

PHARMACEUTICAL INDUSTRY: PATIENTS INTERESTS BEST SERVED BY CONTINUING SINGLE EXIT PRICING FOR MEDICINES

17th January, 2005

The findings of the Supreme Court of Appeal, coupled with the Department of Health's application to the Constitutional Court for an appeal, have left the market temporarily unclear as to the status of the new pricing regulations. Stakeholders are split in their responses to the findings.

Innovative medicines manufacturers are determined to minimise the problems that could potentially be created for patients in this interim period. To achieve this, and reduce the confusion, they have committed to keeping in place the single exit pricing (SEP) system that provides stability around the ex-factory prices and maintains transparency in the system, pending the outcome of the proceedings now contemplated before the Constitutional Court. This means that they will continue to sell medicines at the reduced prices which arise from the pricing regulations, and make the prices publicly available. Innovative medicines manufacturers publish their prices in various places including the Innovative Medicines SA website at www.innovativemedicines.co.za as well as on individual company websites.

The pharmaceutical manufacturers advise the public that whilst there is vagueness around the status of the pricing regulations, the provisions in the Medicines Act that prohibit discounting, bonusing and rebates on "pharmacy only" medicines, are still in place and are not affected by the court action. This means that manufacturers, wholesalers and dispensers may not apply discounts to their medicine prices.

To date the changes in the prices of medicines in SA have yielded up to 19% reduction in the prices of medicines from manufacturers of pharmaceuticals. This converts to a reduction of R2.5b in medicine costs ex manufacturer.

Manufacturers hope, in the interests of patients, that other unresolved stakeholder issues be resolved with haste. IMSA is committed to achieving quality, sustainable and affordable health care in SA.

Additional information:

IMSA represents pharmaceutical manufacturer's making up 32% of the private prescription medicines market in South Africa. The members are: Sanofi-Aventis Pharma, Eli Lilly, Novartis Pharma, MSD, Pfizer and Roche).

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