



TO MANUFACTURERS, WHOLESALERS, DISTRIBUTORS AND PHARMACIES

PEVERSE OR UNBECOMING COMMERCIAL PRACTICES IN THE PHARMACEUTICAL SUPPLY CHAIN

It has come to the attention of the National Health Department that a number of allegedly perverse commercial activities, some of which might be construed to be unregulated are presently taking place in the marketplace. These activities breach the spirit of what is intended in the Medicines Act, particularly Section 22G and the regulations related to a transparent pricing system.

These activities are disappointing, as they would appear to add unnecessary costs for little or no value to patients, particularly in these times, where healthcare funds are limited and the healthcare need is great. Some of these dubious activities include the following, this is not an exhaustive list, but highlights some of Departmental concerns:

- Loyalty programmes
- Rebates or payments in exchange for market share or volume shifts
- Sale of data under the guise of co-marketing fees, where fees are disproportionate to the activities being carried out
- Disproportionate payments for formulating listings and payments for shelf space
- Trade or settlement discounts

These constitute some of the activities which the Department believes are adding little or no value, but which are unnecessarily inflationary. To this end, the Department wishes to appeal to all manufactures and importers, to ensure that all commercial agreements, whilst having regard for any competition law provisions between suppliers and providers in the chain, should be entered into, in writing and that any such written agreements should be open to the scrutiny of the Department upon the Department's request.

Your co-operation in this respect and upholding the spirit of the Medicines Act at all times is most appreciated.

Yours Sincerely

Dr. Anban Pillay

CLUSTER MANAGER: HEALTH FINANCING AND PRICING

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