
STATUTORY INSTRUMENTS

1997 No. 980

**NATIONAL HEALTH SERVICE,
ENGLAND AND WALES**

**The National Health Service
(Indicative Amounts) Regulations 1997**

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| <i>Made</i> | - - - - | <i>20th March 1997</i> |
| <i>Laid before Parliament</i> | | <i>20th March 1997</i> |
| <i>Coming into force</i> | - - | <i>1st April 1997</i> |

The Secretary of State for Health, in exercise of powers conferred on him by section 126(4) of the National Health Service Act 1977(1) and section 18(6) and (7) of the National Health Service and Community Care Act 1990(2), and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the National Health Service (Indicative Amounts) Regulations 1997 and shall come into force on 1st April 1997.

(2) In these Regulations, unless the context otherwise requires—

“the 1977 Act” means the National Health Service Act 1977;

“the 1990 Act” means the National Health Service and Community Care Act 1990;

“the Drug Tariff” means the statement published from time to time under regulation 18 of the National Health Service (Pharmaceutical Services) Regulations 1992(3);

“listed appliance” means an appliance which is included in a list for the time being approved by the Secretary of State for the purposes of section 41 of the 1977 Act;

“manufacturer’s list price” means the price the manufacturer of a drug or medicine or his agent from time to time publishes as being the price of that drug or medicine;

(1) 1977 c. 49; see section 128(1) as amended by the National Health Service and Community Care Act 1990 (c. 19) (“the 1990 Act”), section 26(2)(g) and (i), for the definitions of “prescribed” and “regulations”. Section 126(4) was amended by the 1990 Act, section 65(2).
(2) 1990 c. 19. Section 18 was amended by paragraph 77 of Schedule 1 to the Health Authorities Act 1995 (c. 17).
(3) S.I.1992/662; the relevant amending instrument is S.I. 1995/644.

“Prescription Pricing Authority” means the Special Health Authority now constituted by the Prescription Pricing Authority Constitution Order 1990(4);

“Welsh Health Common Services Authority” means the Special Health Authority now constituted by the Welsh Health Common Services Authority Constitution Order 1990(5).

Basic price of drugs, medicines and listed appliances

2.—(1) For the purposes of section 18 of the 1990 Act (indicative amounts for doctors’ practices), in a given month the basic price of a listed appliance or of a given quantity of a drug or medicine is—

- (a) its net cost calculated in accordance with paragraph (2); minus
- (b) an amount representing a percentage applicable to the given month of its net cost, being a percentage calculated in accordance with paragraph (3) and published by the Secretary of State, plus
- (c) the amount specified in Part IV of the Drug Tariff for the given month as the allowance for containers and specified measuring devices (but the amount is not to be added in the case of—
 - (i) a listed appliance supplied with oxygen, or in connection with the supply of oxygen, or
 - (ii) drugs and medicines supplied in bulk, as defined in paragraph (5)).

(2) For the purposes of paragraph (1)(a), the net cost of a listed appliance is its price as specified in the Drug Tariff for the given month, and the net cost of a drug or medicine is—

- (a) where it is included in the Drug Tariff for that month and a price is specified for the given quantity, that price, or
- (b) otherwise, the manufacturer’s list price for that quantity.

(3) The percentage referred to in paragraph (1)(b) is calculated as respects practices whose relevant Health Authority is in England, by the Prescription Pricing Authority, and as respects practices whose relevant Health Authority is in Wales, by the Welsh Health Common Services Authority, by

- (a) adding together all the deductions made pursuant to the deduction scale in Part V of the Drug Tariff in calculating the remuneration of pharmacists in England or, as the case may be, in Wales for the given month for dispensing;
- (b) dividing that sum by the total net cost of items dispensed by pharmacists in England or, as the case may be, in Wales for the given month, and
- (c) multiplying the result by 100.

(4) Where in respect of any given month, the sum of all the basic prices calculated in accordance with paragraph (1) of all the drugs, medicines and listed appliances supplied pursuant to orders given by or on behalf of the members of the practice is not an exact number of pounds, then for that month any amount of 50 pence or more shall be rounded up to, and any amount less than 50 pence shall be rounded down to, the nearest whole pound.

(5) For the purposes of this regulation, a drug or medicine is supplied in bulk only when—

- (a) it is ordered by a doctor for two or more of his patients;

(4) S.I. 1990/1718. The Prescription Pricing Authority was originally established by the Prescription Pricing Authority (Establishment and Constitution) Order 1974 (S.I. 1974/9) which was revoked and replaced by S.I. 1978/331 (itself revoked and replaced by S.I. 1990/1718).

(5) S.I. 1990/2647. The Welsh Health Common Services Authority was originally established as the Welsh Health Technical Services Organisation under the Welsh Health Technical Services Organisation (Establishment and Constitution) Order 1973 (S.I. 1973/1624). It was re-established as the Welsh Health Common Services Authority under S.I. 1985/996 (itself revoked and replaced by S.I. 1990/2648).

- (b) those patients reside in a school or institution in which at least 20 persons reside;
- (c) the name of that school or institution is written on the order; and
- (d) at least 10 of the persons residing in the school or institution are patients of the doctor who ordered the drug or medicine.

Application of section 18 of the 1990 Act to practices with members on the list of a Health Board

3. In relation to a practice of which a member is on the medical list of a Health Board as well as on that of a Health Authority, section 18 of the 1990 Act shall have effect subject to the modification that subsection (2) shall have effect as if at the end there were added the words

“or with respect to a practice where—

- (a) at least one member of the practice is on the medical list of a Health Board as well as on that of a Health Authority; and
- (b) more patients on the lists of the members of the practice reside in Scotland than in England”.

Revocation

4. The National Health Service (Indicative Amounts) Regulations 1991(6) are hereby revoked.

signed by authority of the Secretary of State for Health

20th March 1997

Gerald Malone
Minister of State,
Department of Health

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the calculation of the basic price of drugs, medicines and listed appliances for the purpose of enabling Health Authorities to compare the actual costs with the indicative amounts for doctors' practices which they are required to specify under section 18 of the National Health Service and Community Care Act 1990. An indicative amount is an amount of money representing the basic price of drugs, medicines and listed appliances which a Health Authority considers it reasonable to expect will be supplied in a financial year pursuant to orders given by or on behalf of a medical practice.

Regulation 2 provides a new way of calculating the basic price of drugs, medicines and listed appliances.

Regulation 3 provides that section 18 of the National Health Service and Community Care Act 1990 does not apply to doctors' practices where the majority of patients of the practice reside in the area of a Health Board.

The Drug Tariff referred to in the Regulations is sent free of charge to all persons on the medical and pharmaceutical lists of Health Authorities and can be obtained from the Stationery Office.