

Health Department tackles medicine price fixing

By [Gabi Khumalo](#)

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The Department of Health has vowed to get rid of price fixing by pharmaceutical companies in the country's health industry.

In order to achieve this, the Department said it will work together with other state agencies to rid the healthcare industry of collusion practices aimed at exploiting consumers.

"These practices undermine the efforts of government to improve access to affordable healthcare in the country," said Health spokesperson Sibani Mngadi.

The Department also welcomes the decision by the Competition Commission to refer three pharmaceutical companies to the Competition Tribunal for prosecution.

Among the commission's objectives is providing consumers with competitive prices and product choices, while its main aim is to investigate anti-competitive conduct.

Colluding companies

The Competition Commission has indicated that there is evidence of other collusive practices in the healthcare industry, said Mngadi.

The companies, Adcock Ingram Critical Care, Dismed and Fresenius Kabi, were found to be colluding in their bids for government tenders.

Mngadi said it was extremely concerning that the prices of important pharmaceuticals are being fixed to achieve huge profit margins. Price fixing has often resulted in excessive pricing of essential medicines and other pharmaceutical supplies.

He further appealed to companies involved to come forward and confess to these practices in the best interest of the patient.

"We hope that the heaviest possible fine will be imposed on those companies found guilty of this unethical practice which undermines the health of millions of South Africans who depend on the public health sector," a concerned Mngadi said.

He added that the Department will be reviewing all tenders awarded to the companies implicated in this case to establish whether there are any abnormalities.

The total value of the current tender for large volume parenterals, irrigation solutions, administration sets and accessories awarded to Adcock Ingram Critical Care is R117,483,964, Dismed R89,076,865 and Fresenius Kabi is R459,503,550.

Thusanong was taken over by Fresenius Kabi.

Changing the competition law

During a briefing on the Programme of Action for government's economic, investment and employment cluster on Tuesday, Trade and Industry Minister Mandisi Mpahlwa said the Government aims to strengthen competition legislation this year with the intention of becoming more "proactive" around anti-competitive outcomes and behaviour.

Mpahlwa said that continuing efforts by government to address anti-competitive behaviour would see changes to competition law, which will allow the state to deal with anti-competitive outcomes in a more vigorous and pro-active manner.

The department will be taking this draft legislation through cabinet shortly, before introducing it to parliament, Mpahlwa said.

The draft legislation intends to strengthen the competition authorities, namely the Competition Commission and the Competition Tribunal, overall.

Amended legislation would create areas for the competition authorities to get more involved in investigations and create space for greater intervention where necessary, the Minister said.

Government intends becoming "a lot more vocal" around issues of competition, said Mpahlwa, adding that South Africa had seen "enough evidence" of anti-competitive behaviour in the recent past.

Apart from recent developments around alleged price-fixing or price-administering of various products that have been widely reported in the media, the matter of import parity pricing - where local producers of commodities maintain prices at international, or import, levels - is seen as a target for this legislation.

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