

Drug makers want department's nod for another price hike

Pharmaceutical manufacturers are lobbying the Department of Health to give them an extra price increase for private sector sales, in an attempt to soften the blow of the modest raise permitted for 2018.



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Medicine prices are tightly controlled by the department and companies are usually only allowed one price rise a year.

In late December, the department announced the single exit price (SEP) increase for 2018 would be just 1.26%.

The Pharmaceutical Task Group (PTG), which represents key drug manufacturer associations, is expected to meet senior department officials on February 14.

Top of the agenda is a request for an "extraordinary" price rise, as the 2018 SEP increase failed to cover the rise in input costs faced by manufacturers in the year, said Stavros Nicolaou, chairman of Pharmaceuticals Made in SA, one of the PTG's member associations.

The other associations are the Innovative Pharmaceutical Association of SA (Ipasa), the Self-Medication Association of SA and Generics and Biosimilar Medicines of Southern Africa.

The PTG wanted to open discussions about reviewing the way the SEP increases were determined as the formula applied

by the department did not consider global market dynamics or material changes to input costs such as utilities and labour, said Nicolaou.

Drug manufacturers could apply for extraordinary price hikes for products on a case-by-case basis, but this was a cumbersome and time-consuming process, said Nicolaou.

"You have to submit reams of paper," he said.

Ipasa CEO Konji Sebati said the formula used by the department's medicine pricing committee to determine the SEP increase was only ever intended as a guide.

The health minister could use his discretion and announce a different SEP increase, for example by considering the actual market conditions the industry faced.

"It is interesting that medical schemes are allowed to increase their fees by up to 10.5%," she said.

The department's deputy director-general for regulation and compliance Anban Pillay said that some pharmaceutical industry players had suggested an approach that differentiated between importers and local manufacturers might be appropriate. "We are always open to reviewing the formula," he said.

Source: *Business Day*

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