



OSSA

Ophthalmology Society of South Africa

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Dear Colleague.

22nd May 2009

Dilemmas with Cross Merchandising Agreements. (CMA'S)

We have in the past warned the members of OSSA as well as the shareholders of OMG about the potential ethical dilemmas posed by CMA's.

It has recently come to our attention that Supplier companies are still actively marketing CMA's and that a number of our colleagues and members are still involved in CMA's.

We are aware that particularly solo practices in rural areas lean heavily on CMA's to have access to expensive and often indispensable equipment. One of the strong arguments used to justify CMA's is that disposables such as IOL's or so-called proprietary items such as tubing are purchased at the same price whether via a CMA or not. Unfortunately, there is no such thing as a free lunch

Despite the prevalence of these agreements, in our opinion some CMA's are a perverse business practice as defined by the HPCSA Ethical rules. Furthermore, it drives unnecessary costs and could lead to over servicing.

More importantly, your leadership is continually engaged in ongoing fee negotiations. The many existing CMA's make it difficult for our negotiators to push for proper professional and equipment fees.

CMA's may also be uncompetitive as it precludes the smaller but cheaper supplier to compete fairly.

There are several different CMA contracts in the market place. Some of them may severely compromise you.

Therefore:

1. You should under no circumstances charge the instrument fee for equipment if this was purchased under a CMA.
2. You should not engage in new CMA's.
3. You should wind up existing CMA's ASAP. Various options may be available to you. Please feel free to discuss your particular circumstances with us or Casper Venter.
4. You should also not charge the instrument fee if the equipment was "placed" in your institution.

Please contact Casper Venter or Ernst Ackermann at HealthMan should you require guidance on how to proceed with your CMA agreement should you have one.

Feel free to discuss any uncertainties with Dr Chris Gouws (President OSSA), Dr Jan Talma (OSSA Exco) or Dr Louis Kruger. (Chairman OMG).

Yours sincerely

Chris Gouws
President OSSA

Louis Kruger
Chairman OMG