

EXECUTIVE NOTE

The National Health Service (Charges for Drugs and Appliances) (Scotland) Regulations 2008 (SSI 2008/27)

The above instrument was made in exercise of the powers conferred on Scottish Ministers by sections 17E, 17K, 17N 17P 25(2), 27(1) and (2), 28(1), 69(1) and (2), 75(a), 75A, 105(7) and 108(1) of the National Health Service (Scotland) Act 1978. The instrument is subject to negative resolution procedure.

Policy Objectives

The Scottish Government believes that prescription charges are a tax on ill health and a barrier to good health for many people. Removing the financial barrier of prescription charges will mean that patients are not deterred from obtaining prescribed medication. This will be of benefit to everyone, particularly people who suffer from chronic health conditions.

The purpose of this instrument is to set in train the phased abolition of NHS prescription charges in accordance with the policy of the Scottish Government, which intends to abolish prescription charges completely by April 2011.

This instrument effects cuts in the per item prescription charge and in the cost of prescription pre-payment certificates (PPCs). Charges for wigs and fabric supports are reduced in line with the prescription charge.

This instrument makes provision for holders of PPCs which will remain valid for more than one month from 1 April 2008 to claim a partial refund of the amount they paid for their PPCs in 2007-08. Provision is also made for people resident in Scotland who are registered with a GP practice in England to benefit from the reduced Scottish charges on presentation of an entitlement card.

The Prescription Charge

This instrument reduces the per item prescription charge from £6.85 to £5.00. However, as a result of the fact that different charges will now be applicable in different parts of the UK, provision is also made in the instrument for persons presenting prescription forms issued in England, Wales or Northern Ireland to a Scottish pharmacy to pay the per item prescription charge which is applicable in the equivalent instrument in force in England. This mirrors the arrangements in place in Wales. This is subject to the arrangements referred to below in relation to entitlement cards. The existing arrangements for exemption from charges remain unchanged, apart from additional provision made in the instrument to recognise and apply valid exemption certificates issued in England, Wales or Northern Ireland.

Prescription Pre-payment Certificates

This instrument reduces the cost of PPCs by more than 50%. The cost of a 4 month PPC is reduced from £35.85 to £17.00 and a 12 month PPC is reduced from £98.70 to £48.00. These cuts will deliver real and immediate benefits to people who suffer from chronic health conditions and require 4 or more prescriptions over 4 months or more than 9 in a year. As a result of the fact that the cost of PPCs is being reduced, provision is made in the instrument to

specify that only certain persons may apply for such certificates – these being persons who hold a Community Health Index number (i.e. are registered with a Scottish GP) or a valid entitlement card (see below).

It is the policy that people who purchased PPCs in 2007-08 should benefit fully from the charge reductions effected by this instrument. Partial refunds will therefore be available in respect of PPCs which remain valid for one or more complete months beyond 1 April 2008. Holders of 4 month PPCs will be invited to claim a refund of £4.72 per qualifying month. 12 month PPCs will attract a refund of £4.23 per qualifying month. Claims for partial refunds will be processed by the NHS National Services Scotland (NSS), part of the Common Services Agency.

Charges for Wigs and Fabric Supports

The policy is to apply equitable charging arrangements for patients. This instrument reduces the charges payable for wigs and fabric supports to the level of the per item prescription charge and maintains the current eligibility criteria for exemption from these charges. The effect of the revised provisions is to apply the same charge to all classes of prescribed fabric supports and wigs.

All types of fabric supports and wigs will be available on the NHS at the reduced charge of £5.00 per item. These items, including human hair wigs, will be supplied where they are prescribed by a hospital physician to meet a patient's clinical need.

Cross Border Issues - Entitlement Cards

Persons in possession of a prescription form issued in Scotland will be able to benefit from the reduced cost of prescriptions in Scotland provided they go to a Scottish pharmacy to have their prescriptions dispensed. Pharmacies in England, Wales and Northern Ireland will levy the charge applicable in that country for out of country prescriptions. People who live in Scotland but receive primary care medical services from a GP practice in England (referred to as "qualifying patients" in the paragraph below) will be able to benefit from the reduced cost of prescriptions in Scotland if they present their English prescriptions together with an entitlement card.

This instrument makes provision for the introduction of an entitlement card which confers on a qualifying patient the right to obtain prescribed drugs and appliances at the Scottish rate of prescription charge when their prescriptions are presented for dispensing at a Scottish pharmacy. The instrument also makes provision for persons in possession of an entitlement card to obtain pre-payment certificates at the reduced cost in Scotland. Entitlement cards will be issued to qualifying patients by NSS and will be valid for 5 years. In order for a patient to qualify for the Scottish rate of charge, the entitlement card will have to be produced at the point of dispensing.

Patients who are resident outside Scotland but who receive primary care medical services from a GP practice in Scotland, will qualify to pay the Scottish prescription charge if they present their prescriptions at a Scottish pharmacy for dispensing. This is because they receive Scottish prescription forms from their doctors. The only other non-resident patients who will benefit from the Scottish prescription charge are those who register temporarily

with a GP practice in Scotland, receive a Scottish prescription form and present it at a Scottish pharmacy for dispensing.

Financial Effects

Around 6 million prescriptions are paid for annually, and approximately 50 thousand annual PPCs and 127 thousand 4 month PPCs are sold in a year. At the reduced prices, 12 month PPCs will be cost effective for people who need more than 9 prescriptions per year, compared with 14 at the moment.

Prescription charge income for 2006-07 totalled £46.9m, comprising £37.8m for individual charges and £9.1m from PPCs. The total is approximately 4.4% of the cost of providing NHS community pharmacy services (remuneration and drugs bill) and 0.6% of NHS Boards' total revenue budget.

We estimate the projected costs, taking into account lost income from charges and the potential increased demand on drug costs, of phasing out prescription charges in each year from 2008-09 to 2010-2011 to be as set out in the table below.

Year	Proposed charge	Estimated additional cost
2008-09	£5.00	£17m
2009-10	£4.00	£24m
2010-11	£3.00	£32m

In the spending review the figures budgeted for in the first 3 years are £20m, £32m and £45m. These are above the assumed demand increase figures and contain additional overhead for unpredicted demand.

The Scottish Government Health Directorates

January 2008