

Rules pave way to assess value of medicines

TAMAR KAHN
Science and Health Editor

CAPE TOWN - The Department of Health has published draft regulations that pave the way for the government to assess the value-for-money of new medicines coming onto the South African market.

The move is in line with its policy of introducing a transparent pricing system for medicines sold in the private sector, and may have important implications for drug manufacturers, patients and medical schemes. It also brings SA into line with countries such as the UK and Australia, which have institutions that advise the government on the issue.

At the moment, only a handful of medical schemes have the skills and expertise to conduct their own in-house assessment of whether new medicines are cost-effective. They use this analysis to help determine whether or not to put the drugs on their formularies—lists of medicines they will fund for members. Smaller schemes often follow their lead.

The proposed system would simplify matters, as drug companies would supply information to a pricing committee set up by the health department, which would publish its decisions on its website, its head of pharmaceutical economic planning, Anban Pillay, said yesterday.

The decisions would not be binding on schemes.

Discovery Health CEO Jonathan Broomberg welcomed the government's move. "This kind of function is typically performed by government agencies in other countries and it's generally an excellent thing to have. It's a step in the right direction," he said.

The draft regulations to the

Medicines Act, which were published in the Government Gazette on December 31, say multinational drug companies must provide the pricing committee with pharmacoeconomic information on all new drugs they plan to launch in SA. Generic copies of these drugs are exempt, because they are cheaper.

When asked whether the pricing committee had the capacity to evaluate every new drug, Mr Pillay said it had the power to exempt some medicines. It would focus on the most expensive drugs, such as those used in oncology and an increasingly important class of drugs called biologics, used for treating chronic diseases such as rheumatoid arthritis and Crohn's disease, he said.

Mr Pillay said the value-for-money assessment of new chemical entities should not delay their arrival on the South African market, as drug companies would be allowed to submit pharmacoeconomic data in parallel with their applications to get their drugs registered by the Medicines Control Council.

Val Beaumont, the spokeswoman for Innovative Medicines SA, which represents multinational pharmaceutical companies, declined to comment on the technical details of the regulations, saying members had not yet had time to consider them.

Associate professor Susan Cleary, director of the University of Cape Town's Health Economics Unit, said the draft regulations were "very thorough and well thought through". But she warned that there was a danger that drug companies would peg their prices close to the threshold of cost-effectiveness, even if the actual cost of providing the drugs was lower. kahnt@bdfm.co.za

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Author: TAMAR KAHN



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