BHF supports low single exit price increase

It is not sufficient for the pharmaceutical industry to say that the increase of 1,26% on single-exit price (SEP) is unfair and not related to market forces, when the actual basis for the SEP that manufacturers agreed to has not been fully disclosed.

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The Board of Healthcare Funders of Southern Africa (BHF) says it supports the announcement by the minister of health to limit the increase in the single exit price for medicines and scheduled substances to 1,26%.

Low single exit price increase will impact smaller players
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“The BHF is of the view that the issues around cost of and access to medicines must be resolved scientifically, and this cannot be done unless there is transparency on pricing throughout the supply chain. While single exit pricing determines what pharmacies pay for medicine from suppliers or drug manufacturers, this pricing is set by the pharmaceutical company which is free to determine what it charges for its medicines.

“However, how SEP is determined and what activities are costed for such as research and development, specialist fees, incentives, marketing costs and so on is not disclosed,” says Dr Rajesh Patel, head of benefit and risk at BHF.

“There is no disputing the enormous value that medicine offers, but there must be recognition that the pharma industry can and must do better, especially where the price differentials between state tender prices and SEP on life-saving medicines are simply too enormous to overlook,” he says.

The SEP was introduced in 2004 and is the price at which a manufacturer must sell to all pharmacies, irrespective of volume sold. The introduction of the single exit price ensured that no person could supply any medicine according to a bonus system, rebate system or any other incentive scheme including sampling of medicines.