

Pharmaceutical pricing and reimbursement policies in the in- and out-patient sector

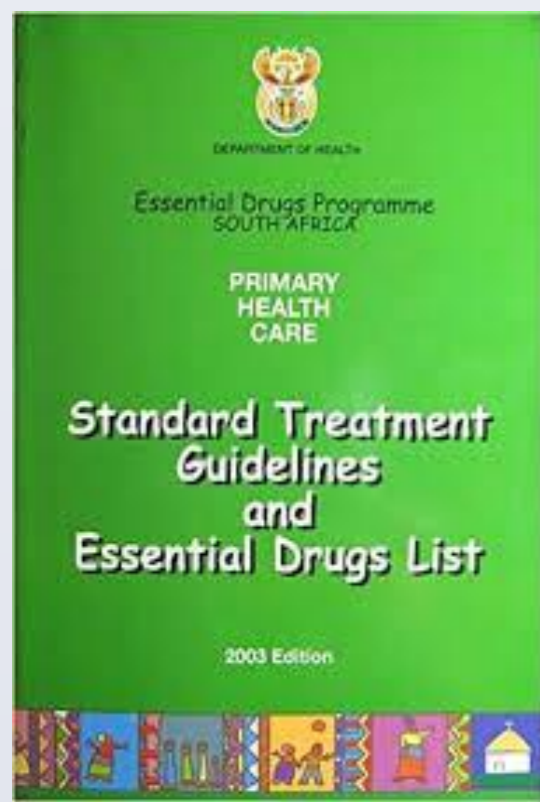
Public Sector

Private Sector

Quality of medicines good - Registration of medicines for South Africa – Medicines Control Council

Serves 80% of population – divided into Primary Health Care (free), Hospital Levels Care (Adult and Paediatric) and Tertiary Services. Medicines are obtained via competitive tender processes

Governed by Standard Treatment Guidelines and Essential Medicines Lists



Serves about 20% of population; payment is through medical schemes or out-of-pocket.

Pricing governed by Single Exit Pricing policy; Dispensing Fee Policy and voluntary Pharmacoeconomic Guidelines – as per recommendation of Pricing Committee (PC) to Minister

Single Exit Price is the price at which a manufacturer must sell to all pharmacies and dispensing doctors, irrespective of volume sold.

Ex-Manufacturers Price → Logistics Fee → VAT

Components of the Single Exit Price

Value added tax (VAT) is added to all medicines sold, even though they are considered ESSENTIAL in the public healthcare sector. Only Dispensing fee added to SEP at point of sale to patient

Has about 10 000 medicines listed

Competitive tender processes employed for purchase

ERP system used as well

List of medicines on state contract are available from <http://www.health.gov.za/> previously ([www.treasury.gov.za/documents-medical](http://www.treasury.gov.za/documents-medical) and pharmaceutical

About 9000 medicines listed

ERP used at launch (unofficial)

SEP adjustments annually

Database of Medicine Prices in South Africa ([www.mpr.gov.za](http://www.mpr.gov.za/)) / private sector

**Mechanisms for vulnerable groups**

Children under five years, pregnant mothers, psychiatric patients and the elderly are offered healthcare free of charge at public institutions. Where public private partnerships exist between State and private facilities, free services e.g. vaccination etc. are offered in private facilities

Medicines Selection by National Essential Medicines List Committee – Monitored by Provincial, District and Institutional Pharmacy and Therapeutics Committees

**Reforms**

**Guidelines on Pharmacoeconomic Assessment** - The Department of Health intends to make these guidelines mandatory.

**International Benchmarking:** South Africa has chosen Spain, New Zealand, Australia, South Africa and Canada as benchmark countries – currently under review.

Will need to be reassessed in the light of the proposed National Health Insurance proposal – pilot projects of private sector engagement in chronic medicine dispensing underway – amongst others

The National Drug Policy, Medicines and Related Substances Act, Pharmacy Act, Health Act, and Pricing Regulations contain regulatory measures which control the sale of medicines in South Africa. NHI under debate currently

Pricing in the in and out-patient sector

Reimbursement in the in and out-patient sector