New medicine pricing set-up

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In less than two weeks submissions for comments on the new draft regulation relating to a transparent pricing system for medicines will close.

So far stakeholders have indicated that they welcome the proposed regulation, though it was not what they wanted.

The draft regulation, published two weeks ago in the Government Gazette, introduces a tiered system of maximum fees, excluding VAT, that can be charged by pharmacist when dispensing medicine.

For medicine with a single exit price of less than R75, the draft regulation proposes that the fee cap, added amount, should not exceed R6 plus 46percent of the medicine price. This means that when a consumer buys medicine costing R75 the pharmacist will receive an average of R38 for services rendered.

In a case where the single exit price of medicine is more than or equal to R75, but less than R200, the dispensing fee has been limited to R15 plus 33 percent of the medicine. The cap fee rises as per the cost of medicine.

The Pharmacy Stakeholders Forum (PSF), a group consisting of several pharmaceutical societies have welcomed the draft regulation but have yet to submit their comments on it.

Group coordinator Ivan Kotzé said: "We support the new draft regulation as it indicates that pharmacists will receive an average fee of R38 an item once it comes into effect.

"It is not what we wanted but when you are negotiating you need to compromise in order to find an amicable solution.

"What we have to do now is to ensure that the draft reaches the indicated R38 average dispensing fee, because if it is not achieved it will have a negative impact on pharmacies in the townships and rural areas."

Liberty Medical Scheme also welcomed the draft regulation but expressed concern about how this would affect costs for medical aid schemes.

Liberty Medical Scheme executive principal officer Andrew Edwards said: "If the new dispensing fee is implemented we expect increases. But these will be mitigated by the negotiations schemes have with their service providers to ensure that costs are managed in a way that benefits members."

OMAC Actuaries and Consultants consulting actuary Jan Howel echoed Edward's sentiments.

"Since the new fee structure is likely to increase claims against schemes substantially, we urge schemes to submit commentary on the proposed draft changes," Howel said.

"Schemes should take steps to mitigate the effects of the proposed changes by appointing designated service providers (DSP's) for chronic medicine," he said.

"By appointing a pharmacy DSP schemes can better manage their expenses by contracting a discounted dispensing fee allowing for more gradual increases over time.

"For schemes in which medicine claims constitute 15percent of total claims, the impact of the proposed dispensing fees would require an additional 3,5percent contribution increase.

"But if the scheme has contracted a DSP for chronic medicine at the current dispensing fee, the impact of the new draft changes on the scheme's contributions would reduce to a 2,5percent increase."