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Reply by Smith & Nephew to statements made by Mediclinic in the Inquiry into Private Healthcare

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Introduction

Smith & Nephew (S&N) is a medical device technology company, and a member of the SA Medical Device Association (SAMED), that has made a submission on behalf of its members on 31 October 2014. We have, however, found that one of S&N's products is mentioned by name.

S&N therefore hereby exercises its right to reply to this matter, and hopes that in doing so it clarifies where there might be generalisations or errors due to missing information.

About S&N

Smith & Nephew, South Africa, is a division of Smith & Nephew plc - a global medical technology business. S&N South Africa is responsible for the marketing and sale of the Group's medical devices throughout South Africa and into developing markets in Africa. S&N markets products in the field of Advanced Wound Management, Endoscopy, Orthopaedic Reconstruction and Trauma. Smith & Nephew South Africa also has a wholly owned subsidiary namely Smith & Nephew Pharmaceuticals (Pty) Limited.

-1-

Registration No. 2002/012756/07

Directors: V Ponsamy (Managing), R Bianchi, R.L. Buthelezi, J.E Horn Dr. S.A. Mhlambi, D.K. Roberts, M.R. Woods

Reply on Bactrazine

Mediclinic in its submission raised, amongst the products it found in state tender no's HP02-2013A1 and HP02- 2013AI-1, a wound care product marketed and sold by S&N, called Bactrazine. It is a Silver sulphadiazine (SSD) cream and was first developed in the 1960s. It is indicated as a topical antibacterial agent for the prevention and treatment of burn wound infections caused by Gram-negative organisms (such as *Pseudomonas aeruginosa*) and *Candida albicans*. Bactrazine can also be used in the treatment of leg ulcers and pressure sores.

[REDACTED]

[REDACTED]

Apart from the above reason for the price differentials, burn surgeons are increasingly moving to surgical management of major burns and this has been shown to reduce the overall cost of management to the healthcare system in the South African public hospital setting. The SSD cream volumes that could be expected will therefore decrease in the future.

We drew a Business Objects comparison of Bactrazine silver sulphadiazine cream 250g and 500g in 2014 to Mediclinic versus NDoH purchases of Bactrazine in the same time period, for both volumes and values. From this comparison it is evident that the volumes purchased do not support

Mediclinic's argument that the private healthcare sector is subsidising the public healthcare's sector's pharmaceutical costs. In addition based on prevailing treatment protocols, their argument is also not supported.

Conclusion

The tender price cited by Mediclinic is based on an error, the exact nature of which is explained above. We trust that this clarifies the matter. S&N remains committed to the Inquiry and will offer any assistance possible in support of the important work of the Panel.

For further information, please contact:

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