

Acting COMMISSIONER: COMPENSATION FUND

SUBJECT: APPROVAL OF DEVIATION TO APPROVE MEDIKREDIT QUOTATION AS THE SOLE PROVIDER OF NAPPI FILE

1. PURPOSE OF THE SUBMISSION:

1.1 To request the Acting Compensation Commissioner to:

- Approve deviation from normal procurement processes for the Compensation Fund to gain access to the National Pharmaceutical Product Interface (NAPPI) file and update its processing claims system, from Medikredit as a sole supplier
- Approve the Medi quotation amount of R 2 512 566.13 for a period of three (3) from the years 1 June 2026 to 31 May 2029.

2. BACKGROUND:

- 2.1 In the Republic of South Africa, all clinical pharmaceutical medicines and materials in the healthcare industry are each identifiable by a unique code. These codes were developed and are indexed as a file called the National Pharmaceutical Product Index (NAPPI) file. This index was developed and is maintained and managed by Medikredit Integrated Health Solutions on behalf of the National Department of Health.
- 2.2 The Compensation Fund Medical Claims Directorate requires access to NAPPI codes in order to receive and process medical invoices that are claimed for, in order to process and approve these items at market-related standardised prices. This file must be updated daily as the prices of pharmaceuticals fluctuate regularly and the Fund needs to pay these pharmaceuticals at the applicable prices as they were on the date that they were claimed for.

3. DISCUSSION:

- 3.1 The Compensation Fund (CF), under the Department of Employment and Labour, is mandated to provide compensation for occupational injuries and diseases. A key aspect of this function involves the reimbursement of medical expenses incurred by claimants. The NAPPI file is a standardised coding system used to identify and process pharmaceutical and healthcare products in South Africa. MediKredit developed and maintains the NAPPI coding system, which is in turn used across the South African healthcare industry by medical schemes, pharmacies, and healthcare providers.
- 3.2 The Compensation Fund currently has contracted MediKredit to update the NAPPI file to ensure consistency and accuracy in claims processing of pharmaceuticals. The contract is expiring on 14 June 2026 and must be renewed for a period of another 3 years from 1 June 2026 to 31 May 2029.
- 3.3 The NAPPI file will assist the Fund in the following respects:
- Overpayment will be eliminated due to the standardised prices. The NAPPI is used by all medical service providers and funders.
 - Medikredit receives new products and price updates from the Department of Health and therefore valid products with correct prices will be processed by the Fund.
 - The Fund will approve pharmaceuticals according to generally accepted pharmaceutical tariffs.
 - Coding and pricing of medicine, clinical and non-clinical materials will be standardised and automated.

3.4 In the event this contract is not renewed, the Fund will face the following risks:

- Inconsistent or outdated NAPPI data leading to claim processing errors and inability to receive medical invoices that contain NAPPI codes.
- Increased administrative burden and delays in the processing of medical invoices.
- CompEasy will be unable to accurately allocate the accurate rand value for pharmaceutical products, leading to financial losses.
- Potential legal and financial exposure due to incorrect reimbursements.
- Lack of technical support and updates from the original system custodian.

3.5 SCM assessment is as follows:

- SCM request the sole supplier letter from the supplier confirming/ asserting that they are a sole supplier of the NAPPI file. This was also confirmed in a meeting held with MediKredit on the 18th March 2026.
- Market analysis was done via an internet based exercise to confirm that indeed Medikredit is a sole supplier and the exercise results were that indeed Medikredit is a sole supplier:
 - Medikredit is the only entity legally authorised to allocate, maintain, and publish NAPPI codes.
 - Hospitals, pharmacies, medical schemes and funders all consume the file but do not produce it
 - There are no alternative vendors, and the NAPPI file is the national industry standard, making this a true sole-source environment.
- As a former employee of the Department of Health, I can confirm that Medikredit NAPPI fill was used by hospital with case management unit under the revenue section for billing purposes. Colleagues were requested to confirm with other colleagues working in the Health Sectors to confirm the assertion of sole supplier.
- SCM health a meeting with Medikredit to confirm if there are able to afford the Compensation Fund a discount on the monthly rates and they confirmed that prices are standardised per type of entity and per requirements required. They also confirmed that based on our use we would not be able to change the requirement that are being used.

4. FINANCIAL IMPLICATIONS:

4.1 The financial implications are R 2 512 566.13 A over a period of 3-years.

4.2 The previous contract was R 2 170 608.83 from 2023 to 2026 resulting in a total increase of R 341 957.30 (15.75%) over a period of 3 years.

4.3 We have also confirmed the proposed price adjustments over the period of the contract per month are follows:

Period	Price (Vat Inc)	Percentage Increase
1 June 2026 until 31 May 2027	R 66,633.94	4.00%
1 June 2027 until 31 May 2028	R 69,632.47	4.50%
1 June 2028 until 31 May 2029	R 73,114.10	5.00%

4.4 Based on the assessment we can confirm that the offer from Medikredit is market related as it linked to CPI and lower then the Healthcare administrative systems and digital services generally escalations at 3–7%, supported by medical scheme cost trends (6.9–7.9% increases for 2026).

CHIEF DIRECTOR: FINANCIAL MANAGEMENT: MR MP MOKOENA**5. COMMUNICATION IMPLICATIONS:**

5.1 Internal and external correspondence will be communicated to all relevant stakeholders upon approval.

6. LEGAL IMPLICATIONS:

- 6.1 In terms of the Compensation Fund Supply Chain Management Policy Version 5, paragraph 6.2.15 (c) "Deviation from Normal bidding processes, Sole Supplier purchases - occurs when there is only one supplier in the market for the goods and services sought or that the supplier has sole distribution rights. The supplier has exclusive/ patent right or unique original equipment manufacturer
- 6.2 Noting that the delegation of authority are not explicit address sole supplier delegation, in terms of the section 6.11.4 The Compensation Commissioner may deviate from inviting competitive bids if in a specific case it is impractical to invite competitive bids, the accounting authority may procure the required goods or service by other means, provided that the reasons for deviating from competitive bids must be recorded and approved by the accounting authority.

7. RECOMMENDATIONS:**IT IS RECOMMENDED THAT: The Acting Compensation Commissioner:**

- 7.1 Approves the deviation from normal procurement processes for the Compensation Fund to gain access to the National Pharmaceutical Product Interface (NAPPI) file and update its processing claims system, from Medikredit as a sole supplier
- 7.2 Approve the Medi quotation amount of R 2 512 566.13 for a period of three (3) from the years 1 June 2026 to 31 May 2029.

8. ATTACHMENTS:

- 8.1 Compensation Fund NAPPI Price File Quotation – November 2025.pdf
- 8.2 Sole Supplier letter
- 8.3 Meeting notes from the 18th March 2026
- 8.4 2025 Submission Backup Documents.pdf

9. APPROVAL AND SIGNATORIES**SUBMITTED BY:**

NAME	DESIGNATION	DATE	SIGNATURE
MS SI NDEBELE	Deputy Director: Medical Tariffs	09/12/2025	

employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

SUBMISSION

DMS: 14654/2025/1

Kommunikasie-en-inligtingstelsel • Ditlhaeletsano tsa Puso • Tekuchumana taHulumende • EzokuXhumana koMbuso • Dikgokahano tsa Mmuso
Vhudavhidzani ha Muvhuso • Dikgokagano tsa Mmuso • liNkonzo zoNxibelelwano lukaRhulumente • Vuhlanganisi bya Mfumo • UkuThintanisa koMbuso

REVIEWED AND RECOMMENDED:

NAME	DESIGNATION	DATE	SIGNATURE
N MORRISON		04/01/2026	
RB KAU		12/01/2026	
MM NERO			
SE HADEBE			
A STOFIE	Director: Supply Chain Management	20/03/2026	
MP MOKOENA	Chief Director: Financial Management		

APPROVED BY:

NAME	DESIGNATION	DATE	SIGNATURE
F FAKIR	Acting Commissioner: Compensation Fund		