

## **REGULATORY APPRAISAL**

### **NATIONAL HEALTH SERVICE, WALES**

#### **THE NATIONAL HEALTH SERVICE (CHARGES FOR DRUGS AND APPLIANCES) (WALES) (AMENDMENT) REGULATIONS 2005**

##### **Purpose and intended effect**

1. The intended effect of this Instrument is to reduce the prescription charge from £5 per item to £4 from 1 April 2005 for patients in Wales. It will also reduce the cost of annual pre-payment certificates from £71.83 to £57.46, and four monthly ones from £26.16 to £20.93 from the same date. It will also, from April 2005, remove the current anomaly whereby patients over 60 can have their medication free of charge, but are having to pay for their wigs and appliances.

##### **Risk Assessment**

2. It has long been contended that patients on low incomes neglect to collect items on their prescriptions because they cannot afford to do so. There are also many patient groups, who are currently not exempt from charges on medical grounds, but have a case for saying that they should be. In order to address these and other concerns, the Welsh Assembly Government is committed to removing all prescription charges by April 2007. This Order represents the next stage in that process, with the first reduction having taken place in October 2004. The risk of not making the Order is that these difficulties for patients will continue to exist.

##### **Options**

3. There are two options:
  - (a) Do nothing – meaning that the cost of prescriptions and pre-payment certificates would remain the same, and people over 60 would continue paying for their wigs and appliances;
  - (b) Make these Regulations - Taking into account time, ethical and financial constraints there is no reasonable alternative to this course of action at this stage.

##### **Benefits**

4. Reducing the charge made to patients for their medication should help to prevent them having to be selective about the products they choose. Patients over 60 will now be able to have their wigs and appliances free of charge, as well as their prescribed medication.

##### **Costs**

5. The effect of implementing this Statutory Instrument is estimated to be £5.37m for 2005-06. This is additional to the cost in 2005-06 of funding the reductions in prescription charges introduced in 2004. The total cost in 2005-06 of funding the reductions in the prescription charges implemented by this and the earlier Statutory Instrument (The National Health Service (Charges for Drugs and Appliances) (Wales) (Amendment) Regulations

2004 (SI 2004 No. 1605 (W.164))) is estimated to be £10.7 million. These figures are calculated on the basis of an annual income from prescription charges during 2002-03 of £32.2m. The Welsh Assembly Government has given a commitment in "Wales: A Better Country" to remove all prescription charges by April 2007. This is the next stage in that process; the first reduction having taken place in October 2004.

6. The £10.7 million is additional funding, and has been transferred into the Health and Social Services Main Expenditure Group. This additional funding has been transferred to the FHS Income Budget Expenditure Line. It appears in the Health and Social Services Main Expenditure Group (FHS income BEL) in the final budget tables published on 23 November 2004.

### **Competition Assessment**

7. There will be no negative competitive impact arising from the proposed amendment.

### **Consultation**

#### With Stakeholders

8. This is but another stage in the agreed programme to abolish the prescription charge. The decision to adopt a staged reduction arose out of the initial consultations with a stakeholder group including representatives from Community Pharmacy Wales, the British Medical Association (GPC Wales), the Royal College of Pharmacy, the Association of Welsh Community Health Councils (CHCs), Health Solution Wales, Local Health Boards, the Chief Pharmaceutical Advisor and the National Public Health Service.

#### With Subject Committee

9. The Health and Social Services Committee have not formally scrutinised these Regulations. However, the Regulations were included on the list of forthcoming legislation that was put to the Committee on 6 October 2004 (HSS(2)-11-04 p.5a, item no: HSS 53 (04)). The Committee did not identify them for detailed scrutiny.

### **Significant Costs**

10. The costs involved in implementing these changes will be borne by the Assembly as stated in paragraphs 6 and 7 above.

### **Review**

11. The impact of the Order will be monitored and reviewed in the usual way through the collection of dispensing data by Health Solutions Wales.

### **Summary**

12. The proposed amendment will result in cheaper prescriptions for all patients in Wales, as well as disposing of an anomaly whereby patients over 60 can have their medication free, but not their wigs and appliances.