# RADIOLOGISTS 'WALK' IN CONTRAST CONFLICT

*Richard Tuft, President of the RSSA.*

The looming loss by radiologists of R100 million in profit on contrast medium and the South African Medical Association's refusal to back technical moves to avoid it has led to the Radiological Association of South Africa leaving SAMA.

Imminent regulations creating a single exit price for drug manufacturers, effectively banning discounts plus increasing 'corporatisation' of radiology practices, are the major reason behind an RSSAbid to adjust the charging structures.

SAMAand the RSSAare in profound disagreement over how to respond to the legislation, which allegedly stands to reduce radiologists' overall income by up to 40%.This disagreement contributed directly to last month's unprecedented walk-out by a specialist group.

The RSSAwants to either increase the units allocated to procedure codes or have the contrast medium profit included in the new professional dispensing fee. SAMAhowever insists that this amounts to 'hiding profits', skews the price coding system (which operates on inter-disciplinary relative values), making it 'unscientific'.

SAMAargues that demands such as the RSSA's militate against the overall interests and credibility of the medical profession.

'We're saying you cannot convert profit on a consumable into a professional fee,' said one well-placed SAMAnegotiator who refused to be named for fear of 'aggravating relations'.

Sources within radiology cited mark-ups (including discounts) on contrast medium of up to 234% and higher – with further drug company incentives such as free overseas trips.

***From 2 May next year the pharmaceutical industry will be banned from offering discounts to registered health care professionals and pharmacists.***

One radiologist claimed that RSSA negotiations with drug companies and the Board of Health Care Funders (BHF) on the contrast medium selling price resulted in over R100 million in 'overcharges' to patients annually.

Richard Tuft, President of the RSSA, confirmed that the annual contrast medium profit was R100 million but emphasised that this constituted 5% of the annual payout to radiology (R2 billion).

The *SAMJ* calculated that if all registered diagnostic radiologists in South Africa (564) are practising, this puts contrast medium profit at R177 304 per radiologist per year.

The legislation is aimed directly at making drugs affordable to more people and slashing the massive profits currently generated between the source and the end-consumer.

Tuft said that since negotiations with the BHF began in 2000, his organisation had fixed the selling price to reduce the mark up, thus preventing drug companies from increasing their discounts.

***One well-respected lawyer in the field characterised reaction from the medical profession as 'furious, irrational,ill-informed and blaming'.***

'We've been the only group who actively tried to do something about this over the past three or so years. Drug companies were pushing the price up – we held it down,' he said.

He said that while the profits on discounts were admittedly 'enormous' there was 'no question of hiding this – we've been trying to negotiate to source this income elsewhere for three years'.

The *SAMJ*'s radiologist source, who asked to remain anonymous, cited one example of a pre-filled syringe of 50 ml/300 mg of a well-known brand of contrast medium being 'ethically' listed at R396.58. For this the radiologists paid R142.27 (after discounts) and charged patients R474.40 (all prices excluding VAT) – a mark-up of 234%.

He claimed this pricing was regularly exceeded.

'To my knowledge all radiologists, including members of the executive, get such discounts and indeed, greater discounts,' he said. Tuft responded: 'We don't believe this is any different to the discount mark-up structures that other doctors receive'.

Oncology is another speciality that stands to lose millions in profits when the drug-pricing clampdown kicks in.

The legislation amending the Medicines and Related Substances Control Act (101 of 1965) was gazetted

in 1997, but regulations were drawn up and time-framed this year.

From 2 May next year the pharmaceutical industry will be banned from offering discounts to registered health care professionals and pharmacists. Doctors will have to apply for dispensing licences (after completing a supplementary course in dispensing and being accredited by the Pharmacy Council).

***'We just wanted to increase our professional fee to keep our income the same,' he stressed.***

One well-respected lawyer in the field characterised reaction from the medical profession as 'furious, irrational, ill-informed and blaming'. She said many dispensing doctors erroneously believed that the R25 per script proposed by pharmacists as a dispensing fee was proscriptive. The truth was that the dispensing fee would depend on how successful applicants were in their upcoming representations to the statutory pricing committee.

Nominations for this body of experts, drawn from legal, medical and pharmacological disciplines, were called for on 10 February this year.

The committee is obliged to hold hearings and uphold the rights and legitimate expectations of stakeholders, but had yet to be constituted at the time of going to press.

Tuft confirmed the deadlock with SAMAand said the ensuing pull-out of his society was 'really about the way that we handle the profit on contrast medium'.

'Asignificant part of radiologists' income (40%) comes from that – we had an agreement with the BHF and funders to put it back into the item it was in by increasing the number of units into the procedure. We want to make it a zero sum exercise for the whole country,' he added.

Tuft said this was 'not dissimilar' to the GPs 'taking the profit out of dispensing and putting it into the professional fee'.

'We just wanted to increase our professional fee to keep our income the same,' he stressed.

Another issue the RSSAhad put before SAMA's Specialist Private Practice Committee (SPPC) was for an exchange rate modifier, because radiologists were 'very dependent on importing equipment'.

*Dr Kgosi Letlape.*

'But they were against that too,' claimed Tuft.

SAMAchairman, Dr Kgosi Letlape, rejected this and stressed that SAMA was a voluntary organisation 'whose future depends on us acting in the interests of the patient first and the interests of the collective body of medical practitioners second'.

Letlape said that the RSSA's move 'raises the issue of people using the association for their own benefit and then disappearing and exposing all other practitioners to fragmentation and less power and ability to save ourselves'. SAMAwould ensure that those radiologists who chose to remain members would find a home within the umbrella body, he said.

Tuft said that the RSSAhad recommended that its members remain members of SAMA.

'We're not trying to smash the association, we just want to go our own way,' he said.

***The manufacturers of the contrast medium believe that they are equally entitled to part of the redistribution of the discount.***

The RSSAfaces a growing and concerted bid by hospital groups to take over radiology facilities, raising the spectre of radiologists being predominantly employed by hospital owners to whom more profits would then accrue. Radiologists would then only collect on prodecures and lose major income from consumables like contrast medium because of the new law (unless they now significantly increase their professional fee).

Letlape said he believed the RSSA's walk-out was 'premature without having had us (SAMA) for an audience – I'm really concerned about a divided profession in these difficult times for health care in South Africa'.

Tuft retorted that every attempt had been made to engage SAMAand charged that RSSAproposals to Letlape, which included remaining in SAMAas a specialist group, had remained unacknowledged and that the board was selectively apprised of developments.

The BHF's chief benefit and risk officer, Fiona Robertson, confirmed that the BHF had adopted a principle that any tariff schedules would be corrected in accordance with the new law and that rates agreed upon should be cost neutral.

'Technically Tuft is correct, but the base has now been extended to a third

party – namely the manufacturers of the contrast medium who believe that they are equally entitled to part of the redistribution of the discount.'

This has made discussions just 'a little bit more complicated'.

Tuft revealed that the RSSAhad since agreed to give back 17% of their profit to the drug companies.

The BHF has also been in a standoff with SAMAwho claim copyright and intellectual property rights over existing descriptor codes which the BHF wants to amend.

Robertson said she hoped that by August an agreed model would have been developed with all parties to address the issues and provide a new recommended billing structure for radiology into the future.

Pressed on what the new model would look like she said: 'We'll need to understand what percentage is contrast and what percentage is the professional fee, so we can break it down and adjust it in the years to come to accommodate for contrast'.

The new act was intended to 'take the fat out of the system'.

Jan Talma, chairman of the SPPC, said his committee had an obligation to address all unitary values on the same principles. 'We cannot defend a structure which has distortions. If a group can negotiate a good rand value for units, good for them, but our duty is to be transparent and fair to all groups – we need a defendable benchmark,' he said.

He described the situation as 'still very fluid' and denied Tuft's claim that his committee had rejected the RSSA's suggestion of an exchange control modifier.

Meanwhile struggling GPs, especially those in rural and low-income urban areas where they cannot practise good medicine without dispensing drugs themselves, are fighting the impending legislation.

The National Convention on Dispensing (NCD) were granted a reprieve by the Pretoria High Court after challenging the readiness of the State to deal with their drug dispensing licence applications within a compulsory 12-month period.

They have applied to have the legislation declared null and void, arguing that at the very least, current State inefficiency could deny them the right to continue dispensing.

Judge Eberhardt Bertelsman declined the State's request to refuse the NCD's application and postponed the matter to 21 October this year for review.

***'Whether we dispense or not, GPs are underpaid – we get just 7% of the total payout and specialists get 23%,yet we outnumber them by three to one,' he added.***

This means that if significant progress is not made by the Department of Health in making it possible for doctors to become fairly and reasonably licensed by that date, the NCD can apply to have the 2 May 2004 deadline for the new dispensation struck down.

Norman Mabasa, a spokesman for the NCD, said dispensing doctors wanted the MDPB or HPCSAto administer a 'refresher course, rather than have us write an exam run by pharmacists'. A grandfather clause is also under negotiation, the *SAMJ* learnt.

Mabasa said the legislation had not taken account of 80% of South Africans not being covered by medical aids nor that GPs currently held a monopoly on dispensing HIV antiretroviral drugs.

'If they can prove there are no poor people in rural areas, I'll accept this law provided they allow rural doctors to dispense,' he countered.

Mabasa claimed doctors 'just want to provide a complete service', and would in any case be prevented by the new law from making any drug profits, 'so profit is a non-issue with us'.

*Jan Talma, chairman of the SPPC.*

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**Chris Bateman**


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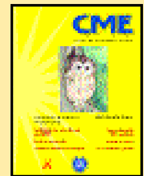


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