

How to save money on medicines

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Health Minister Manto Tshabalala-Msimang revealed details on Friday of the government's final version of new regulations that could eventually slash the cost of pharmaceuticals to consumers by up to 50 percent.

"These regulations are landmark in terms of reducing the price of medicines ... (and) are extremely far-reaching," said Tshabalala-Msimang.

Friday's announcement of the final regulations followed extensive comment and debate after draft regulations published in January prompted manufacturers and wholesalers to express their unhappiness.

But Tshabalala-Msimang says the principles of the transparent pricing system contained in the draft regulations remained unchanged.

Central to these principles was a single exit price set by the manufacturer for every medicine; the introduction of a professional fee for dispensing services, replacing commercial mark-ups; and the regulations retaining a strong theme of mandatory disclosure of information relating to pricing.

Tshabalala-Msimang said that while the cornerstones of the regulations remained unmoved, there had been "significant revisions", mostly due to additional information being made available to the Pricing Committee and the Department of Health.

"We believe the regulations to be fair and reasonable," said Tshabalala-Msimang.

She said that South Africa was leading the way, with many developing countries and interest groups paying attention.

Giving a tangible example of how the new regulations will benefit the consumer, Pricing Committee chairwoman **Prof Di McIntyre** said the single exit price meant that manufacturers and wholesalers would have to remove all rebates and discounts when selling the medicine.

McIntyre said that, for example, if a medicine's list price was currently R100, with R20 worth of discounts, the actual price was R80.

"The medicine now costs R80, (and) rather than this obscure system of having a list price of R100, and all these discounts that nobody knows what is happening, everybody will know, the single exit price is R80," she said.

McIntyre said it was difficult to give a "precise" figure in rand value as to the extent of the savings the new regulations would realise.

She predicted that savings would be in the "region of 40 to 50 percent on average".

But not everybody at the meeting was happy with the briefing on the regulations, the final version which still needed to be published and gazetted next week.

Trevor Phillips, executive director of the National Association of Pharmaceutical Wholesalers, said: "The Pricing Committee has not really recognised the operating differences between exclusive distribution agencies (EDAs) and the full line wholesaler."

Phillips said this could have serious financial implications for wholesalers, who unlike the EDAs, have to finance ownership of titles purchased.

"We will raise this issue at the stakeholders meeting scheduled," he said.

Trevor Honneysett of New Clicks Holdings Limited, who during the meeting raised several questions about the regulations, did not want to be interviewed afterwards, saying a consolidated answer from industry would first have to be formulated.

Nevertheless, as the Health Minister indicated, the regulations were not "cast in stone" and would be open for revision at a later stage.

According to a timescale for implementation of the regulations, from May 2, discounting by manufacturers, wholesalers and retailers would become illegal.

By May 26 the list of single exit prices had to be lodged with the Director-General of Health and sales had to be effected at those prices.

Within 90 days of May 2, around August 2, the regulations needed to be fully implemented.

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