



NOTICE
 Private Practice Review presents the reader with a summary of the most relevant breaking news in the local and global healthcare industry, as obtained from media sources, including the public broadcaster, independent television broadcasters, independent news agencies, newspapers, radio and websites. HealthMan strives to quote the Original Source. HealthMan compiles this information to provide the reader with a brief overview of the most recent events and developments in the industry as reported in the media. The views and opinions expressed in Private Practice Review are those of the authors of the media sources and do not necessarily reflect the views or opinions of HealthMan, its directors, employees and associates.

In this Newsletter

- Food for Thought
- News from Government
- Financial News
- Pharmaceutical News
- General News
- News from Medical Schemes
- Special Notes

FOOD FOR THOUGHT

BUSA and B4SA warn government

“Organised business has sounded a warning about the feasibility of National Health Insurance (NHI), saying the substantial tax increases required by the government’s plan are unaffordable,”
 reported **Business Day** (30 August 2023).

In a joint statement **Business Unity SA (BUSU)** and **Business for SA (B4SA)** said the government’s estimate that it will need to raise an extra R200-bn in tax revenue to finance NHI would require increasing personal income tax by almost one-third, VAT from 15% to 21% or applying a payroll tax that is 10 times higher than the current UIF contribution, or a combination of these three increases.

“Organised business said it supports the concept of universal health coverage, as healthcare industries are more productive and can participate more meaningfully in the economy. But, it does not support the single purchaser model set out in the bill. It said the NHI Bill’s single funder model, where the government is the only source of funding and procurement for all health services, poses a significant economic risk.”

Private health funding sector should not be sacrificed

At a recently held briefing session the Board of Healthcare Funders’ (BHF) Chair, Neo Khaoupe, said the board supported the concept of universal health coverage. However, the private health funding sector should not be sacrificed in favour of NHI, reported **The Citizen** (8 September 2023).

The BHF’s head of health system strengthening, Dr Rajesh Patel, stressed the need for clarity in the Health Minister’s decision-making processes regarding the inclusion of rules for thorough implementation and the ambiguity in NHI contracting with health service providers.

“He asked how the Minister would know what would make a decision lawful if Parliament gave him no guidance in the NH Act.”

“An expert in healthcare governance at Wits, Prof Alex van den Heever, said a single fund was also impractical for rich and developing countries and, given South Africa’s limited GDP strength, such a proposition appeared particularly unreasonable.”

‘Democratise AI’, says expert

Artificial Intelligence (AI) is not a cure-all solution, at least not immediately, says Deshen Moodley, an AI systems specialist from the University of Cape Town (UCT). If healthcare professionals resist AI-powered precision medicine, they risk obsolescence, reported **Financial Mail** (31 August 2023).

“Considering SA’s unique challenges, Moodley underscores the importance of democratising AI. It’s essential, he says, to have open-source AI platforms to ensure broader access and keep costs down.

According to Dr David Jankelow, a SA cardiologist affiliated with the Mayo Clinic, AI can augment medical practice, but it cannot replace the nuanced human touch of specialised knowledge, critical thought, and ethics in medicine. He emphasised that AI isn’t a cure-all solution, at least not immediately.

“In conclusion, while entrepreneurs might see a profit-driven future for AI in healthcare, academics, like Moodley, envision a world where AI’s power in healthcare is open to all, enriching lives and ensuring better health outcomes.”

NEWS FROM GOVERNMENT

SA’s Covid-19 ‘catastrophe’

SA was ‘bullied’ into vaccine contracts

A multi-stakeholder group, led by the Health Justice Initiative (HJI) has found that the SA government paid millions of rands for Covid-19 vaccines from global pharmaceutical manufacturers and suppliers under unfavourable terms and conditions, compared to Western nations, reported **City Press** on 5 September 2023.

The HJI, a nonprofit organisation that advocates for a more inclusive and fair public and global health system, analysed four Covid-19 vaccine procurement contracts government signed with big pharma companies like Johnson & Johnson and Pfizer. According to the findings government was “bullied” into signing away its sovereignty and agreeing to the terms for vaccine contracts that were one-sided and unethical via “ransom negotiations”. It also states that the terms and conditions of the contracts are “overwhelmingly” one-sided and favour multinational corporations.

The HJI won a legal challenge last month in the Pretoria High Court to compel the National Department of Health to hand over the Covid-19 vaccine contracts to the organisation in the interest of transparency and accountability.

Vaccine contracts held SA to ransom

“These deals were concluded at a time of global scarcity, when Western governments with domestic vaccine manufacturing capacity prioritised their citizens, leaving African nations that relied entirely on imports scrambling for supplies,” reported **Business Day** (6 September 2023).

The agreements, published by the HJI and a multistakeholder group, reveal that SA paid:

- \$10 a dose to J&J, a 15% premium on the price the company charged the EU, for at least 30-m doses;
- \$10 a dose to Pfizer, a 32.5% premium on the price the company charged the AU, for at least 30-m doses;
- \$5.35 a dose to the SII for AstraZeneca’s shot, more than 2.5 times the price the EU paid AstraZeneca directly for 1.5-m doses; and
- At least \$10.55 a dose to Covax, which media reports previously indicated agreed to supply SA with doses to cover 10% of its population.

It calculated that SA agreed to pay \$734-m (R14.1-bn) for the more than 60-m doses it ordered from these suppliers, including advance payments of \$94-m that were not fully refundable.

“Health Department squandered the opportunity”

“Health activists are right to draw attention to this grossly unfair situation. (Covid-19 vaccine deals) But the far bigger scandal is that the Health Department squandered the opportunity after spending an estimated R14-bn on Covid-19 jobs and belatedly filling its warehouses with enough doses to vaccinate the nation” – **Business Day** (7 September 2023).

Less than 40% of the population has been immunised, the once-integral private sector has been entirely shut out, and SA’s vaccination programme has virtually ground to a halt. Not only does this dismal performance leave SA facing the prospect of having to destroy millions of doses of expired vaccines, but it also poses the genuine risk that the next time health officials ask the Treasury for money for Covid-19 vaccines, they will be shown the door.”

‘We were screwed over vaccines’

Sunday Times reported on 10 September that, according to the HJI, the SA government was not allowed to receive the amount of Covid-19 vaccine it had ordered.

“It was forced to follow Europe and the US in the long queue for supplies despite paying R14.1-bn upfront for 60-m doses. At a time when Johnson & Johnson (J&J) vaccines were being filled in Gqeberha, the multinational pharmaceutical company refused to allow SA preferential access, instead exporting them to Western countries. They then gave SA what was left over.

“However, the Health Department’s Deputy Director-General, Dr Nicholas Crisp, said the country was not overcharged for the vaccines as reflected in the agreements the HJI were given. Crisp said conversations were now taking place internationally and at the UN to prevent this from happening again.

Cover-up: Phaahla accused

“Health Minister Joe Phaahla’s recent suspension of a Health Department advocate, Malle Ngake - who discovered R1.2-bn in tender fraud - is suspected to be part of a more extensive corruption cover-up,” reported **News 24** (10 September 2023).

In October 2020 Ngake revealed that several laws were violated when awarding security contracts to 22 companies by the North West Health Department. A report from the Auditor-General’s office in September 2020 indicated that the security tender exceeded its initial budget of R900-m by almost R322-m.

“Internal documents and sources indicate that Ngake’s suspension is part of an elaborate scheme by Phaahla to conceal corruption, following legal action by Dr Buyani Makhubu, a former supply-chain management director for the North West Health Department who was dismissed in August of the previous year.”

Suppliers withdraw services from Eastern Cape Health

Spotlight reported on 4 September that the Eastern Province Health Department’s non-payment of suppliers has resulted in MTN and several other service providers withdrawing their services. They include those contracted by the department to offer critical services such as oxygen provision, provision of surgical consumables such as orthopaedic implants, and provision of equipment for use in theatres.

Provincial health spokesperson Yonela Dekeda declined to provide a breakdown of the amounts owed by the department to different suppliers since the department is still in negotiations with suppliers. However, in June Eastern Cape Health MEC, Nomakhoasazana Meli, said the department owed R4-bn to suppliers of medicines and medical supplies, including medical implants, equipment, oxygen, and anaesthetic gasses.

AG lashes out at Gauteng

In its annual report the Auditor-General (AG) voiced harsh criticism against Gauteng Health for irregular expenditure of R2.26-bn, R15-m wasteful expenditure, and failing to spend R2.7-bn of its budget – reported **Medical Brief** (6 September 2023).

According to the report R2.1-bn of patients’ debt was written off, and 26 293 invoices for R2.5-bn were undisputed, but still not paid after 30 days or the agreed period. Only 53 850 invoices (35%) out of 154 076 were paid within the legally required 30 days.

“These non-payments were due to cash shortages because of medico-legal payments and settlement of old-cycle transactions, over-commitment on goods and services procured, as well as delays in clearing web-cycle transactions, according to the department.

The AG also noted that 75% of the budget for health facilities management was spent, but nothing was achieved.

FINANCIAL NEWS

Aspen and Eli Lilly sign R774-m deal

Pharmaceutical manufacturer Aspen Pharmacare signed a \$41.5-m (R773.9-m) deal with drugmaker Eli Lilly to market and distribute a portfolio of its products in Sub-Saharan Africa, reported **Business Day** (31 August 2023).

The included liraglutide, an injectable diabetes drug that US regulators are expected to approve soon as an obesity treatment. Studies submitted by Eli Lilly to the US Food and Drug Administration show liraglutide, branded Mounjaro, reduced weight by as much as 15% in users. It is also being evaluated by SA’s medicines regulator, the SA Health Products Regulatory Authority.

Aspen’s 10-year agreement with Eli Lilly follows an acquisition marketing and distribution deal for Southern Africa announced in May, and the \$22-m acquisition from Viatris of a portfolio of well-established brands in Latin America.

PHARMACEUTICAL NEWS

Cipla SA to expand OTC offering

Pharmaceutical group Cipla has announced that it signed an agreement to acquire 100% of the issued ordinary shares of Acton Pharma, a privately owned consumer and generic medicine company. The deal will enable Cipla to increase its over-the-counter (OTC) offering.

“Cipla said the acquisition is a strategic move to unlock future growth opportunities and leverage cost synergies,” reported **Business Day** (6 September 2023).

The transaction still has to be approved by the Competition Commission.

GENERAL NEWS

‘Indigenous medicine a sticky issue for SA health sector’

“Although South Africa’s Parliament passed the Traditional Health Practitioners Act over ten years ago, the country hasn’t progressed as rapidly as China and India in conducting effectiveness tests on indigenous medicines,” reported **Times Live** (31 August 2023).

According to Health Minister Joe Phaahla, one of the challenges has been determining the criteria for recognising someone as a traditional health practitioner. One contentious issue was the inclusion of faith healers within the Act’s definition and the role of traditional surgeons.

At the recent summit with G20 health ministers it was decided that – in order to properly register and regulate traditional health practices - such practices must undergo rigorous scientific validation to ensure their safety and efficacy, in line with the World Health Organisation’s strategy for traditional medicine.

NEWS FROM MEDICAL SCHEMES

‘GPs cry foul over ‘corporate bullying’

Times Live reported on 11 September that around 50 private general practitioners (GPs), who ended their administrative contracts with Medicros to join a competitor EXP Healthcare Solutions, claim they faced “corporate bullying”.

According to doctors from seven incorporated medical practices nationwide, patient files had been withheld, phone and internet services cut, and bank accounts frozen after switching to EXP.

“They noted that Medicros, a Netcare subsidiary, took ‘punitive’ actions to deter other GPs from switching to a new practice management company.

“Medicros vehemently denied these accusations, instead claiming that its rival, EXP, strategised to poach medical practices from Netcare Medicros to expand EXP’s business.”

HFA backs low-cost benefit options

Medbrief Africa reported on 6 September that Phumelele Makatini, CEO of the Health Funders Association (HFA) confirmed her support for a low-cost benefit medical scheme option to complement the NHI roll-out.

“Greater access to these services reduces the need for hospitalisation, easing pressure on the public health system to build long-term capacity.

“It was time for a shake-up in the structure of healthcare funding models,” she said, but added that it was unclear what the tax implications of these more affordable health cover products might be, and whether these funds were set to contribute towards the funding mechanism for NHI.

Discovery Health supports CMS5 for Road Accident Fund

Discovery Health CEO, Dr Ryan Nbach, has given his support to the recent statement by the Council of Medical Schemes (CMS) that the Road Accident Fund’s (RAF) withholding of payments is contrary to the Medical Schemes Act. - **Moneyweb** (8 September 2023)

The CMS also noted that “if the RAF is responsible for claims already paid by a medical scheme, it should refund the amounts and the medical scheme. This practice, known as subrogation, prevents overcompensation and helps maintain reasonable member contributions by holding responsible parties accountable”.

Discovery Health has been engaged in legal disputes with RAF regarding this directive since 2022 and is awaiting the outcome from the Constitutional Court review, given previous strong judgments against the RAF.

CIRCULARS FROM THE CMS

New circulars published by the CMS in September 2023:

Circular 31 of 2023:
 Induction Programme for Trustees

SPECIAL NOTES

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