

## **REGULATORY APPRAISAL**

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

#### **THE NATIONAL HEALTH SERVICE (CHARGES FOR DRUGS AND APPLIANCES) (WALES) (AMENDMENT) (NO.2) REGULATIONS 2005**

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

1. The intended effect of this instrument is to ensure that the reduced prescription charge (and eventually the exemption of all patients from prescription charges) will only apply to prescriptions written on a Welsh prescription form, by a prescriber registered with a Welsh Local Health Board or NHS Trust, and dispensed in a pharmacy in Wales. It will also allow a further reduction in the prescription charge from £4 to £3 in April 2006. The cost of annual pre-payment certificates will reduce from £57.46 to £43.09, and four monthly ones from £20.93 to £15.69.
2. The Order will also allow patients who are exempt from charges on age grounds, and whose age is printed on the prescription form, not to sign the declaration on the reverse of the form in order to qualify for their exemption. In addition it will allow prisoners to be added to the list of patients exempt from prescription charges when devolution of commissioning takes place and they become NHS patients from April 2006.

##### **Risk Assessment**

3. 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 other reductions having taken place in October 2004 and April 2005. The risk of not making the Order is that these difficulties for patients will continue to exist.
4. If the Order which restricts access to the reduced prescription charges, and ultimately prescriptions with no charge is not made then patients presenting prescriptions from other countries will continue to benefit from the lower prescription charges as they do now. Although at present the increase in demand has not been significant, there is a concern that as the charge continues to decrease in Wales and increase in England, that more and more patients will bring their prescriptions over the border to benefit from the lower charge. If this were to remain unchecked when no charges at all were being levied in Wales, there would be potential for real abuse of the system and for this to become unmanageable. There is at least one company already in existence whose sole purpose it is to dispense English forms through a Welsh pharmacy once the charges are abolished. This order would prevent there being any financial benefit in doing this.

5. If the Order was not made which adds prisoners to the list of exempt patients from April 2006 when devolution of commissioning comes into effect, then there is a real risk that more resources would be spent in administering a charges collection system than would actually be collected.
6. If patients who are age exempt remained obliged to complete the declaration on the reverse of the prescription form to qualify for their exemption, a chance to streamline the system and save time in the dispensary would be missed.

## **Options**

### Option 1: Do Nothing

7. The cost of prescriptions and pre-payment certificates would remain the same, patients from elsewhere would continue to benefit from the lower charge; prisoners would have to be charged for their prescriptions from April 2006 when not exempt on other grounds, and patients would have to continue to sign the declaration on the reverse of the WP10 despite the fact that their exemption from charges on grounds of their age is apparent on the front of the form.

### Option 2: Make the Legislation

8. Taking into account time, ethical and financial constraints there is no reasonable alternative to this course of action at this stage.

## **Benefits**

9. Restricting access to the reduced prescription charge to patients who have been prescribed medication by a prescriber registered with a Welsh Local Health Board or NHS Trust, should prevent abuse of the system by patients from other territorial countries in the UK. This will allow the resources available to be used for the benefits of patients in Wales. Furthermore, reducing the charge made to patients for their medication should help to prevent them having to be selective about the products they choose bringing longer term health benefits.
10. By allowing patients to obtain their age exemption without signing the declaration if their date of birth is printed on the form, time will be saved in the pharmacy, and unnecessary paperwork prevented. Including prisoners in the list of exempt patients means that they will continue to receive their prescriptions free of charge after the devolving of commissioning arrangements, and further administration costs will be avoided.

## **Costs**

11. The cost of implementing these Regulations is estimated to be £5.37m for 2006-07. This is additional to the cost in 2006-07 of funding the reductions in prescription charges introduced in 2004 and 2005. The total cost in 2006-07 of funding the reductions in the prescription charges implemented by this and the earlier Statutory Instruments (The National Health Service (Charges for Drugs and Appliances) (Wales) (Amendment) Regulations

2004 (SI 2004 No. 1605 (W.164))) and (The National Health Service (Charges for Drugs and Appliances) (Wales) (Amendment) Regulations 2005 (SI 2005/ 427 (W.44))) is estimated to be £16.1 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 and second reduction having taken place in October 2004 and April 2005.

12. The financial impact on the NHS of exempting prisoners from charges will be neutral, as the resources transferred from the Home Office already take account of the costs of these services, including any NHS patient contributions that prisons currently pay on prisoners’ behalf.
13. Patients who are age exempt already do not pay the prescription charge so that there would be no further expense as a result of this change.

### **Competition Assessment**

14. Any negative competitive impact arising from the proposed amendment would be restricted to English pharmacies on the border which may lose business from Welsh patients. However, this is likely to be counteracted a return to those pharmacies by English patients who would previously have been benefiting from the reduced charge available to them in Welsh pharmacies.

### **Consultation**

#### With Stakeholders

15. This is 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

16. The Health and Social Services Committee are scrutinised this legislation on 22 June 2005 (HSS(2)-08-05 (Paper 2 & 2a)) and approved it without amendment.

### **Review**

17. 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**

18. The proposed amendment will result in cheaper prescriptions for all patients in Wales, as well as disposing of the need whereby patients are having to declare their age on the reverse of the WP10 when it is apparent

from their date of birth on the front of the form that they are exempt on age grounds. The amendment will also restrict access to cheaper (and ultimately free) prescriptions to patients who are treated by a Welsh prescriber registered with a Welsh Local Health Board or NHS Trust. In addition it will mean that from April 2006 prisoners will continue to be exempt from prescription charges.