

# Bringing down healthcare costs with generics

By [Dr Anban Pillay](#)

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The National Association of Generic Manufacturers (NAPM) maintains that its members could play a bigger role in reducing the costs of medicines in hospitals. This is in response to the call to the Competition Commission to include the pharmaceutical sector in its investigation into the costs of private healthcare, by two of the larger hospital groups, Netcare and Mediclinic.

Data released by IMS for January 2013, shows that of the prescribed medicines in the R20 billion per year private healthcare market, branded drugs make up 63.1%, whereas generics only account for 34%. There is clearly a significant imbalance, which is directly attributable to the skewed usage of medicines. The NAPM believes that if the balance were reversed, costs would be dramatically reduced, with significant savings on healthcare.

The association believes that the high cost of branded medicines does influence healthcare costs and this is compounded by the apparent reluctance of some doctors and specialists in certain therapeutic areas to make use of cheaper alternative generic medicines in hospitals.

This viewpoint is reiterated by Dr Anban Pillay, deputy director, Department of Health, "As government we see many instances where costs can be greatly reduced for patients in areas such as theatres, intensive care units, psychiatry, as well as antibiotic therapies. We need to engage in dialogue and work together with organisations such as the NAPM and other bodies to redress opinions on generic medicines, which provide the South African public with a safe and cost effective option."

"Historically there has been scepticism about the use of generic medicines, but as all pharmaceutical companies are well aware, the registration of drugs, although lengthy, is a meticulous and highly controlled process. This ensures that by the time the generic drugs are registered, they would have been used effectively in literally hundreds of thousands of patients in other countries," says NAPM CEO, Vivian Frittelli.

"The association and its members have no issue with an investigation of the pharmaceutical industry by the Competition Commission. However, it believes that this will take some time and it would rather engage in robust and transparent dialogue with the private hospital groups in developing a co-ordinated strategy to reduce costs in the short term by greater and more effective use of generic medicines. This it believes will better serve the healthcare needs of all in the long term. Access to affordable healthcare is the right of every South African citizen and it believes that going forward generic medicine will play a pivotal role in providing cost effective medicine to both the public and private healthcare sector."

## ABOUT THE AUTHOR

Dr Anban Pillay is part of the NAPM and DoH.

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