

EXPLANATORY MEMORANDUM TO
THE NATIONAL HEALTH SERVICE (CHARGES, PAYMENTS AND
REMISSION OF CHARGES) (UPRATING, MISCELLANEOUS
AMENDMENTS AND TRANSITIONAL PROVISION) REGULATIONS 2014.

2014 No. 545

- 1.** This explanatory memorandum has been prepared by Department of Health and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These Regulations amend:

(i) The National Health Service (Charges for Drugs and Appliances) Regulations 2000 (SI 2000/620, as amended) (the Charges Regulations) to increase prescription and other charges payable under them;

(ii) The National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (SI 2003/2382, as amended) (the TERC Regulations) to extend the exemption from NHS charges and assistance with travel costs to people receiving Universal Credit in DWP “pathfinder” pilots under the Welfare Reform Act 2012 during the period 29 April 2013 to 31 October 2014;

(iii) The National Health Service (Dental Charges) Regulations 2005 (SI 2005/3477, as amended) (the Dental Charges Regulations) to increase NHS dental charges payable under them. The Dental Charges Regulations provide for charges to be made and recovered from a patient, who is not exempt, for the provision of dental treatment, including urgent treatment and orthodontic treatment, and the supply of dental appliances by a provider of primary dental services.

(iv) The National Health Service (Optical Charges and Payments) Regulations 2013 (SI2013/461, as amended) (the Optical Charges and Payments Regulations) and The Primary Ophthalmic Services Regulations 2008 (SI2008/1186, as amended) (the Primary Ophthalmic Services Regulations) to extend the exemption from costs incurred in connection with sight tests and to provide optical vouchers to people receiving Universal Credit in DWP “pathfinder” pilots under the Welfare Reform Act 2012 during the period 29 April 2013 to 31 October 2014.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 The Charges Regulations set out a scheme for charges for drugs, appliances and some other items supplied to NHS patients in England, and the arrangements for exemption from those charges. The amendments are to

provide a routine uprating from 1 April 2014 of the amounts that are to be charged under those Regulations.

By virtue of the TERC Regulations, NHS patients in England who are in receipt of state benefits or on low incomes are effectively exempted from NHS charges and provided with assistance with travel costs if they meet certain qualifying criteria. These criteria already benefit people receiving Universal Credit in DWP “pathfinder” pilots under the Welfare Reform Act 2012, and certain of their family members. The Welfare Reform Act 2012 provides for the introduction of Universal Credit.

The Dental Charges Regulations include the charges for NHS dental and orthodontic treatment in England, which is provided under contracts known as general dental services contracts or personal dental services contracts. The charges are amended to provide a routine uprating of dental charges from 1 April 2014.

The Optical Charges and Payment Regulations provide for optical vouchers to be given to eligible members of the public which can be redeemed against costs incurred for the supply, replacement or repair of optical appliances (glasses and contact lenses) and set the value of those vouchers. The Primary Ophthalmic Services Regulations are the statutory framework for determining entitlement in England to free NHS sight tests. The qualifying criteria for free NHS sight tests and for optical vouchers already benefit people receiving Universal Credit in DWP “pathfinder” pilots under the Welfare Reform Act 2012 and certain of their family members.

5. Territorial Extent and Application

5.1 These Regulations apply to England only.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

Charges Regulations: Charges

7.1 (i) Prescription Charges: The amount of the charge for an NHS prescription item and certain other appliances supplied by the NHS, the circumstances in which a charge shall, or shall not, be made and the patients who are exempt from prescription charges are set out in the Charges Regulations. The amendments made in these Regulations to the Charges Regulations increase the current single prescription charge in respect of drugs and appliances by 20p, an increase of 2.5%. This increase combined with the freezing of the fee payable for both the three-month and twelve-month prescription prepayment certificates produces an overall increase in prescription charge revenue of 2%. This will help maintain the contribution charges make to NHS funding and constrain the impact of charges on personal incomes. The increase is broadly in line with the spending assumptions and

the observed levels of inflation. The charge for elastic hosiery will increase in line with the prescription charge.

(ii) Prescription pre-payment certificates: These are available to everyone and three-month certificates can be purchased directly from some pharmacists. Three and twelve month certificates can be purchased from the NHS Business Services Authority by phone, online or by post. A twelve month prescription payment certificate can be purchased by ten direct debit instalments. They will save people money if they need four prescription items or more in a three month period, 13 items or more in a year. Prescription prepayment certificate holders pay no further charge at the point of dispensing. There is no limit to the number of items the holder may obtain using the certificate. As indicated above, the fee payable for these certificates is being frozen.

(iii) Wigs and fabric supports: Charges are made for these items supplied by hospitals or by other bodies through contracts. Charges for these items will be increased by around 2.7% balancing the need to protect NHS funding against the impact of charges on personal incomes. The current and new charges are in table below. These Regulations make transitional provision in respect of an order for supply given before the Regulations come into force.

Table 1: Prescription charges

	2012/13	2013/14	Increase
Single Charge per item	£7.85	£8.05	£0.20
3-month prescription pre-payment certificate	£29.10	£29.10	£0.00
12-month prescription pre-payment certificate	£104.00	£104.00	£0.00

Table 2: Wigs and fabric supports

	2012/13	2013/14	Increase
Surgical brassiere	£26.35	£27.05	£0.70
Abdominal or spinal support	£39.75	£40.85	£1.10
Stock modacrylic wig	£64.95	£66.70	£1.75
Partial human hair wig	£172.00	£176.65	£4.65
Full bespoke human hair wig	£251.55	£258.35	£6.80

Travel Expenses and Remission of Charges Regulations

Universal Credit

7.2 The TERC Regulations are amended to extend income based remissions for those involved in the Universal Credit pathfinder. The Welfare Reform Act 2012 provides for the introduction of Universal Credit. This new benefit will incorporate all current means tested working age benefits (in work and out of work) into a single payment system, Universal Credit. Universal Credit will initially be introduced in “pathfinder” areas. For these pathfinders only, all recipients of Universal Credit (and certain of their family members) anytime between 29 April 2013 and 31 October 2014 will be entitled to:

- Free NHS prescriptions
- Free NHS dental treatment
- Free wigs and fabric supports
- Assistance with the costs of travel to an NHS appointment on referral by a doctor, dentist or optician.

Dental Charges

7.4 Patient Charge Revenue helps the NHS meet the cost of providing NHS Dental services. It currently contributes approximately 20-25% of the gross cost of funding primary dental care services.

7.5 Dental charges are in four bands:

- Band 1 - courses of treatment involving diagnosis and prevention only – currently £18.00
- Urgent care delivered under Band 1 – courses of treatment involving diagnosis and specified treatment – currently £18.00
- Band 1A – courses of treatment involving only specified items of prevention which only apply to patients receiving additional interim treatment from contractors participating in the Capitation and Quality Scheme 2 pilots (fewer than 100 contractors nationally) - currently £18.00
- Band 2 - courses of treatment which include dental treatment – such as fillings and extractions – currently £49.00
- Band 3 - courses of treatment which include advanced dental work including appliances – currently £214.00

These charges are increased by around 2.7% which is broadly in line with spending assumptions. It balances the need to protect NHS funding against the impact of charges on personal incomes. The increases are spread across the bands to maintain sensible round figures. The actual overall increase is 2.75% to add 50p to the cost of a Band 1, Band 1 Urgent and Band 1A course of treatment respectively (increasing the charge rate in each case to £18.50), £1.50 to a Band 2 course of treatment (taking the charge to £50.50), and £5 to a Band 3 course of treatment (taking the charge to £219.00).

Optical Charges and Payments

7.6 As indicated above, the Welfare Reform Act 2012 provides for the introduction of Universal Credit, and Universal Credit will initially be introduced in “pathfinder” areas. For these pathfinders only, all recipients of Universal Credit (and certain of their family members) anytime between 29 April 2013 and 31 October 2014 will be entitled to NHS sight tests and access to the NHS optical voucher scheme for the supply, replacement and repair of optical appliances (glasses and contact lenses). The Optical Charges and Payments Regulations and The Primary Ophthalmic Services Regulations have been amended to maintain this entitlement until 31 October 2014.

8. Consolidation outcome

8.1 The Department expects to consolidate the Charges Regulations by April 2015.

Further amendments are likely to be needed to the TERC Regulations as Universal Credit is rolled out. The Department intends to consolidate the TERC Regulations in 2015.

The Dental Charges Regulations were made in December 2005 and may be subject to further amendment in the light of experience with the operation of these powers, and to reflect inflationary increases. There are no plans to consolidate the Dental Charges Regulations at present.

The Department consolidated the Optical Charges and Payment Regulations in April 2013.

Consolidation of the Primary Ophthalmic Services Regulations will be considered in the future.

Consultation outcome

8.2 The Department of Health is not required to consult on these Regulations.

9. Guidance

9.1 Relevant health care professionals, the public and NHS dental contractors will be advised of the increase to charges for dental treatment, prescriptions, wigs and fabric supports, and the extension of arrangements for those enrolled on the Universal Credit “pathfinder” by way of a patient information leaflet, the NHS Choices Website, the Department of Health website and waiting room notices (dental charges only). The Department will request the Board to provide notification via email bulletins for dissemination to staff.

10. Impact

10.1 An Impact Assessment has not been prepared for these Regulations. No impact on business, charities or voluntary bodies is foreseen. There is minimal cost to the public sector. The National Health Service Business Services Authority will need to amend their systems to reflect the increased level of the charges provided for in the Charges Regulations and the Dental Charges Regulations.

11. Regulating small business

Dental and GP practices are affected by these Regulations but their terms of service are exempt from the Small Firm Impact Test as these practices are considered as part of the public sector due to their provision of primary dental and medical services for the NHS. NHS charges for drugs, appliances and other items, and NHS optical vouchers and the arrangements for the provision of free sight tests, all do however impact upon arrangements for the remuneration of NHS services provided by small businesses that are not part of the public sector, including firms employing up to 20 people. However, these charges, vouchers and free tests all relate to aspects of the remuneration of NHS service providers that it would not be practical or appropriate to vary, as between contractors, according to their operational turnover or size. This is to ensure the application of agreed nation-wide NHS terms of service, where this is in the interests of both contractors and patients.

12. Monitoring & review

12.1 The charges imposed by these Regulations are reviewed annually, to consider what, if any, change in the amounts of such charges should be made. The arrangements provided in these Regulations for Universal Credit will be reviewed prior to October 2014.

13. Contact

Eleanor Shenton at the Department of Health Tel: 02079722923 or email: eleanor.shenton@dh.gsi.gov.uk can answer any queries regarding the instrument.