

# Self-Care Association of South Africa

Presentation to the Portfolio  
Committee on Health – NHI Bill  
22 June 2021



# Agenda for today

## Presenters:

1. John Norman – President of the Self-Care Association of South Africa
2. Nicola Brink – CEO of the Self-Care Association of South Africa

## Agenda:

- Introductory remarks
- An overview of the OTC environment
- The Self-Care Association of South Africa's 2019 study
- The pricing of OTC products
- Specific comments
- Concluding remarks



# Introductory remarks

- The Self-Care Association of South Africa represents and supports fifty-one member companies involved in the manufacture, sale, and distribution of healthcare products that enable the public to better manage their health and wellbeing
- Our products are widely available in spaza shops, forecourts at petrol stations, pharmacies, other shops, and supermarkets

Many of our Members also sell prescription only products

# Introductory remarks

- The Self-Care Association's Member companies support universal access to healthcare, which we believe we have in part already achieved in terms of our Schedule 0 (S0) self-care products such as Grandpa, Eno, MedLemon, Borstal etc.
  - As we will demonstrate – our products are widely available in even the most rural of settings
- We support NHI but not in the current suggested format
  - We have some concerns
    - We will ONLY highlight today those applicable to the self-care industry
    - We will leave the PTG and BUSA to highlight the rest
      - We support the PTG and BUSA position

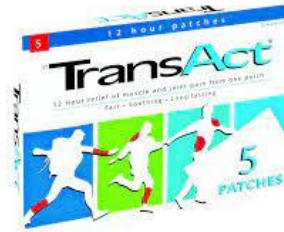


# World Health Organization

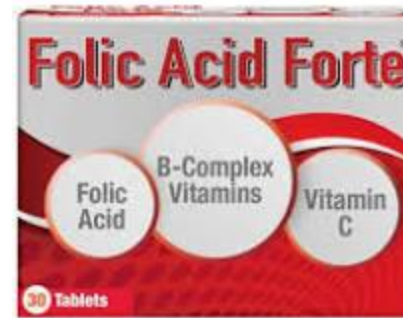
## What is self-care

WHO defines **self-care** as “the ability of individuals, families and communities to promote health, prevent disease, maintain health, and to cope with illness and disability with or without the support of a healthcare provider”

# Examples of schedule 0 Category A (medicines)



# Examples of schedule 0 medicines Category D (complementary medicines)



# Examples of schedule 1 (S1) medicines





# Examples of schedule 2 (S2) medicines

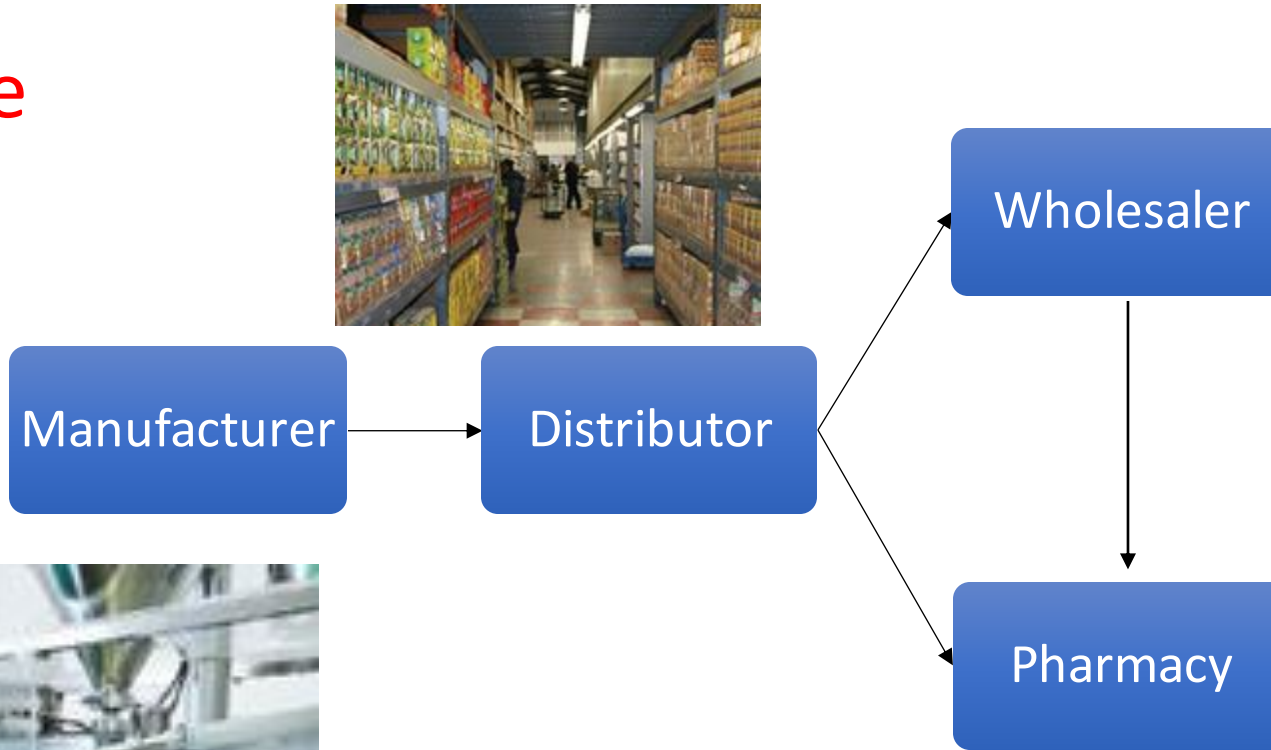


# Examples of self-care medical devices



# Pharmacy: usual route to market

S1 and above



S0s and self-care devices use this route or in many cases the FMCG route to market

# The FMCG route ensures access to 50 medicines



# Informal independent retail – S0

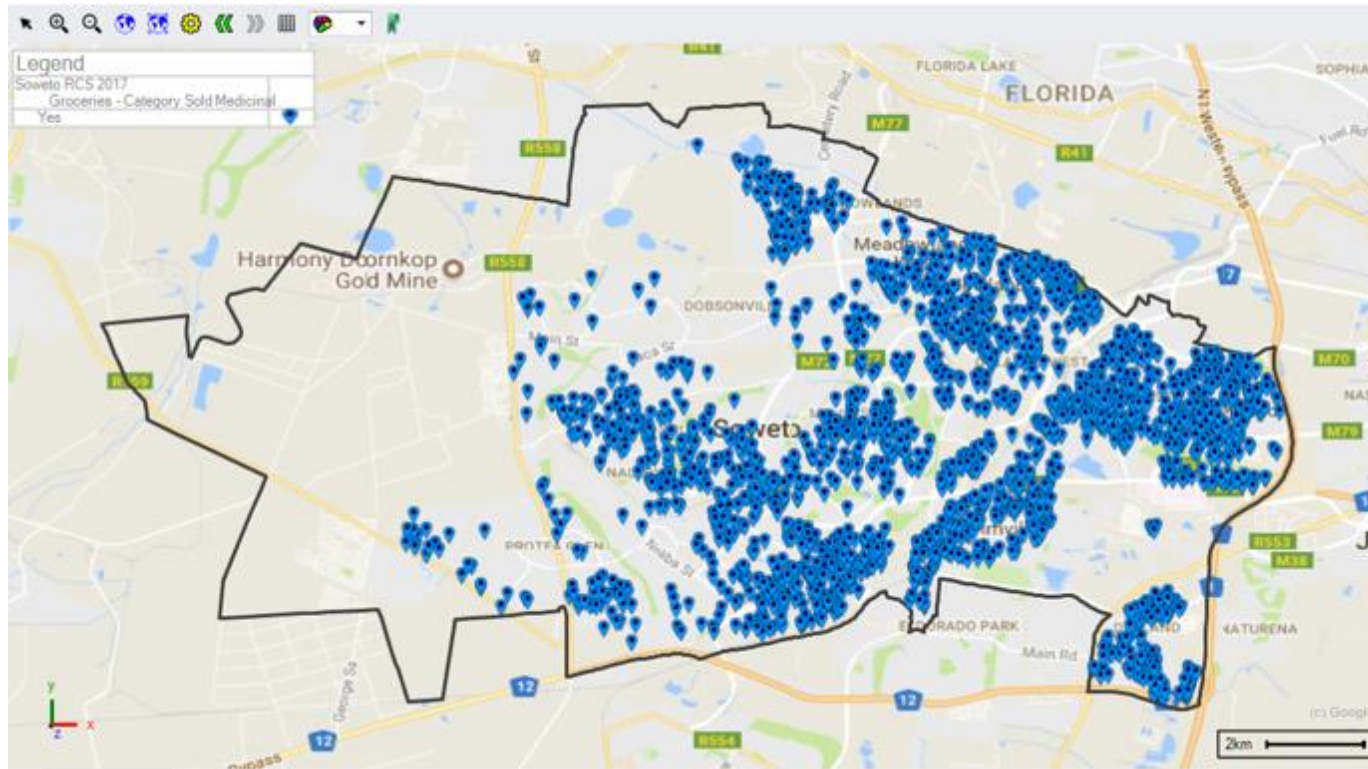
- Despite the growth of malls and the continued incursion of supermarket chains into township areas, informal retail continues to exhibit signs of growth against all odds
- Growth driven primarily by:
  - Rising transport costs – consumers “reverting to local”
  - Proximity of the spaza stores to consumers’ homes
  - Increased consumer shopping frequency
    - Spaza meets the convenience need
- Increasingly competitive pricing, driven by trading-savvy foreign nationals
- Pack sizes and configurations to fit the consumer need e.g., 2 pack of paracetamol



# For example: S0 – broad access

Source:  IRI  
Growth delivered.

Roughly **~2000 Soweto Spazas** carry Medicinal products  
(roughly 20% of all stores in Soweto)



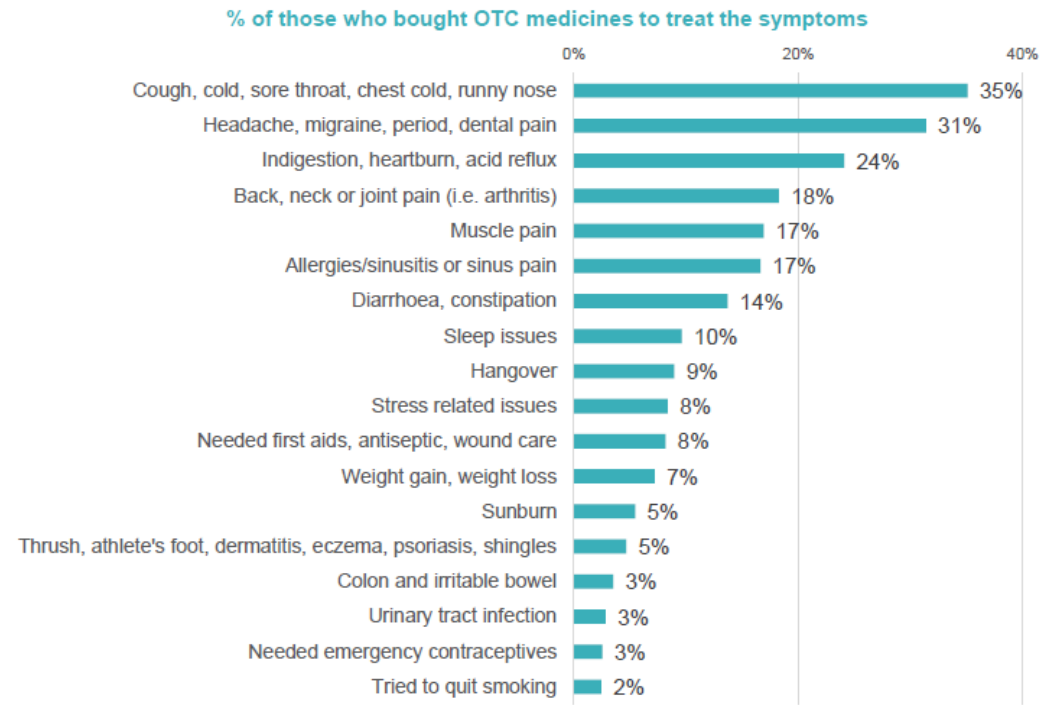
# The Self-Care Association conducted a study in late 2019

## THE MOST COMMON AILMENTS TREATED WITH OTC MEDICINES

- The most common ailments treated with OTC medicines are cold and cold-related symptoms as well as moderate pains, e.g. headache, migraine, period and dental pain.
- Almost one-quarter of respondents bought products to treat allergies and indigestion.
- Colon and irritable bowel, urinary tract infection, emergency contraception and quitting smoking are rarely treated with OTC medicines.



When you had the following symptoms, ailments or situations, which of the following did you do? (Select all that apply)



Base: All, n=1029

# The Self-Care Association conducted a study in late 2019

## PREFERRED WAY OF ACCESSING MEDICINE

- Respondents prefer to access medicine for most ailments directly from a pharmacy.
- A GP/clinic is the preferred place to obtain treatment for colon and irritable bowel, urinary tract infections, and stress and sleep-related issues.
- A supermarket is the preferred place of accessing treatment for hangovers.

Q

If you had a choice, which of the below methods would be your preferred way of accessing medicines for the following types of illness, ailments, symptoms?

% of respondents who prefer a certain method of accessing medicine per ailment	n=	Pharmacy	Supermarket	Health store	GP/clinic	Visit a hospital/ emergency room	Online Store	Unsure/ not applicable
Headache, migraine, period pain, dental pain	1,029	44%	20%	8%	19%	3%	3%	2%
Back, neck or joint pain (i.e. arthritis)	1,029	35%	11%	4%	34%	11%	3%	2%
Cough, cold, sore throat, chest cold, runny nose	1,029	51%	17%	6%	18%	3%	3%	1%
Allergies/sinususes	1,029	53%	12%	7%	21%	2%	4%	2%
Muscle pain	1,029	45%	14%	9%	18%	6%	4%	4%
Indigestion, heartburn, acid reflux	1,029	49%	22%	8%	12%	2%	4%	3%
Colon and irritable bowel	1,029	28%	6%	8%	35%	12%	2%	8%
Diarrhoea, constipation	1,029	42%	11%	7%	27%	4%	3%	5%
Quit smoking aids	1,029	28%	11%	13%	11%	2%	4%	31%
First aids, antiseptic, wound care	1,029	37%	18%	9%	22%	8%	3%	3%
Thrush, athlete's foot, dermatitis, eczema, psoriasis	1,029	34%	8%	6%	32%	10%	4%	7%
Sleep issues	1,029	34%	8%	6%	36%	3%	3%	10%
Stress-related issues	1,029	25%	4%	8%	39%	6%	5%	12%
Sunburn	1,029	42%	25%	11%	7%	2%	4%	8%
Weight gain, weight loss	1,029	26%	14%	21%	20%	2%	6%	11%
Urinary tract infection	1,029	25%	4%	3%	45%	13%	3%	7%
Emergency contraceptives	1,029	41%	8%	4%	20%	7%	4%	15%
Hangover	1,029	26%	29%	8%	3%	1%	3%	30%

Preferred way of accessing medicine per ailment.



# The pricing of self-care products

- S1 and S2 are subject to Single Exit Pricing
- Medical devices are not subject to any pricing regulation
- Because of market forces, S0 medicines have been exempted from the Medicines Pricing Regulations since its inception
  - The reasons for this are:
    - It ensures access to self-care medicines close to many people's homes and where it is convenient (e.g., when a minibus taxi stops to re-fuel)
    - It assists in securing livelihoods for many in non-classic markets (e.g., spaza stores)
- Supply in the state system for some OTC products, for example, paracetamol occurs by means of the tender system

# Specific comments



# (a) NHI-proposed amendments to S22G

- The NHI Bill proposes in its Schedule that the SEP apply to the NHI
  - Currently it applies only to the private sector
  - The state sector is governed through tenders as is required by the Constitution and PFMA (and the envisaged new Procurement Bill)
- An NHI structure will set the prices for all medicines
- As explained , **self-care S0 products are already excluded from the SEP system**
- We do not support a price regulatory system for public procurement of medicines, as:
  - Competitive bidding is a constitutional requirement
  - In the case of S0s:
    - **Market forces work very well in the supply of self-care products**
    - Many self-care products would not be available in the NHI and could therefore not fall under NHI control

From our submission: “In short, a price regulatory regime would severely limit the ability of manufacturers, traders and wholesalers to be responsive to their respective markets.”

# If Single Exit Price is applied to S0s

- If the (or the new NHI-proposed-) SEP is applied:
  - The variety of market conditions that are currently being addressed which bring these medicines to patients, cannot be accommodated in a “single” price
  - Various traders may decide to no longer stock these products, as they would not be able to do so profitably, thereby decreasing access to healthcare
  - The rules (or some rules) in relation to logistics and wholesaling fees would have to apply, which would mean that the logistics would have to be paid off the SEP (as is the case at present), further eroding the profit margin of these traders
  - Only a fixed, maximum dispensing fee would have to be levied, and not a mark-up, making the stocking of, for example, a small two-pack paracetamol unviable
- A prohibition on bonuses (e.g., buy one get one free), rebates (a discount of sort) and incentive schemes (e.g., marketing and advertising campaigns provided) would be similarly detrimental in the schedule 0 market and its traders

## (b) Benefits available in the NHI

- Many self-care categories of care would be included in the NHI package, and by definition (clause 33) the private sector and medical schemes would be prohibited from providing such care, for example:
  - anti-diarrheal products
  - de-worming medication
  - headache and pain products
- The envisaged centralised procurement system would not be responsive to the needs of populations
- Care, more than what would be “medically necessary” should be provided in the NHI, and treatment guidelines must be set by professionals who are registered to work in a particular healthcare field

**The NHI should not exclude self-care products through only referring to “medical necessity”, and should also not have an impact of the current availability of self-care products to even the most rural of self-care patients**

# 6. Governance and other matters

- The Self-Care Association is concerned about the **governance structures** of the NHI Fund:
  - The CEO having to report to Parliament only once a year
  - Technical day-to-day functions (e.g., on formularies (medicines lists) and decisions to fund) which must be set “in consultation with” the Minister
    - We believe it is impossible for the Minister to do so
    - “in consultation” with means “active engagement”
- The publication of regulations without public consultation is concerning, given the public health importance of such regulations
- The binding nature of “Directives” that can be issued by the NHI Fund as it it would be law

**The MoH will not be able to engage in the day to day running, existing experience with medicines extraordinary price increases (Reg9) demonstrates that this does not work  
Parliamentary oversight cannot be limited to an annual report**

# Concluding remarks

- Our most pressing concern is the impact of the Bill on access to OTC products (such as Grandpa and Panado) to markets where there are limited opportunities to access primary and preventative care e.g., in the most rural of areas, should the pricing reign of the NHI be made applicable to the non NHI market
- Many individuals and families purchase product on a need to basis



## Using the rural setting example

- I have a headache now, so I buy a sachet of Grandpa from the spaza store down the road for immediate relief
  - I do not have a supply of Grandpa in my medicine chest due to limited disposable income
    - In fact, I do not have a medicine chest
  - The nearest clinic to me is 38kms away
    - Finding a means to get to this clinic is not financially or practically viable, nor do I have the time to do so
  - What is financially and practical viable is for me to pop into the local spaza store and purchase a sachet of Grandpa
    - Headache gone, time and money not expended
  - If NHI comes into play and Grandpa is now subject to NHI (SEP type) pricing, the spaza store may no longer stock the product as it is no longer viable for them to do so
    - I then need to get to the clinic 38kms away
  - Time and money wasted, and my headache continues for a greater time period

# Concluding remarks

- Self-care products must be accessible in the NHI and also remain accessible in the private sector, including the informal- and retail sector
- This gives effect to the right of access to healthcare

We support a universal health system for all South Africans which provides for a more equitable distribution of health resources



# Thank you

We remain committed to work with the Portfolio Committee in crafting an empowering legal framework that will achieve, over time, the health aspirations of all Our members can, as part of the NHI roll-out and stand ready to do so

# Contact us



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