



**Simonia Mashangoane
Junior Researcher, TAC**



South Africa: The Numbers.

- In 2002 nobody was on ARV treatment in the public sector. Today over 1,7 million people in are receiving treatment through public sector hospitals and clinics;
- In 2002 vertical transmission of HIV was 30%; that figure is now 2,5%;
- In 2002 1000 people a day were dying from AIDS related illnesses, that has now halved to 500 deaths per day;
- In 2013 the SA government will award a new two-year tender for ARVs valued at R6bn (\$800m).

Cont..

- Currently over 1.7 million people on ARV's in the public sector
- In the early 2000's it cost over R5000 to treat one patient per month
- This cost is now less than R115
- Entry of generic competition has contributed to reduced prices

High medicine prices in SA driving up cost of healthcare delivery

- 41 million uninsured South Africans, dual HIV and TB epidemics, no progress on maternal health, going backwards on infant health and rising rates of non-communicable diseases.
- High medicine costs extremely problematic given the rising costs of health care in the country.
- Medicines not reported on as a single line item in the public sector, but they are the 3rd highest cost in the private sector.
- Medicine costs increased by 25.2% between 2008 and 2010, while medicine usage only increased by 5.8%. (Mediscor, 2009/2010)
- Medicine expenditure in the public sector grew by 29.5% between 2009 and 2010 (IPAP 2012 – 2015) usage? (Includes growth in ART)

The table below shows the difference between the cost of a 1st and 2nd line ARV regimen provided through the public sector and a 3rd line regimen that can be purchased through the private sector.

Regimen	Cost
1 st line: Tenofovir (TDF) + lamivudine (3TC) + efavirenz (EFV)	R1,361.45 per patient per year ⁵
2 nd line: Zidovudine (AZT) + lamivudine (3TC) + lopinavir/ritonavir (LPV/r)	R4,726.39 per patient per year ⁶
3 rd line: Darunavir + ritonavir + raltegravir + etravirine	R34,933.80 per patient per year ⁷

Origin of Drugs available in SA

- The top 5 countries from which South Africa imports medicines are, in order: Germany, the USA, France, India and the UK.
- Most medicines used in current ARV treatment regimen are manufactured by local pharmaceutical companies
- However ALL API's for ARV's are imported.
- Limited production on generic active ingredients

Local Production?

- South Africa has a relatively large and competitive generic pharmaceutical industry
- Today the Department of Health is able to purchase low cost 1st and 2nd line treatment through mainly locally based generic manufacturers

- Today's low prices have been achieved through generic competition and open and fair medicine tenders.
- However, many newer, better ARVs are not available in the public sector due to high costs. In fact, no third line ARV treatment is currently being provided in the public sector
- For many medicines in South Africa it is not the lack of APIs but rather the lack of licences for generic manufacture and sale that drives up medicine prices.

- Joint venture between government and Lonza Ltd will set up a local API manufacturer called Ketlaphela,
- Generic manufacturing companies will be able to purchase APIs from this joint venture.
- Initial focus on HIV, moving into Malaria and TB and later expanding into medicine to treat a wider range of diseases.

Fix the Laws!

- Without legislative reform of South Africa's Patents Act, it is likely that Ketlaphela's cost-saving potential will be undermined by strict patent barriers.
- If the joint venture is restricted to producing off-patent APIs or finished medicines, Ketlaphela will be roped into a part of the market that has already seen massive price reductions due to generic competition.

Thank you

