

DEPARTMENT OF HEALTH

NO. R. 3452

26 May 2023

**MEDICINES AND RELATED SUBSTANCES ACT, (ACT NO. 101 OF 1965)
(ANNUAL SINGLE EXIT PRICE ADJUSTMENT (SEPA) OF MEDICINES AND SCHEDULED
SUBSTANCES FOR THE YEAR 2024)**

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 Consumer Price Index (CPI) for the preceding year;
- (b) the average Producer Price Index (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.

Based on the comments received from previous annual reviews on the adjustment methodology, stakeholders have recommended weightings in the review of the annual Single Exit Price Adjustment (SEPA) expressed as follows:

- I. 70% CPI + 30% forex
- II. 50% CPI + 50% Forex
- III. 100% CPI
- IV. 50% PPI + 50% CPI

The Minister in making his/her determination for the next annual adjustment cycle may consider the weighting(s) as a guide *in addition* to the provisions of Regulation 8(1) as listed above.

The officially published data to be used in the determination of SEPA with respect to regulation 8(1) would be obtained from official publications by Statistics South Africa (Stats SA) at www.statssa.gov.za and the South African Reserve Bank at www.resbank.co.za.

Interested persons are invited to submit any substantiated comments demonstrating their rational and supporting evidence with regard to the factors considered when determining 2024 SEPA in terms of the provisions in regulation 8(1) as listed above. Submissions should be sent via e-mail to sepupdates@health.gov.za, within three months from the date of publication of this Notice to:

The Director-General: Health
For Attention: Ms Ntobeko M. Mpanza
Director (Pharmaceutical Economic Evaluations Directorate)
Room C6-18A
Dr Xuma Building
1112 Voortrekker Road, Pretoria Townlands 351 – JR
PRETORIA

For any further inquiries please contact Ms NM Mpanza at the Directorate: Pharmaceutical Economic Evaluations: telephone: 012 395 8209/8181/4/5; e-mails: sepupdates@health.gov.za and Ntobeko.Mpanza@health.gov.za



DR MJ PHAAHLA, MP
MINISTER OF HEALTH

DATE: 07/05/2023