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NAMAF wants price-capping on medicine

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The lucrative N\$600 million per year domestic pharmaceutical industry continues to bleed medical aid service providers, this has left the Namibian Association of Medical Aid Funds (NAMAF) with no choice but to extend an urgent appeal to the health ministry to control medicine prices across the country.

NAMAF wants the ministry to establish a local Price Files and a National Pharmaceutical Product Index (NAPPI) code on medication to control the alleged high mark-ups set on the price of medication by pharmacies.

The Namibian Competition Commission (NaCC) was the first entity to pronounce itself on the matter, saying that the 50% mark-up placed by pharmacies on the cost price of medicine products was unreasonable and subsequently blamed it for the ever-escalating cost of private healthcare. NAMAF CEO Stephen Tjiuoro said this in response to growing concerns particularly from medical aid companies who he said fork out anything between N600 million on claims annually. “The mere fact that medical aids fork out N\$600 million means there is a problem that needs to be addressed. But at the same time, one cannot say the prices have been inflated because there are no structures in place to control these price,” said Tjiuoro. “The ministry needs to look into establishing control mechanisms such as a price list and a NAPPI code that the local market will then have to subscribe to,” he added.

A NAPPI code is a unique identifier for a given ethical, surgical or consumable product which enables electronic transfer of information throughout the healthcare delivery chain. Tariff codes, on the other hand, are used as the standard for electronic information exchange for procedure and consultation claims.

In addition, Tjiuoro said a localized Medicine Price List (MPL) which is a reference pricing system, used in conjunction with formularies and pre-authorisation as a tool will be helpful to control medicine prices.

A source who spoke on condition of anonymity from the Namibia Competition Commission and is privy to the ongoing investigations into the high prices of medicine

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charged by the pharmacies, shared Tjiuoro sentiments saying the current status quo is a concern.

“What we found out is that the same guys sitting on the Pharmacy Council arm of the Health Professions Councils of Namibia that should be looking into the matter are siding with members on the Pharmaceutical Society of Namibia, so there is no way they would shoot themselves in the foot. They obviously sit and decide on this 50% percent mark-up, which is the profit they make and no one will say a thing,” the source remarked.

The source added that the high cost of medication has forced many locals to travel to neighboring South Africa, which has all systems in place, for affordable medical health care.

Although NAMAF has a benchmark within which the fraternity is supposed to operate, in the absence of prescribed tariff, nothing much can be done. According to the CEO, the benchmark is not meant to control the price but it is meant to give an indication how one needs to be fair in the pricing.

“In South Africa, they have NAPPI codes and the government has put structures in place to oversee this priority. This is what we need here if we are to reverse the status quo.

Once you have a NAPPI coding structure, you would then determine the price files. You would know the production value of medication. You are able to know that if it takes this value to produce a certain medicine, then the retailer cannot sell more than the exit price of a certain percentage.”

What now has happened, Tjiuoro said, many Chinese and Indians would buy medication straight from South Africa without followed the set procedures. When these medications reach Namibia, it is accepted and thereafter the price function is taken up by the seller who could sell it at a price of their choice.

“That is why people would take the exit price in South Africa, add their transport and storage fees. And since we don’t have a mark-up structure, it is up to the seller to determine how much they want to charge.”

Commenting on the matter, health minister Dr. Bernard Haufiku said he shares similar concerns, adding that there is need for prices to be regulated. The minister made reference to instance where a medical specialist would charge N\$3000 for consultation. “These prices are unsustainable. This shows that there is a need for provision of a universal health coverage that will cut across the fraternity. I know that they will say it is their private establishments but there is need for control on these prices,” he asserted.

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