

## ***FINANCIAL NEWS: MORE HIGHLIGHTS***

### ***What DHMS pays Discovery for administration services***

“Discovery Health Medical Scheme (DHMS) paid R5.389 bn to Discovery Health in administration expenses last year,” reported *MoneyWeb* (21 June 2021). Administration fees comprised 7.23% of gross contributions last year (2019: 7.38%), while managed care fees were 2.54% of gross contributions (2019: 2.53%).

“Discovery Health also provides administration and managed care services to another 18 restricted schemes, covering over 3.5 m medical scheme members. DHMS notes in its annual report that its ‘gross administration expenditure is the seventh lowest [as a percentage of gross contribution income] out of 20 schemes in the open scheme market’. The average administration fee per member in 2020 was R336.84 -5.25% higher than the prior year, “primarily reflecting the impact of an annual CPI-linked increase”.

### ***Ascendis looks set to be solely a local player***

Health group Ascendis has struck a deal with lenders that involves it exchanging its European businesses to extinguish about €447-m (R7.6-bn) in debt, leaving the company with assets only in SA, reported *Business Day* (12 May 2021).

Ascendis, valued at about R400-m on the JSE, said its board and management unanimously supported the restructuring deal. It involves the group giving up Cyprus-based pharmaceutical maker Remedica, and its ownership of Sun Wave Pharma in Romania. Europe contributed 55% of revenue in Ascendis’s half-year, but almost three-quarters of its operating profit, though the group will be selling some of its SA businesses as well.

### ***Vaccine market looks completely different this year’***

**In February** *The Financial Times* reported that the world’s three biggest vaccine makers, GlaxoSmithKline, Merck and Sanofi were left playing catch-up, after upstarts like Moderna and BioNTech demonstrated their mastery of new technologies that will shape the industry for years to come.

According to Zain Rizvi, a medicine access researcher at advocacy group Public Citizen, the “immense scarcity” of vaccines around the world is directly connected to these big pharma groups being “missing in action”. The vaccine market already looks completely different this year.

### ***Drug makers slam vaccine patent waiver***

**In May** *Reuters* reported that, according to drug makers, US President Joe Biden’s support for waiving patents of Covid-19 vaccines could disrupt a fragile supply chain and that rich countries should instead share more generously with the developing world.

The International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) said that if adopted by the World Trade Organisation, the proposal would invite new manufacturers that lack essential know-how and oversight from the inventors to crowd out established contractors.

### ***Vaccine claimants give up right to sue***

**In April** it was reported that - in terms of new regulations for the compensation fund - South Africans who claim from a Covid-19 vaccine injury fund will give up rights to approach the courts to sue the government or health workers should they suffer severe injury from taking the injection. This follows as drug companies providing vaccines to SA, like Johnson & Johnson (J&J) and Pfizer, insisted on a no-fault compensation scheme run by the government as a prerequisite for supplying the vaccines.

***Provincial health departments in dire straits***

Health Minister Zweli Mkhize told Parliament that the Gauteng health department has racked up more than R12-bn in irregular expenses during the past five years. (*News24* 13 June 2021). Irregular expenditure at all nine provincial health departments has skyrocketed over this period.

North West health department's irregular expenditure bill for the past five years tops R4.7-bn and the Free-State reported of R1.6-bn in irregular expenditure