that **the re-engineering of primary healthcare in Gauteng has taken place at a disappointing pace.** The Johannesburg metro has struggled to attract professionals to form community outreach teams and district specialists and there has been no buy-in to the schools health teams by the communities. **Budget constraints and scarcity of healthcare professionals, especially healthcare nurses to lead teams, might have knocked the province's readiness** for the implementation of the NHI system, according to Phethogo Madisha, a technical advisor at Anova Health Institute, which has been monitoring the progress.

The re-engineering of the system forms the core part of preparing the public health sector for the full roll-out of NHI in the country as the policy places emphasis on preventative and primary healthcare. The roll out is supposed to happen in three main streams - the district specialists' teams, the deployment of primary healthcare workers' teams as community health agents, and the schools' health programme. Madisha said progress has been made but there was still a mountain to climb.

Private healthcare pricing inquiry to start in November

Business Day, 6 September 2013

The long-awaited Competition Commission inquiry into private healthcare pricing will begin in November, two months behind schedule. According to Deputy Commissioner Trudi Makhaya most of the preparatory work had been done, but delays were caused by the amount of consultation the competition authority had to undertake following the publication of the draft terms of reference in May.

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

HIV in children halved

Health-e News Service, 24 September; Cape Times, 26 September 2013

New HIV infections in children have halved since 2001 and been cut by one-third in adults according to the global report on HIV/AIDS 2013 by the Joint United Nations Programme on AIDS (UNAIDS). It is estimated that the epidemic could be over by 2030. SA is one of the top performers, as far as Antiretroviral treatment (ART) is concerned; reaching 80% of pregnant HIV-positive women, while Botswana, Ghana, Namibia and Zambia are already reaching the UNAIDS 2015 target of 90% of women. However, the report revealed that **SA's HIV prevalence rate among adults aged 15 to 49 had increased to 17.9%** of the total population from 17.3% in 2011, and the number of people living with HIV and AIDS was estimated to have increased by a million to 6.1m over the past decade. **For a copy of the report:**
http://www.unaids.org/en/media/unaids/contentassets/documents/epidemiology/2013/gr2013/UNAIDS_Global_Report_2013_en.pdf

HIV patients 'turned away over policy'; Government gives R24.8m grant for tertiary level education

Health-e News Service, 30 August; The Star, 30 August 2013

At least one Gauteng public hospital has denied HIV treatment to patients following a newly circulated provincial policy, according to activists Section27. The policy requires public hospital patients to prove they are legally in the country. Those who cannot provide proof must pay the estimated cost of their healthcare upfront. The draft policy is already being implemented at the Helen Joseph, South Rand, Charlotte Maxeke Academic, and Rahima Moosa Mother and Child Hospitals.

* The Deputy Minister of Higher Education and Training, Mduduzi Manana, announced that the **National Skills Fund had made a R24.8m grant available to the Higher Education HIV/AIDS programme (HEAIDS)**. The grant was to be used to teach academic staff at universities and FET colleges about HIV/AIDS matters and how they can be integrated into curricula.

Gene could stop HIV from spreading

Reuters, 18 September 2013

Scientists have identified a gene, MX2, which may have the ability to prevent HIV, the virus that causes AIDS, from spreading after it enters the body. According to an early-stage study published in the journal *Nature*, the gene could lead to the development of new, less toxic treatments that harness the body's natural defenses and mobilise them against the virus. Mike Malim, who co-led the research at King's College London, described the finding as “extremely exciting”.

Panic as heart drug research clogs up

Reuters, 3 September 2013

Investment in cardiovascular medicine is ebbing. Since the start of 2012, **17 new drugs have been approved by the US Food and Drug Administration for cancer compared with just 3 for heart disease.** According to Michel Komajda, former president of the European Society of Cardiology, research is moving from cardiovascular to cancer and other areas. The global war on heart disease to date has been a success, thanks to better drugs and prevention strategies such as anti-smoking campaigns. However, cardiovascular disease remains the number one killer worldwide and doctors fear a renewed epidemic in 20 to 30 years' time as a new generation of overweight and obese youngsters reaches middle age.

US cancer care delivery is 'in crisis'

Reuters, 10 September 2013

Cancer treatment has grown so complex many US doctors cannot keep up with new information and are offering incorrect treatment, failing to explain options, and leaving patients to coordinate their own care, according to a report released by the US Institute of Medicine. The report identifies reasons for the crisis, including a growing demand for cancer care and a shrinking oncology workforce. Just over 1.6m new cancer cases are diagnosed each year in the US. By 2030, 2.3m will be diagnosed with cancer as the population ages. This will present even more challenges such as too few oncologists and care facilities.

Government unveils NCD strategic plan

Health-e News Service, 19 September 2013

The Department of Health (DoH) has released a new strategy to curb rising rates of non-communicable diseases (NCDs) such as diabetes, cancer and hypertension. The Strategic Plan for the Prevention and Control of NCDs outlines three main components to combat NCDs: promotion of a healthy lifestyle, strengthening of health systems, and monitoring cases and risk factors. The plan proposes measures - such as taxes on processed, fatty foods and regulations to reduce salt in these kinds of foods - be considered.

3. DOCTORS, NURSES, HOSPITALS & TRAINING

Gauteng Health cannot account for R12bn; department clears R12bn report; short of 1.2m Pills

SAPA, 17 September; The Star, 16, 26 September 2013

The Gauteng DoH has failed to account for almost half its annual budget of R26bn (R12bn), Auditor-General (AG) Terence Nombembe revealed in the audit outcomes for the 2012/2013 financial year. And this, despite appointing a consultant in April 2012.

* Meanwhile department spokesperson Simon Zwane said the amount of just over R6bn for unauthorised expenditure was an accumulation of balances from previous years. More than R5.7bn was reportedly irregular expenditure for the 2012/2013 financial year. Zwane said just over R1.1bn could not be accounted for and the matter was currently under investigation.

* DA MPL Jack Bloom revealed in Parliament that Gauteng’s clinics have run short of more than 1.2m birth-control pills this year. MEC for Health, Hope Papo, reacted that the shortages were due to “erratic demands by facilities”, resulting in earlier-than-expected stock depletion and because the contracted supplier could not fulfil increased orders. Bloom said there were some months that not a single pill was delivered.

Western Cape: Fate of hospital hinges on study; Hospital emergency: Vaccines run low; Special surgeries
Cape Argus, 6, 11, 26 September; Business Day, 12 September 2013
The Western Cape department of health will know by the end of September if the **GF Jooste Hospital will be demolished and rebuilt from scratch, or merely renovated.** Critics argued the closure would leave a vacuum in health services in the Klipfontein region, and would be an additional burden on new hospitals in Khayelitsha and Mitchells Plain.

* Earlier it was reported that **a shortage of beds in some state hospitals is so dire that patients are treated in passages and on trolleys**. The department reacted that it was systematically improving the infrastructure of hospitals and clinics. DA MEC Theuns Botha attributed the overflowing of hospitals to the growing burden of disease in the province and the high level of migration to the Western Cape.
* Thousands of babies and young children in the Western Cape are at risk of contracting serious contagious diseases as **the DoH has run out of oral polio vaccine, measles and hepatitis B vaccines** across clinics in the province as far back as five months ago.
* Elective paediatric surgeries - facing a six-month backlog at Red Cross Children's Hospital - will receive priority in the next few weeks, after the department launched the Saturday Surgeries project that will give special attention to specialised procedures including ear, nose and throat operations, which are often overtaken by emergency surgeries. The initiative is privately funded.

Eastern Cape: Healthcare bomb shell; 'Death and Dying' Report; Minister pledges action
Health-e News Service, 11 Sept; Cape Argus, 12 Sept; SAPA, 12 Sept; Business Day, 20 September 2013
A new report *Death and Dying in the Eastern Cape* by the Treatment Action Campaign (TAC) and Section27 on the state of Eastern Cape's health services paints a picture of dysfunction in the province, including a lack of basic services, massive staff shortages, crumbling infrastructure and financial mismanagement. Health facilities across the province are running with half the doctors they need or less, according to the SA Medical Association (Sama). Sama announced that doctors in the province had not been paid fully during the past five years and the province owed them millions in back pay. The province experiences regular shortages of medicines like ARVs and basic vaccines. Between 2009 and 2010, **health officials and their accomplices stole R800m from the department**, according to a Special Investigating Unit report on corruption. The province has the highest death rate for newborn babies, and the majority of the districts recorded high death rates in children under 5.

* **Health Minister Motsoaledi said he will launch his own investigation (a five-member team has already started)** into allegations of mismanagement, corruption and deaths in the province.
* **Meanwhile Eastern Cape health department has dismissed allegations that the province's health system was collapsing. A spokesman said the report was full of deliberate distortions.**
* The latest development in the *Death and Dying* saga is that Minister Motsoaledi assured activists he was dealing with the hardship of patients. **He promised the suspension of top managers at the Holy Cross Hospital** in Flagstaff, one of the institutions highlighted in the report. He said the DoH would **spend more than R1bn rebuilding and refurbishing derelict health facilities and nursing colleges in province**. By forcing one provincial government to do its job, he hopes to create a knock-on effect influencing others.

KwaZulu-Natal: Deal struck on McCord Hospital; 1 356 legal claims
Business Day, 18, 24 September; SAPA, 5 September; News24.com, 27 September 2013
The National Education Health and Allied Workers' Union (Nehawu) in KZN has attacked the board of the 103-year-old McCord Hospital for being greedy after it declined a buyout offer. The state-aided hospital has been a private facility but provided healthcare to Durban's poorer areas. The hospital is still in talks with a group of private hospitals to run it as a private healthcare facility.

* An agreement has been struck in which the **KZN health department will take over McCord Hospital** in Durban. It was reported last Friday that the facility will remain open following the agreement**. A joint technical team will be established to oversee the take-over process.** The hospital's board met with health department negotiators to discuss the department's bid to take over the hospital and transfer its staff to the provincial government. The 103-year-old hospital announced earlier this year it would be closing after the department said it would not renew its annual subsidy. An attempt by the provincial health department to take over the hospital was rejected by the hospital board. The health department reportedly reconsidered its previous offer, which led to renewed negotiations this week.

* The KZN health department is facing 1 356 legal claims dating back as far as 2004, with 515 being medical malpractice or negligence claims. Civil claims: 284; and labour claims: 156. The department faced 401 claims involving traffic accidents and is investigating cases of potential conflict of interest between suppliers and department officials of R298m.

Medical personnel form union to seek better deal

Business Day, 2 September 2013

Sama has established a trade union for health personnel with Phophi Ramathuba as its first president. Concerns faced by doctors in state service generally revolve around working conditions, security in hospitals and clinics, low salaries, lack of equipment and a shortage of drugs. Having a formal trade union was an attempt to create a controlled environment for negotiations between doctors and their employer, the state.

4. MEDICAL SCHEMES

COUNCIL FOR MEDICAL SCHEMES (CMS) ANNUAL REPORT

Summary by HealthMan; Personal Finance, 7 September; The Times, 4, 5 September; Business Report, 4 September; City Press, 8 September; Financial Mail, 13 September 2013

Medical schemes' nasty symptoms hurt members

"If the current rate of the annual increase in contributions to medical schemes continues, members will more rapidly reach the point where they cannot afford a medical aid," says John Anderson, managing director for research and product development at Alexander Forbes. The main reason for the CMS approving contribution increases that exceed the benchmark of the Consumer Price Index (CPI) plus 3 points, is when a scheme has a dwindling or an ageing membership, said CMS Registrar Dr Monwabisi Gantsho.

The contribution income schemes collected in 2012 increased by 9.4% to R117.5bn. However, claims increased at a higher rate of almost 11% over the 2012 financial year, resulting in medical schemes making a much smaller operating surplus (R26m last year) than in 2011 (R1,l03bn).

Gantsho denies that the absence of guideline tariffs, as well as the requirement that schemes must provide their members with certain prescribed minimum benefits (PMBs), were - as many schemes assert – responsible for the large increase in the amount that schemes are paying out in claims.

* **The CMS has focused on the following:**
  Continued to support of the government's efforts to implement its NHI;
  Demarcation between medical schemes and insurance products continued in an attempt to prevent the use of harmful insurance products and the undermining of the provisions of the Medical Schemes Act;
  Monitoring of the implementation of ICD10 codes resulted in a 95% compliance level by providers (i.e. reflecting ICD 10 codes on claims);
  Work on the Medical Schemes Amendment Bill and issues pertaining to the "solidarity on healthcare funding" and the delivery on PMBs;
  Two more schemes were allowed to introduce Efficiency Discounted Options (EDOs), which allow schemes to base contributions on income levels and provide benefits through a network of providers. The total number of EDOs increased from 28 to 37.
* **Membership:** Total number of principal members of all schemes: 3 815 431 and beneficiaries: 8 679 473. Open schemes experienced no change in principal members and restricted schemes increased by 4.1% mainly due to the membership growth of GEMS. Restricted schemes showed a younger average age profile (29.8) than open schemes (33.7). Open schemes had a higher pensioner ratio (8.2%) than restricted schemes (5.7%) and the dependant ratio per principal member was 1.2 and 1.4 respectively.
* **Premium Increase**: The average increase in gross contributions for all schemes was 9.4% (11.3%).
  Average increase of 7.0% (7.5%) for open schemes and 13.1% (17.4%) for restricted schemes.
  Risk contributions in open schemes increased by 6.4% (6.4%) and 13.4% (15.3%) in restricted schemes.
* **Healthcare benefits:** Total healthcare benefits paid increased from R93.2bn (2011) to R103.3bn (2012).

* **Benefit Payments to Healthcare Professionals**: Medical Specialist claims increased by 12.4% from 2011 to 2012 whilst their proportional share of the total benefit expense increased from 11.8% to 12%. Clinical Support Specialist: 12.8% increase; Pathology: 18%; and Radiology 11%;
  General practitioner and dentist claims' proportionate share remained at 7.3% and 2.7% respectively.
* **Utilisation of health services (Direct quote from HealthMan summary)**
  "The CMS reports that 'data presented should be interpreted with caution due to definition related issues and in some instances due to under-reporting by medical schemes'. HealthMan scrutinised the numbers and not only are they highly dubious, but the 2011 figures have been restated too. This makes any benchmark with the previous year's report in order to understand the current numbers, and any calculation of cost per visit based on either, uninstructive. Stating the benefits paid out of pocket by members remains a challenge, according to the CMS report, due to underreporting by Schemes and members."
* **Non-healthcare expenditure**: Open schemes' gross non-healthcare expenditure increased by 218% since 2000, mainly due to an increase of 233% in administration expenditure. Eleven open and ten restricted schemes had an average administrator expenditure of greater than 10%.
* **Payment of Trustees:** The trustees of the Government Employees' Medical Scheme (GEMS) are the highest-paid: 12 trustees earned R6.5m in 2012 - an average of R545 000/trustee. Fedhealth Medical Scheme paid R3.5m to 11 trustees, (R323 000 average); Spectramed: R441 000 average to 6 trustees; and Discovery Health R2.8m (R402 000/trustee). Other medical schemes that paid high amounts to trustees were: Liberty, Bestmed, Medshield, Profmed and Medihelp.
* **Payment of Principal Officers:** Some of the medical schemes' principal officers (POs) were paid an annual salary of more than R4m last year. POs for Bonitas, Bestmed and Discovery Health Medical Scheme were paid R4.87m, R4.34m, and R4.03m, respectively. These are all open schemes. Closed schemes, which are restricted to employer or professional groups, generally paid their POs less. However Gems paid its acting PO R1.75m last year, and Bankmed its PO R2.98m.
* **Gantsho said the CMS will engage experts to study the factors affecting the remuneration of trustees**.
* **Some administrators are deliberately short-paying claims for PMB services.** The report reveals that some medical scheme administrators are **deliberately paying claims for PMBs at scheme rates rather than in full.** In 2012, the council dealt with 846 complaints in which administrators incorrectly paid PMB claims at the rate at which medical schemes reimburse healthcare providers, rather than in full. A scheme may refuse to pay a PMB claim in full only if a member fails to use a healthcare provider appointed to provide a PMB service - a designated service provider (DSP).
* **Complaints about PMB claims** made up the highest proportion of the almost 6 000 complaints the CMS received from members and healthcare providers in the financial year from April 2012 to April 2013. Of the 2 411 complaints that related to PMBs, 1 814: short payment of PMB claims; 592: non-payment of claims.
* **Solvency ratio:** The average solvency ratio of the country's 25 open schemes increased by 1.4% in 2012, to 29.1%. The average solvency ratio of the 67 restricted schemes decreased to 37.4% in 2012. 11 schemes had ratios below 25%. GEMS' ratio declined from 8.6% at the end of 2011 to 7.9% at the end of 2012.
* **Call to regulate broker fees**: **Schemes used more than R1.4bn of members' money to reimburse brokers for bringing them more clients.** Most of the big spenders were open schemes, which paid brokers more than the national average of R48.80 per member per month. In 2012 LA Health, Hosmed and Discovery paid brokers between R56 and R58 a month. As the number of broker firms has mushroomed - from 1 691 accredited firms in 2005 to 2 208 at the end of March 2013, one of the council's proposals for the Medical Schemes Amendment Bill is **reviewing the current system where broker fees are built in to member contributions.**

Medical aid hikes lowest in years; Hike in rates by 8.9% by two big ones; More increases for 2014
Business Report, 20 September; Personal Finance, 14, 21 September 2013
If the contribution increase rates announced by the medical schemes that have so far launched their 2014 benefits are anything to go by, the industry could have the lowest increases in years. Momentum Health announced an average premium increase of 7.2% for members, with no benefit reductions, only additions. The average contribution rate of Discovery Health, and KeyHealth for 2014 will be up 8.9% more; and Fedhealth's range from 7.9% to 10.9%.

* Meanwhile Momentum Health Medical Scheme has announced a weighted average contribution increase of 7.2% for next year; CompCare's increase is 7.7%; and LA Health, the restricted scheme for local government employees, announced an 8.9% hike.
* Many schemes implement increases equal to the consumer price index (CPI) rate plus 3 percentage points as allowed by the Medical Schemes Act. They may implement increases beyond that if they obtain approval from the regulator.

Hospital cash plans rife with abuse; Hospital insurance plans 'sell ill-health'
City Press, 1 September; Sunday Independent, 22 September 2013
The abuse of hospital cash plans appears to be spreading, according to deputy ombudsman Jennifer Preiss. A FinMark Trust study in 2012 showed there were between 1m and 1.5m hospital cash plans in place, covering about 2.4m South Africans. The office of the long-term insurance ombudsman said the problem is getting worse as the industry gains market share. Peter Dempsey, deputy chief executive of the Association for Savings and Investment SA, said if the abuse cannot be curbed, life insurers may be forced to implement tough measures to ensure the financial viability of hospital cash plans. These could include raising premiums, introducing standard cancellation clauses, and stopping hospital cash plans completely.

* Health Minister Motsoaledi was quoted in the *Sunday Independent*, saying insurance companies were actually selling "ill-health" and encouraging their clients to get sick instead of promoting a healthy lifestyle. Known as 'hospital cash-back plans', they provide insurance cover that promises to pay an amount of cash if clients are admitted to hospital for a certain number of days, in exchange for monthly premiums. He was appalled at the marketing and advertising of hospital cash plan and raised concerns that the practice led to collusion between patients and doctors.

  Motsoaledi said he was discussing ways of regulating the hospital cash plan insurance products, with Finance Minister Pravin Gordhan, but said he favoured a total outlaw of the schemes.

Sechaba keen to fix ties after Sizwe curator quits
Business Day, 2 September 2013
Khaya Gobinca has agreed to resign as curator of Sizwe Medical Fund after months of dispute with the medical scheme's administrator Sechaba Medical Solutions. His departure will be welcomed by Sechaba, which had been facing the prospect of losing its only client. CEO Grant Newton said the administrator was looking forward to mend the relationship, rebuild and create stability in the scheme.

SAMWUMED reverse settled claims
Press statement
Samwumed issued a statement to its service providers, saying **the scheme discovered that it had received numerous non-PMB claims where members' benefits had been exhausted, which nevertheless had been paid.** The scheme is therefore undertaking a reversal process of such claims from service providers whose accounts were settled. **The reversals will be conducted per service provider over the next few weeks in order to reclaim the funds paid out.** The scheme will ensure the process is efficient with minimal impact on future claims. The Client Services Centre may be called on 0860 104 117.

* Reaction: Should they not collect from their members because of their error, is one of the questions doctors have been asking. "I feel the problem should be theirs to resolve, not ours."

5. PHARMACEUTICALS

Doctors aim to lift starch drip fluids ban
SAPA, 1 September 2013
A number of SA doctors working in critical care appealed to have a ban on ICU starch drip fluids lifted. Dr Ivan Joubert, head of critical care at UCT, said doctors would have to use less effective resuscitation solutions, which could lead to a greater risk of complications.

The MCC issued a product recall on the drips last month, following a recommendation from the EU Medicine's Agency's Pharmaco-vigilance Risk Assessment Committee. The committee apparently suggested that the hydroxyethl starches were more likely to cause death or kidney damage than saline solution-based alternatives.

South Africans warm to the use of generic medicines
Netcare Media Statement, 3 September 2013
Zahida Khan, general pharmacy manager at Netcare's primary care division, which comprises Medicross and Prime Cure, said **the use of generic medicines had been increasing exponentially in recent years, according to Medicross pharmacies**. This had resulted in substantial savings for the consumer, as co-payments were either lower or even eliminated. According to the 2012 Mediscor Medicines Review (MMR), report, **medical scheme members' generic utilisation rate is currently 53.4% -** slightly higher than the 50% for the 27 countries of the European Union. (In Germany, the United Kingdom and America, the generic substitution rate is over 80%). If generic alternatives to original patented drugs are available, it is mandatory by law for a pharmacist in SA to suggest such alternatives to healthcare consumers.

Drug patent reform plans; Intellectual property; Battle on the horizon over intellectual property policy
Business Report, 10, 11 September; Mail & Guardian, 10, 13 September; *Business Day, 11 September 2013*
The Department of Trade and Industry (dti) has proposed sweeping reforms to the patents regime for medicines in its draft policy on intellectual property. The proposal's aim is to "**improve access to intellectual property-based essential goods and services, particularly education, health and food".**

In the past, shrewd pharmaceutical companies have identified gaps in legislation and gained multiple patents on the same drug, effectively extending the life span of their dominance, keeping competition from generic manufacturers at bay, and charging high prices for medicine in the public and private sectors.

To tighten patent standards, the policy **proposes introducing a patents examination office**. According to SA's depository system, patents are granted without substantive scrutiny for novelty or inventiveness.

Reaction:
The Innovative Pharmaceutical Association of SA (Ipasa): Over the past five years the economy had steadily lost investments. SA needed to ensure that policy interventions served to bolster the economy, improve job creation, attract direct foreign investment, and encourage local innovation and entrepreneurship.

Médecins Sans Frontières, spokeswoman Julia Hill: The new draft policy may lead to a decrease in the cost of medicine. Profits should not be placed above health needs.

DA member, Wilmot James, called the document "remarkably unimpressive", suggesting "the drafters appear not to fully understand intellectual property law".

Brian Wimpey, intellectual property lawyer at Norton Rose Fulbright SA, called it "vague" and "in some cases, almost contradictory".

Treatment Action Campaign (TAC) and Section27 welcomed the policy, which "lays the foundation to prevent abusive patents from blocking access to affordable medicines".

* Once the public comment period concludes, the amended document and comments will be brought to Cabinet, who may suggest further changes. Once the policy has been approved, the dti will draft legislative **amendments to be vetted by Cabinet and Parliament, early in 2014. For a copy of the draft document http://www.dti.gov.za/invitations/36816_4-9_TradeIndustry.pdf**

Medicine ads 'may be misleading consumers'
Netdoctor.co.uk, 18 September 2013
Television advertisements for pharmaceutical products may be misleading consumers and causing them to buy products they do not need according to Adrienne Faerber and David Kreling from The University of Wisconsin-Madison School of Pharmacy after reviewing 168 TV advertisements.

Although only 1 in 10 claims were false, 6 in 10 left out important information, exaggerated, gave opinions or made meaningless associations with lifestyles. **8 out of 10 claims for over-the-counter drugs in particular were either misleading or false.**

6. FINANCIAL NEWS

CFR draws nearer to decision on Adcock bid; Adcock Charm offensive over buyout; Concern over deal
Business Report, 3 September; Business Day, 12 September; Business Times, 15 September 2013
Chile-based CFR Pharmaceuticals will decide soon whether to make a binding offer for the JSE-listed company Adcock Ingram. However, local analysts said that even if CFR decided to make an offer, it was unclear what other bidders such as Bidvest and Actis would do in response. **Adcock shareholders are not enthusiastic about the offer,** which is valued at R73.51/share and comprises a combination of cash and CFR shares. If the deal is successful, Santiago-listed CFR will seek a secondary listing on the JSE.

* Meanwhile Adcock's independent board said it would recommend to shareholders that they accept CFR's R12.6bn cash and share offer. The transaction would have a positive effect on long-term employment and drive exports. CFR plans to move some of its production to SA to take advantage of Adcock's underutilised facilities, said CFR executive Daniel Salvadori. CFR would also export some of Adcock's products to Latin America, and invest between $20m and $30m in machinery, research and development. CFR said it has no plans to cut jobs at the combined 18 manufacturing facilities.

* Meanwhile Adcock's share price continues to trade below the mooted CFR offer, suggesting shareholders are not convinced about the deal.

Discovery results: Remarkable feat by health unit; UK ventures boost results
Discovery report; Business Report, 4 September; Business Day, 4, 5 September 2013
Discovery Holdings reported a 20% increase in normalised headline earnings to R2,787bn in the year to June. CEO Adrian Gore said growth could be attributed to Discovery Health's performance, increasing new business by 13% to R4.8bn, adding to the insurance group's total new business of R10.8bn. The entire group grew its new business by 15%. Discovery Health Medical Scheme now has 2.76m members and its operating profit increased by 13% to R1.7bn. Other Discovery businesses - Discovery Life, Discovery Invest, Discovery Insure and UK joint venture PruHealth and PruProtect (15% of the group's new business) - posted strong performances. Discovery's embedded value grew by 18% to R35.7bn and return on capital exceeded 20%. Gore said the group will make a move into Africa within the next three to five years.

Aspen expects pending deals to open doors to Russia; loans for buys pressure on its leverage ratio
Business Day, 12, 17 September; Business Report, 16 September 2013
Aspen expects its debt to equity ratio to be more than 50% after bedding down a number of transactions clinched in its 2013 financial year, which will put it in a similar position to where it was five years ago when it twice skipped paying a dividend. Aspen maintained the previous year's R1.57/share dividend. **During the year, Aspen** signed a R10bn deal with Merck to acquire an active pharmaceutical ingredient plant and 11 related products in the Netherlands; bought thrombosis drugs Arixtra and Fraxiparine-Fraxodi and a manufacturing plant in France for about £700m from GlaxoSmithKline; and acquired rights to produce and sell Nestlé's baby milk brands in Southern Africa and Latin America. It is also exploring opportunities in Russia, Malaysia and China.

* Aspen has secured two syndication loans of $2.03bn (R20bn) and R7.33bn to finance its pending deals.

7. GENERAL NEWS

More precision, less pain with robotic surgery

Sunday Times, 1 September 2013

South Africans are to benefit from a **revolutionary robotic system capable of performing complex surgical procedures** on humans. The Da Vinci surgery robotic system goes live in October at the Pretoria Urology Hospital. The robot (R15.5m - R17.5m) resembles an octopus and is operated by remote controls. It offers surgeons enhanced dexterity and greater precision while operating, and patients benefit from quicker recovery times and less pain.

A fifth of pupils overweight, twice as many unfit; Exercise is a miracle drug

Cape Times, 5 September; The Times, 6 September 2013

Nearly 20% of pupils in SA are overweight, with more than twice the number of girls affected than boys; 38% don't get enough exercise, according to a survey published by the DoH. A survey by the HSRC found Western Cape girls were the third most obese in the country. The provincial Health Department is finalising guidelines for tuck shops, replacing unhealthy foods with alternatives and recommending exercise.

* Dr Louis Holtzhausen, sports physician at the University of the Free State, said research has shown that **moderate exercise of at least 150 minutes a week can reduce the chances of heart diseases by 50%,** strokes by 30 to 40%, Alzheimer's disease by 30 to 40%, and recurrence of breast cancer by more than 50%. **Holtzhausen said being unfit was more dangerous than being overweight.**

Whites not happy; All South African population groups at risk of hypertension

Business Day, 16 September 2013

Hypertension related illnesses such as **strokes and heart attacks kill far more whites than blacks because many whites are not happy,** said statistician-general Pali Lehohla. This is despite the fact that it is black people who live in the poorest conditions, where TB and HIV/AIDS are prevalent. According to the 2011 General Household Survey 15% of South Africans died from hypertension-related conditions; most of them white. Most of the 25% of the population who died from infectious diseases (TB and AIDS) were black.

* In reaction to Lehohla's statements, the Heart and Stroke Foundation SA said the **comments were inaccurate and reflected a misunderstanding of the causes of hypertension,** one of the biggest killers in the country that affects all race groups. It creates a dangerous illusion for SA and was “poorly judged” as risk factors like physical inactivity and poor diet are prevalent across all cultural and economic groups in SA.

Automated pharmacy makes life a lot easier

The Star, 20 September 2013

Thanks to the success of a pilot project - **the first robotically automated pharmacy in a public health facility** - average waiting times for ARVs at the Helen Joseph Hospital in Johannesburg has decreased remarkably. The Rowa automation unit - made up of a dispensing, loading and storage system for medicines - can store up to 12 000 medicines. Doctors write electronic scripts, which are linked to the pharmacy's patient management system, the pharmacist then checks it and, in less than two minutes, a patient’s prescription can be in their hands. In the past there were 13 pharmacists, now there are 6 - the rest attend to patients in the wards. Patients’ waiting times have been reduced from several hours to only 20 minutes.

8. IN A NUTSHELL:

Obamacare delay

The U.S. government announced **new delays in rolling out President Barack Obama's health care reform known as Obamacare,** saying small business and Spanish-language health insurance enrolment services would not begin on October 1 as planned. The new delays amount to a few weeks out of a months-long enrolment period aimed at signing up millions of uninsured Americans for health benefits.

Obama and fellow Democrats are trying to stave off Republican attempts to delay the health care reform's launch with the threat of shutting down the federal government or risking a U.S. default on its credit.

US House passes bill that would add scrutiny to drug makers

The US House has passed legislation that would give the government its first uniform rules to help identify stolen or counterfeit drugs and would put manufacturers under greater regulatory scrutiny. The bill would let the Food and Drug Administration collect and spend fees to cover costs of inspections and licensing, impose handling and record-keeping requirements, and create notification rules for drugs that are potentially unsuitable for distribution.

Khoi-san to benefit from big buchu deal

A pharmaceutical company has signed an agreement with the National Khoi-San Council to share benefits from the commercial development of the buchu plant for medicinal purposes. Khoi and San communities will receive 3% of the profits from the buchu products. Researchers say the three main uses of buchu are as an anti-inflammatory, antiseptic and in the treatment of hypertension.

Evergreening

Pharma Dynamics has been given leave to appeal a High Court judgement in its legal dispute with Bayer (Germany) over what is called the 'evergreening' of the contraceptive drug called Ruby. Pharma Dynamics believed that the patent granted in 2004 for the German patent Yasmin was invalid and applied for it to be revoked after obtaining approval from the MCC to sell Ruby.

'Halt this butcher'

Four people have hauled the Health Professions Council of South Africa (HPCSA) to court in a bid to get it to take stringent action against a plastic surgeon from Benoni, Dr Luke Gordon, with a string of botched operations behind him. They say the council has failed to take serious action against the doctor.