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**MOMENTUM HEALTH INTERIM MEDICATION RATE 2005**

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On 20 December 2004, the Supreme Court of Appeals declared the regulations implemented in terms of single exit-price system null and void. As a result, pharmacists now have the freedom to charge any fee above the single exit price, and medical aids need to review the maximum dispensing fee they will pay for their members.

This document explains the medication rate that Momentum Health will apply; until such time that the Constitutional Court considers the DOH's appeal.

Momentum Health aims to strike a balance between ensuring that the member has the smallest probability of a co-payment for his medication, whilst still keeping within the 2005 budget (ensuring no premium increases during 2005).

**The Momentum Health Medication Rate = the MHS developed tiered model**

This proposal would result in the lowest probability of co-payment by our members, as this is what most pharmacists have indicated they would be charging. The PPSA and USAP publicly declared (Business Day 5/1/2005) that they support the MHS developed tiered model. Pharmacy software vendors are in the process of modifying pharmacy dispensing systems to default to the MHS tiered model during the week of the 10-14<sup>th</sup> of January.

By adopting the tiered model, it is most unlikely that pharmacies will continue to recover any additional "admin fees" from members against this model. Pharmacy pricing should stabilise around this model until such time that the Constitutional Court considers the DOH's appeal, anticipated to be around 15 March 2005.

Other schemes in the market have indicated models such as: SEP + 36% capped at R59.40 or SEP + 30% with no cap. Both these models are likely to result in members suffering co-payments for their medication.

**Detail of the Tiered Model**

SEP Band	Percentage Fees	Fixed Fees
R1-R50	50%	R 5.50
R50.01-R120	33.3%	R 12.50
R120.01-R200	20%	R 30.00
>R200	15%	R 40.00

The fixed fee is added to the Single Exit Price. The percentage fee is added to the sum of SEP and the fixed fee. This is the total cost of medication. All figures include VAT.

A few examples:

(1) SEP	(2) Fixed Fee	(3) % Fee [calculated on (1) + (2)]	(4) Total Dispensing Fee	(5) Total cost of medication
R40	R5.50	R22.75 (50%)	R28.25	R68.25
R100	R12.50	R37.46 (33.3%)	R49.96	R149.96
R180	R30	R42.00 (20%)	R72.00	R252.00
R250	R40	R43.50 (15%)	R83.50	R333.50

All the above figures are inclusive of VAT.

The above medication rate will be effective from Monday 17 January, applying to all claims received on or after this date.