

DEPARTMENT OF HEALTH

NO. 436

19 MAY 2017

**MEDICINES AND RELATED SUBSTANCES ACT, (ACT NO. 101 OF 1965)
(ANNUAL SINGLE EXIT PRICE ADJUSTMENT (SEPA) OF MEDICINES AND SCHEDULED
SUBSTANCES FOR THE YEAR 2018)**

In terms of Regulation 8 (1) of the Regulations Relating to the Transparent Pricing System for Medicines and Scheduled Substances of the Medicines and Related Substances Act, 1965 (No. 101 of 1965) as amended, the Minister of Health is required to determine on an annual basis, the extent to which medicine prices may be adjusted. In making this determination the Minister considers the following provisions of Regulation 8 (1)-

- (a) the average CPI for the preceding year;
- (b) the average PPI for the preceding year;
- (c) changes in the rates of foreign exchange and purchasing power parity;
- (d) international pricing information relating to medicines and scheduled substances;
- (e) comments received from interested persons in terms of regulation 8(2); and
- (f) the need to ensure the availability, affordability and quality of medicines and scheduled substances in the Republic.

Comments received from previous annual reviews on the adjustment methodology have indicated that stakeholders would like to have a CPI weighting and a foreign exchange weighting in the review of the SEP adjustment as follows:

70% (South African CPI) + 30% (foreign exchange rate) = % adjustment

The Pricing Committee in its recommendation for the next annual adjustment cycle may consider this weighting *in addition* to the provisions of Regulation 8(1) as listed above.

The official data to be used with respect to the Consumer Price Index (CPI) for South Africa and the foreign exchange rates would be obtained from official publications by the Statistics South Africa at www.statssa.gov.za and the South African Reserve Bank at www.resbank.co.za respectively.

The exchange rate for each company's weightings may be considered from import and export information obtained from the Department of Trade and Industry. A pooled aggregate of the individual company's import and export information may then be used to inform the foreign exchange rate calculations used in the SEP adjustment.

Interested persons are invited to submit any substantiated comments in writing, both on a compact disc and a hard copy within three months from the date of publication of this Notice to:

The Director-General: Health

For Attention: Director (Pharmaceutical Economic Evaluations)

Room 0419 South Tower

Civitas Building

Corner Thabo Sehume & Struben Streets

PRETORIA, 0001

For any further enquires please contact the Directorate: Pharmaceutical Economic Evaluations:
telephone: 012 395 8181/4/5; e-mail: sepupdates@health.gov.za



Dr A MOTSOLEDI, MP

MINISTER OF HEALTH

DATE:

23/3/2017