

MEDIA STATEMENT

To: Editors & Health Journalists
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Department clarifies payment to independent pharmacies for COVID-19 work

Pretoria: The Department of Health would like to provide clarity on the recent claims regarding delayed payments to independent pharmacies for their contributions during the COVID-19 vaccination programme. There is no doubt that independent pharmacies have been vital partners in ensuring vaccine accessibility across South Africa, a collaboration essential for the envisioned success of the National Health Insurance which aims to provide equitable healthcare access to all citizens.

The story around pending invoices remains two sided and many issues stem from non-compliance by some pharmacies with established government financial practices, despite repeated guidance and support efforts. All entities must adhere to the same financial regulations, and the Department has communicated this to the Independent Community Pharmacy Association (ICPA).

One of the reconciliation challenges arose because the ICPA advised pharmacies to extract a seventh dose from COVID-19 vaccine vials using specialised low dead space syringes and needles, a practice not approved by the South African Health Products Regulatory Authority (SAHPRA) or the Department of Health. This approach was discouraged due to the risks of underdosing and potential contamination from mixing vials, which complicated the reconciliation of vaccine stock with doses administered. Despite the potential for increased vaccine efficiency, these challenges led to significant discrepancies in stock management and compliance issues, impacting the accuracy of claims and payments to pharmacies. This resulted in some pharmacies encountering several issues leading to inaccurate claims.

Another significant problem was that vaccinators, working at multiple sites, were not properly verified by the pharmacies, resulting in vaccinations being recorded under incorrect locations. Additionally, in an effort to assist individuals to obtain vaccination certificates, some pharmacies recorded vaccinations for people who were actually vaccinated elsewhere. This practice led to further inaccuracies in the reported vaccination numbers.

Furthermore, unauthorized stock transfers between pharmacies contributed to discrepancies in stock figures, necessitating post-event reconciliation to align stock with vaccinations administered. Despite the challenges with the Electronic Vaccination Data System (EVDS) being slow or offline, some pharmacies failed to back-capture paper records, resulting in mismatches between administered vaccines and submitted invoices. These inaccuracies have complicated the reconciliation of claims and impacted the credits that should be passed to the affected pharmacies. The Department continues to work on resolving these discrepancies to ensure accurate and fair payments.

Private pharmacies process claims through 'switches' to verify a beneficiary's insurance coverage at the time of service, a process not managed by the Department. Pharmacies were required to work with a private company and contribute to the

administrative costs of this system. Some claims were rejected by the switch due to mismatches with the EVDS data, which is used to determine the benefits that were provided. Common reasons for rejection included missing information such as ID numbers, incorrect vaccine details, incorrect vaccination dates, and incorrect intervals between doses. Unfortunately, many of these rejected claims were not reconciled or corrected by the affected pharmacies at the time, leading to ongoing disputes.

The Department provides credits to pharmacies instead of direct cash payments. These credits are used to offset the cost of vaccine stock that pharmacies have ordered, effectively reducing their outstanding balances. While most credits have been issued, some remain unresolved due to specific deviations allowed to finalize the program. However, many pharmacies do not recognize these credits as a form of payment, leading to confusion and disputes regarding the settlement of their accounts.

Thus, the Department disputes the perception that it has not taken action to resolve the few remaining challenges related to payments and stock management. The Department is actively working to address these issues and ensure proper use of public funds. While some requests for deviations from standard procedures have been submitted, not all can be approved, particularly when there is a risk of fraud.

One issue identified is that some pharmacies received free vaccine stock from certain sites but still billed the Department for both the vaccines and the administration of vaccinations. This practice was not permissible and separation of the fee components is being addressed.

Additionally, a significant challenge arose when some pharmacies ordered large quantities of vaccines at a time when public demand was declining. As a result, these pharmacies were left with expired vaccines. Through a collective effort to reconcile these doses, the Department obtained permission to credit the pharmacies for the legally disposed stock.

Out of the 168 private pharmacies and facilities contracted, only 28 have vaccinated a significantly higher number of uninsured patients compared to private patients. The remaining pharmacies owe the Department for the vaccines provided but have not made payments, citing unresolved disputes as the reason. According to the agreement between the Department and these sites, pharmacies are required to settle their outstanding balances within 90 days of receiving their statements. However, the majority have chosen not to comply with this requirement.

While it is important to acknowledge and appreciate the substantial contributions of pharmacies to the COVID-19 vaccination program, it is equally crucial to adhere to public finance management acts and regulations. These regulations must be followed at all times unless specific authorization for deviation has been granted.

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