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Biovac disputes Cipla's claim it saved government R2.4bn

State-backed vaccine manufacturer says calculation based on inflated demand forecasts and outdated prices

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Picture: REUTERS

SA state-backed vaccine manufacturer Biovac has taken issue with Cipla SA's claim that its pneumonia vaccine will save the health department R2.4bn over the next three years, saying its calculation is based on inflated demand forecasts and outdated prices.

The direct savings are likely to be R280m a year, or R840m over the period, said Biovac.

The health department dealt Biovac an unexpected blow earlier this month when it awarded its next three-year contract for the supply of childhood

vaccines against pneumococcal disease to Cipla SA, which will import the jabs from the Serum Institute of India.

Biovac has received considerable investments from the government over the past 20 years and partnered with multinational pharmaceutical manufacturer Pfizer to bottle its 13-valent pneumococcal vaccine Prevnar 13 in the expectation that the shots would be bought by the health department.

News last week that the health department had dumped Biovac in favour of cheaper imports from India came at an awkward time for the government, as it emerged on the eve of the launch of the World Health Organisation's mRNA vaccine technology transfer hub in Cape Town.

The hub seeks to boost African vaccine manufacturing capacity, and news that Biovac had lost the contract sharply highlighted the question of whether the continent's governments will be prepared to pay more to support the emerging industry.

Cipla SA, the local subsidiary of Indian generic pharmaceutical manufacturer Cipla, said last week that the health department had saved R2.4bn by switching supplier. It based its calculation on Biovac's 2020 tender price of R288.32 a dose, and the 12.6-million shots forecast for the next tender, which begins in 2024 and runs for three years.

Biovac CEO Morena Makhoana said on Tuesday said that the demand forecasts were inflated, as there were only about 1-million live births in SA each year, and the government had historically purchased up to 3.3-million doses of Prevnar 13 per year. Infants are given three doses of the vaccine.

The figures provided by Biovac for the estimated savings made by the health department, and the number of doses purchased a year, suggest its tender price was of the order of R181.90, or 87% more than Cipla SA's price of R97.06 a dose, set out in the health department's announcement of the vaccine contracts awarded for 2024.

Cipla SA CEO Paul Miller declined to comment.

The price of Prevnar 13 in SA is determined by Pfizer, which told Business Day last week that its 13-valent vaccine was superior to the 10-valent vaccine provided by Cipla SA, because it offered protection against more strains of pneumococcal disease. Cipla SA and the health department separately disputed that the 10-valent shots were inferior.

Wits vaccinologist Shabir Madhi said there had been no direct studies comparing the efficacy of the two vaccines, and the strains that are not included in the 10-valent shot constitute a low percentage of the pneumococcal disease in SA.

He said Pfizer had recouped the cost of developing Prevnar more than 15 years ago, and while it sold the shot to the international vaccine purchasing organisation Gavi for \$3.50 (R64.27), it had yet to lower its pricing for middle-income countries.

Even if Pfizer offered the jab to SA at double the Gavi price it would have been competitive, as there was scope to reduce the number of Prevnar shots given to babies from three to two, said Madhi.

The UK had made this transition in 2019 and research conducted in SA had shown two doses of the vaccine was not inferior to three, he said.

Madhi warned that Biovac is likely to face future competition for the six-in-one shot it bottles for Sanofi, called Hexaxim. Biovac's Hexaxim is the only six-in-one vaccine registered in SA, and Biovac holds the sole supply contract with the health department. A tender process for the 2024 supply of this vaccine is under way, and has yet to be finalised.

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