NHRPL 2007 delay: use 2006 + inflation…

Health care funders and provider groups have been advised by the Department of Health (DoH) to use 2006 National Health Reference Price List (NHRPL) prices and factor an appropriate inflation index in determining the tariffs for 2007 until the new tariffs are released.

The DoH, which has taken over the responsibility of formulating the NHRPL from the Council for Medical Schemes, announced in early October that NHRPL 2007 would only be published after the finalisation of the relevant regulations under section 90 (1) (u) of the National Health Act (Act 61 of 2003).

Advice offered on recommended price lists

In response to some of the confusion created by the Department of Health's statement that it would not be publishing the NHRPL 2007 yet, the Board of Healthcare Funders (BHF) has advised its members that the NHRPL itself is not envisaged as a regulation in terms of the National Health Act.

The BHF was also responding to the SA Medical Association (SAMA's) contention in the media that the NHRPL "can neither be used as a reference for doctors to determine their fees, nor for medical schemes to establish their benefits for 2007, until appropriate regulations in terms of the National Health Act are in place".

"The Act," the BHF explained in a subsequent media statement, "specifically states that there is the possibility of more than one reference pricelist and that such pricelist may be used by medical schemes to determine their benefits.

"These pricelists may also be used by health establishments, health care providers or health workers in the private health sector as a reference to determine their own fees."

The statement added that while medical schemes were aware that collaboration between schemes is contrary to competition law, they were legally empowered to decide as individual schemes what scale, tariff or recommended guide to follow "and are legally obliged to include provision for this in their rules".

"Schemes are not legally obliged to follow the NHRPL but may choose as individual schemes to do so on the basis of the provisions in the Medical Schemes Act," it concluded.

Pharmacists still aggrieved

A pharmacy stakeholder group has established from an immediately initiated impact analysis, that the revised dispensing fees released on October 31 will not only do little to improve the lot of community pharmacy - particularly the independent pharmacists - but also threaten their existence.

"Having evaluated the dispensing fee that was announced last week, it is quite clear that the majority of pharmacies will be operating at risk," Sham Moodley, co-ordinator of the Pharmacy Stakeholder Forum, noted in the forum's media statement.

"The bottom line is that 75% of pharmacies are at a significant risk of failure if they rely on the dispensing fee for their survival. The PSF is convinced that all costs of dispensing should be covered from the income generated by dispensing, and the dispensary should not have to rely on cross-subsidy from other departments in pharmacies."

The PSF, the statement added, had requested a copy of the Pricing Committee's (PC's) report to the minister and that the PC secretariat had agreed to meet with the PSF following analysis of the document.

Intended savings should now be realised

The new, revised dispensing fees for pharmacists announced by the Department of Health at the end of October should offer consumers the savings originally intended in the medicines pricing regulations.

"Patients should no longer be paying administration fees for a dispensing service," the Minister of Health, Dr Manto Tshabalala-Msimang, said in her preamble to the fees announcement.

"The only additional service linked to dispensing that patients may be levied a fee for is the delivery of medicines and the compounding of medicines."

Pharmacists' fees will now be calculated as follows:

- Where the single exit price (SEP) of a medicine is less than R70,00, the dispensing fee, is a total of R4 plus 33% of the SEP of the medicine;
- Where the SEP is R70,00 or more but is less than R250,00, the dispensing fee is a total of R25,00 plus 6% of the SEP;
- Where the SEP is R250,00 or more but less than R1000,00, the dispensing fee is a total of R30,00 plus 3% of the SEP ;
- Where the single exit price of a medicine is R1000,00 or more, the dispensing fee is a total of R50,00 plus 1.5% of the SEP.

It is anticipated that the price of medicines will be further reduced after the implementation of international benchmarking: "This may reduce the dispensing fee income so the committee has decided to review the dispensing fee after the implementation of the benchmarking methodology," Tshabalala-Msimang concluded.

Rand equivalent of SEP to be benchmarked

The DoH's director of pharmaceutical economic evaluation, Dr Anban Pillay, explained when announcing the benchmark medicines pricing process and methodology, that benchmark price in South Africa will be the Rand equivalent of the ex-manufacturer price, i.e. the SEP less (or net of) the Logistics Fee and VAT, for the same branded or generic product in Australia, Canada, New Zealand and Spain.

Comparator countries selected for the South African medicines benchmark pricing process will be Australia, Canada, New Zealand and Spain.

Prices to be measured in these countries, he added, will be the Rand equivalent of the ex-manufacturer price, i.e. the list price less the Logistics Fee (or wholesaler fee), taxes, discounts and/or rebates, for the same originator product.

"There may be several selling prices in benchmark countries, in which case the price used in the largest ambulatory sector will be used," he said.

Responding to the October benchmarking announcements and explanations, Pharmaceutical Manufacturers' Association (PMA) CEO, Vicki Ehrich, said that the department seemed to have chosen countries that have stringent pricing controls and the lowest prices.

Ehrich also took the opportunity to note that the spend on medicines through medical schemes had come down significantly i.e.15,7% of the total after hospitals and medical specialists in 2005 compared to 22,3% of the total in 2003.