On 5 December 2007, the Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon) announced to Parliament the Scottish Government’s intention to phase out prescription charges over the next three financial years with full abolition on 1 April 2011.

The National Health Service (Charges for Drugs and Appliances) (Scotland) Regulations 2008 (SSI 2008/27) was laid before Parliament on 1 February 2008 and proposes a reduction in charges for prescriptions and prescription pre-payment certificates. These reductions represent the first phase in the proposed abolition of charges.

This paper provides information on the Regulations and considers the overarching proposal to phase out prescription charges.
CONTENTS

KEY POINTS OF THIS BRIEFING ...............................................................................................................................3

INTRODUCTION ..........................................................................................................................................................4

PROPOSED PHASED ABOLITION OF PRESCRIPTION CHARGES ........................................................................4
HISTORY OF CHARGING SCHEME .......................................................................................................................4
CURRENT CHARGING SCHEME ...........................................................................................................................4

DEVELOPMENTS DURING SECOND PARLIAMENTARY SESSION ........................................................................5

SCOTTISH EXECUTIVE: REVIEW OF EXEMPTION CATEGORIES ........................................................................5
ABOLITION OF PRESCRIPTION CHARGES (SCOTLAND) BILL ........................................................................5
PHASED ABOLITION OF PRESCRIPTION CHARGES IN WALES .......................................................................6
DISTINCTIONS BETWEEN WALES AND SCOTLAND .......................................................................................6

KEY ISSUES ................................................................................................................................................................6

COST IMPLICATIONS OF PHASED ABOLITION .................................................................................................6
DEMAND FOR PRESCRIPTIONS DURING/AFTER PHASED ABOLITION IN WALES ............................................7
ESTIMATED COST OF PHASED ABOLITION BASED ON PRICE ELASTICITY .....................................................8
IMPACT OF EXISTING CHARGES ON HEALTH .............................................................................................9
NEED FOR ACUTE CARE ..................................................................................................................................10
INCREASING DRUGS SPEND .............................................................................................................................10
STOCKPILING OF MEDICINES .........................................................................................................................12
INCREASED PRESSURE ON GENERAL PRACTITIONERS AND PHARMACISTS ...........................................13
HEALTH TOURISM ...........................................................................................................................................13

ANNEX 1 – PROPOSED REDUCTIONS IN PRESCRIPTION CHARGES AND PRESCRIPTION PRE-PAYMENT CERTIFICATE CHARGES 2008/09 TO 2011/12 ......................................................................................14

ANNEX 2 – CURRENT EXEMPTION CATEGORIES ...............................................................................................15

ANNEX 3 – INFORMATION ON COST IMPLICATIONS FROM SCOTTISH GOVERNMENT OFFICIALS ........17

SOURCES ..................................................................................................................................................................18
KEY POINTS OF THIS BRIEFING

- The Scottish Government is seeking to phase out charges for NHS prescription drugs and appliances ordered in Scotland by 2011.

- The current charge is £6.85 per item dispensed for non-exempt patients. Exemptions are based on age, receipt of benefits/pensions and a limited number of medical conditions.

- Charges have been applied to prescriptions since 1952 except for a brief period of abolition by Labour in the 1960s before being reintroduced by the same government.

- The Welsh Assembly Government has completed a phased abolition of prescription charges. Evidence on the impact of the removal of charges is limited as charges were abolished less than a year ago in April 2007.

- Critics of prescription charges argue that existing exemption categories are illogical and unfair, meaning the requirement to pay charges is neither based on need nor on ability to pay.

- In Session 2, the previous Scottish Parliament Health Committee concluded, in considering the Abolition of Prescription Charges (Scotland) Bill, “the most effective means by which prescriptions can be issued on an equitable basis is to abolish prescription charges entirely”.

- The cost of phased abolition is difficult to estimate as it is, in large part, dependent on the extent to which it causes an increase in the uptake of prescriptions.

- The Scottish Government has anticipated an increase in uptake of 1% in 2008/09, 1% in 2009/10, 2% in 2010/11 and 5% in 2011/12. Officials did not provide information on how these percentages were estimated. The amounts per year allocated for phased abolition in the Spending Review are higher than the estimated costs to ‘include a generous element of overhead for unexpectedly high additional demand for prescriptions’.

- The Scottish Government believes that charges are a tax on ill health and a barrier to good health. Research suggests that charges can be a financial barrier that reduces the use of essential medicines and, as a result, has a detrimental impact on health. Charges can therefore impact unfairly on those with low incomes.

- Revenue from charges was approximately £46.9m in 2006-07 (0.6% of the health budget). Fraud involving individuals who are not entitled to free prescriptions costs NHSScotland up to £12 million a year (2005 figures).

- Prescription charges are a method of raising revenue for NHS services, curtailing costs on a rising drugs spend (13.5% of the health budget in 2004) and curtailing drugs wastage by reducing unnecessary demand. Research shows that increases in charges do reduce the demand for chargeable prescriptions.

- Phased abolition may impact on the capacity of primary care services and the sale of non-prescription drugs, but may reduce use of other parts of the health service such as acute care. These costs and savings cannot be quantified.

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1 Helen Eadie, Janis Hughes, Duncan McNeil and Nanette Milne dissented from this recommendation.
INTRODUCTION

PROPOSED PHASED ABOLITION OF PRESCRIPTION CHARGES
The National Health Service (Charges for Drugs and Appliances) (Scotland) Regulations 2008 (SSI 2008/27) proposes to reduce prescription charges for 2008-09 from £6.85 to £5 (27% decrease), 4 month prescription pre-payment certificates (PPCs) from £35.85 to £17 (52.5%) and 12 month certificates from £98.70 to £48 (51.4%). A table detailing the scale of the proposed reduction in charges for prescriptions and PPCs from current prices to abolition is attached at Annex 1.

HISTORY OF CHARGING SCHEME
The power to charge for prescriptions was introduced on a UK-wide basis in the National Health Service (Amendment) Act 1949. This power was first used in 1952 and charges were in place until 1965 when prescription charges were abolished. In 1968, the Government, under Harold Wilson, reinstated the charge (at a higher level) due to financial pressures. At the same time the Government introduced a system of exemptions for particular categories of patients and PPCs which allow people to pay an annual or 4 monthly fee for prescriptions.

CURRENT CHARGING SCHEME
Prescriptions currently cost £6.85 per item. Other items such as medical wigs attract a higher charge. The list of exemptions on the basis of age, income levels or diagnosis with certain chronic conditions, is attached at Annex 2.

Around 50% of the population do not have to pay for NHS prescriptions as they qualify for one or more of the exemption categories, and the remaining 50% of the population are eligible to pay the charge. However, the 50% who are exempt from payment receive considerably more prescriptions than those who are not. Thus, in 2006/07 approximately 92.8% of prescriptions were issued with no charge to those who are exempt and the remaining 7.2% of prescriptions were issued with a charge (ISD Scotland, 2007).

Table 1 below reflects the percentage of exempt prescription items that the three main categories of exemption accounted for over the last three financial years. It shows that the majority of exempt prescription items are issued on the basis of age, specifically to those aged 60 years or over.

<table>
<thead>
<tr>
<th>Exemption Category</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 16</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Aged 16, 17 or 18 in Full Time Education</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>60 years or over</td>
<td>48%</td>
<td>54%</td>
<td>53%</td>
</tr>
<tr>
<td>Income, tax credit and Job seeker related</td>
<td>11%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Medical exemption certificate (including maternity)</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Prescription pre-payment certificates</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Contraceptives</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>General *</td>
<td>26%</td>
<td>15%</td>
<td>16%</td>
</tr>
</tbody>
</table>

* Includes where the exemption category unknown or where more than one exemption category has been ticked on the form.

Source: Information and Statistics Division Scotland
The exemption categories for chronic conditions remain the same as the categories agreed in 1968. The list has been widely criticised as being outdated, with many long-term, debilitating conditions not included in the list including: arthritis, asthma, cancer, leukaemia, glaucoma, hepatitis C, HIV/AIDS, multiple sclerosis, psoriasis and schizophrenia (SCRAP, 2005).

The UK Government undertook a review of exemptions as part of the 1998 Spending Review that did not reach consensus on which conditions should be included in a revised list. The previous Scottish Parliament Health Committee considered how the exemption list could be extended as an alternative to abolition by including all chronic conditions. Again, there was no agreement amongst organisations consulted as to which conditions were ‘chronic’ and which were not. Certain witnesses also questioned whether a finite list was a practical option worth administering:

“If we are to have an exemptions list, we would have to change it every three months. By the time we had done that and included all the chronic medical conditions that we thought were valid for an elderly population, we would be exempting about 98 per cent of prescriptions.” (Dr Philip Rutledge, Scottish Parliament Health Committee, 2005, Col 2348)

Exemption categories on the basis of income have also been criticised as certain sickness and disability benefits are not included (e.g. statutory sick pay or incapacity benefit). As a result, it has been estimated that 319,000 people in Scotland on incapacity benefit are not eligible for free prescription charges unless they fall within one of the other exemption categories (Citizens Advice Bureau, 2001). In addition, the system of PPCs (which essentially gives a discount for buying in advance) has been criticised for disadvantaging those on low incomes who are less likely to be able to afford the lump-sum required (Dundee Anti-Poverty Forum, 2004).

DEVELOPMENTS DURING SECOND PARLIAMENTARY SESSION

SCOTTISH EXECUTIVE: REVIEW OF EXEMPTION CATEGORIES

The Scottish Executive Partnership Agreement, published in May 2003, included a commitment to set up a review of prescription charges specifically looking at exemptions for people with chronic health conditions and young people in full time education or training. The review did not consider the option of abolition of charges. The first stage of this, a literature review, was followed by a public consultation launched in January 2006. A Scottish Executive analysis of responses to the consultation was then published in April 2007. Areas of consensus from those consulted included:

- there is a need for a review
- if medical exemption continues, the list of exempt conditions should be reviewed
- there should be further exemption on the basis of low income

ABOLITION OF PRESCRIPTION CHARGES (SCOTLAND) BILL

The previous Health Committee considered the Abolition of Prescription Charges (Scotland) Bill in 2005. The member’s bill by Colin Fox MSP proposed an immediate abolition of charges as opposed to a phased approach. In its Stage 1 Report, the Committee recommended that the Scottish Parliament approved the general principles of the bill².

² Helen Eadie, Janis Hughes, Duncan McNeil and Nanette Milne dissented from this recommendation.
The Report’s other key findings included:

- the Committee believes that the status quo is not an option
- the Committee would have found a constructive alternative approach to addressing problems with the existing scheme valuable whilst assessing the merits of the bill’s proposed approach of abolishing charges altogether
- the majority of the members of the Committee are not convinced that an equitable charging scheme can be created by identifying additional exemption categories. Therefore, it appears to the majority of the Committee that the most effective means by which prescriptions can be issued on an equitable basis is to abolish prescription charges entirely.

Following the Stage 1 debate in plenary session, the motion seeking approval of the general principles was defeated and, as a result, the bill fell.

The evidence received by the Committee in considering the principle of whether charges should be abolished is detailed in the section on key issues.

PHASED ABOLITION OF PRESCRIPTION CHARGES IN WALES

The Welsh Assembly Government has completed a phased abolition of prescription charges, reducing charges previously set at £6 from October 2004 onwards, and abolishing charges entirely in April 2007. The phased abolition was based on a commitment in the 2003 Labour Party manifesto. This commitment followed the passing of a Liberal Democrat motion by the National Assembly for Wales in February 2003 which proposed the abolition of charges.

DISTINCTIONS BETWEEN WALES AND SCOTLAND

What information there is available on the impact on demand for prescriptions during and after phased abolition is detailed in the section on cost implications below. In considering this information, it should be noted that there are certain differences in the starting point for phased abolition in Scotland and that which existed in Wales in 2002/03 before phased abolition began (ISD Scotland and Health Solutions Wales):

- revenue from charges in Wales amounted to £32.2m compared to £46.7m for Scotland
- Wales had the highest level of prescribing in the UK, issuing 18.4 items per head of population compared with 14.7 in Scotland
- Wales had the lowest net ingredient cost per prescription item in the UK at £10.69 compared to £11.78 in Scotland
- Welsh exemption categories included everyone aged under 25yrs, whereas in Scotland this extends only as far as those under 16yrs, and those aged between 16-19yrs who are in full-time education

KEY ISSUES

COST IMPLICATIONS OF PHASED ABOLITION

The cost of phased abolition is in large part dependent on the extent to which there is an increase in uptake of prescriptions. Such an increase could stem from those who currently cannot afford to pay prescription charges and also from those who would choose to request medicines on prescription which they can currently buy over the counter. Scottish Government

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3 Helen Eadie, Janis Hughes, Duncan McNeil and Nanette Milne dissented from this recommendation.
4 The result of the vote on the motion: For 40, Against 77, Abstentions 1

providing research and information services to the Scottish Parliament
officials have provided information on the anticipated cost of phased abolition and the anticipated increase in paid-for prescription volume that these figures are based on.

**Table 2: Anticipated increase in prescription volume and associated funding allocated 2008-09 to 2011-12**

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed charge</th>
<th>Assumed increase in paid-for prescription volume (year-on-year)</th>
<th>Estimated cost</th>
<th>Spending Review Provision</th>
<th>Variance between estimate and SR provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>£5.00</td>
<td>1%</td>
<td>£17m</td>
<td>£20m</td>
<td>£3m</td>
</tr>
<tr>
<td>2009-10</td>
<td>£4.00</td>
<td>1%</td>
<td>£24m</td>
<td>£32m</td>
<td>£8m</td>
</tr>
<tr>
<td>2010-11</td>
<td>£3.00</td>
<td>2%</td>
<td>£32m</td>
<td>£45m</td>
<td>£13m</td>
</tr>
<tr>
<td>2011-12</td>
<td>zero</td>
<td>5%</td>
<td>£57m</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Source: Scottish Government*

The information on cost implications from the Scottish Government officials is reproduced in full at Annex 3. It states that amounts per year allocated in the Spending Review 2007 are higher than the estimated costs in order to ‘include a generous element of overhead for unexpectedly high additional demand for prescriptions’. Officials did not provide information on how the percentages for the estimated increase in paid-for prescription volume were calculated.

ISD statistics show that prescription volumes have increased from 40.1 million prescribed items in 1987/88 to 79.5 million items in 2006/07 (6% average increase per year). The assumed increases in paid for prescription volume shown in table 2 do not take into account the likely increase in paid-for prescriptions that would occur even if charges were not reduced (Scottish Government, 2008b). The additional funds available from the Spending Review are presumably in part intended to absorb the cost of this likely increase. In addition, the increases in block funding allocations received by Health Boards from the Scottish Government every financial year in part reflect increasing prescribing costs. Whether the funds allocated by the Scottish Government are likely to be sufficient is explored further below.

**DEMAND FOR PRESCRIPTIONS DURING/AFTER PHASED ABOLITION IN WALES**

As charges were only abolished in Wales in April 2007, there is limited data available on the impact of this in terms of observed changes in demand and cost implications. Health Solutions Wales, the branch of the NHS that includes the prescribing unit, has provided information on prescribing activity for 2002-03 to November 2007. As the first price reduction took place in 2004-05, table 3 shows the increase in prescribing volume before, during, and after phased abolition.
Table 3: Prescribing activity in Wales 2003/04 to 2007/08

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Prescription item charge</th>
<th>% variance in number of prescriptions compared to previous financial year</th>
<th>% variance in number of prescriptions compared to 2002/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>£6</td>
<td>5.05%</td>
<td>5.05%</td>
</tr>
<tr>
<td>2004-05</td>
<td>£5 (from 1 Oct 04)</td>
<td>4.97%</td>
<td>10.27%</td>
</tr>
<tr>
<td>2005-06</td>
<td>£4</td>
<td>5.44%</td>
<td>16.27%</td>
</tr>
<tr>
<td>2006-07</td>
<td>£3</td>
<td>3.76%</td>
<td>20.64%</td>
</tr>
<tr>
<td>2007-08 (to end Nov 07)</td>
<td>£0</td>
<td>6.13%</td>
<td>27.14%</td>
</tr>
</tbody>
</table>

Source: Health Solutions Wales

Figures are not available to show what percentage of the overall increase in prescribing volume since 2002-03 (27.14%) was specifically from previously paid-for prescriptions and, therefore, what impact changes in price had had on demand. However, the fluctuations in percentage variance for the number of prescriptions per year, compared to the previous financial year do not suggest any marked increase in demand over and above the growth rate shown before phased abolition began (5.05%). On this basis, Scottish Government figures on the estimated increase in paid-for prescriptions over the years where charges are being phased out seem plausible. However, it is unclear the extent to which Spending Review allocations take into account the general trend of increasing prescribing volume; a trend which can also be observed in Wales.

As only 8 months of data is available to evaluate any increase in uptake following the complete removal of charges the 2007-08 figure should be treated with caution. Therefore, no conclusions can reasonably be reached on the impact of the complete abolition of charges on the uptake of prescriptions.

**ESTIMATED COST OF PHASED ABOLITION BASED ON PRICE ELASTICITY**

A paper critically appraising a range of UK research on price elasticity (Hitiris, 2000) can be used to produce an alternative estimate of the cost of phased abolition to that provided by the Scottish Government. The calculations detailed below estimate the increase in cost of prescribing purely on the basis of a decrease in the cost of prescription charges. The calculations do not take into account the likely increase in paid-for prescriptions, in line with the established trend of increasing prescribing levels, that would almost certainly take place even if charges were not reduced.

Hitiris’ paper would suggest that for every 10% decrease in the price of a prescription, there would be a corresponding 3.5% increase in the dispensing of chargeable prescriptions. This 3.5% figure stems from Hitiris’ analysis of a number of UK studies on price elasticity. Estimates in these studies vary from a 2.2% increase for every 10% decrease in price (Lavers, 1989) to a 6.4% increase (O’Brien, 1989).
If Hitiris’ estimate for price elasticity is applied to charges in Scotland, then, theoretically, the proposed reduction for 2008/09 from £6.85 to £5 (a fall of approximately 27%) could result in a rise of 9.45% in demand from those currently eligible to pay prescription charges. Therefore, in theory, an overall decrease of 100% could lead to a 30.5% increase in demand stemming from the 50% of the population who currently pay for prescriptions.

In considering the 30.5% figure, it should be noted that the values provided by Hitiris are generally used to calculate changes in demand following marginal changes in price, and therefore are not strictly applicable to a complete removal of charges. In addition, there will be a number of other variables that will also influence supply and demand eg the development of new medicines, more medicines becoming available ‘over the counter’ and certain over the counter medicines becoming cheaper.

With this in mind, this estimate of increased demand for chargeable prescriptions (30.5%) can be used, together with the average cost of a prescription item (£13.13 in 2007) and the number of chargeable prescriptions dispensed (5,725,440 in 2007) to calculate a potential increase in costs in the region of £22.9m. This added to the loss of revenue from charges (approximately £46.9m in 2006-07) would suggest a recurring cost in the region of £69.8m per year following abolition (this is compared to £57m estimated by the Scottish Government). Using the same calculation, in the first year of phased abolition the cost would be approximately £24.7m (£17m estimated by the Scottish Government).

IMPACT OF EXISTING CHARGES ON HEALTH

The basis for the Scottish Government’s policy to abolish prescription charges is the argument that the removal of the financial barrier to prescriptions will improve uptake of essential medication, thus improving the health of those who currently cannot afford to pay the charge. The Cabinet Secretary said in her statement to Parliament:

“…this Government believes that prescription charges are a tax on ill health. We also believe that prescription charges are a barrier to good health for too many people in Scotland.” (Scottish Parliament Official Report, 2007, col 4051)

Unfortunately, in Scotland no figures are collected on the number of prescriptions issued by health professionals compared to the number actually taken by the patient to a pharmacy for dispensing, as this would give a better idea of how much of a barrier charges may be to accessing prescribed treatments. In addition, no information is available on how many individuals who do not hand in prescriptions, do not receive their medicines at all because they cannot afford the charge, as opposed to those who do not hand in prescriptions because they buy medicines available over the counter instead. It is therefore very difficult to accurately estimate how many people do not hand in prescriptions and, of those people, how many do not do so because they cannot afford the charge.

The piece of evidence most frequently quoted to the previous Health Committee to support the suggestion that prescription charges act as a barrier to receiving necessary medicines or appliances was the report from the National Association of Citizens Advice Bureaux entitled ‘Unhealthy Charges’ (CAB, 2001). The report produced findings on the basis of a survey of CAB clients in England and Wales. It concluded that 28% of those who paid prescription charges failed to hand in all or part of their prescriptions because of the cost. It also found that those with long term health conditions were the most affected, with 37% failing to get all or part of their prescriptions dispensed.
The Committee also received a number of pieces of written evidence, including those from the Scottish Campaign to Remove All Prescription charges (2005) and Patient Partnership in Practice (P³) (2005), which underlined the established link between poverty and ill health and suggested that prescription charges penalise those on lower incomes, creating a “cycle of detriment”.

A number of pieces of international research support the claim that different systems of co-payment (where the patient pays a proportion of the cost of medication) reduce the use of essential drugs. These studies include McManus, 1996; Harris, 1990; and Tamblyn et al, 2001. A 2001 study by Fortress et al looked at the impact of the introduction of a three-prescription monthly reimbursement limit in America. The study found an average reduction in the use of essential medicines, following the introduction of the cap, of 34.4% and that patients with multiple chronic illnesses showed the greatest reduction in the use of medicines.

The link between a reduction in the use of essential drugs and a detrimental impact on health is also well documented. A 2004 article by Rice and Matsuoka reviewed 22 studies on the impact of patient cost-sharing on the use of services and the resulting impact on the health of elderly patients. All 22 studies concluded that cost-sharing impacted adversely on either or both the use of medicines and individual health.

**NEED FOR ACUTE CARE**

Research has suggested that an increase in the uptake of prescriptions may reduce the need for some forms of acute care. Soumerai et al (1994) looked at the effect of a cap on free prescriptions on people with schizophrenia living in the community in America. The research found that there was an ‘immediate and sustained reduction’ in the use of essential drugs such as anti-psychotics and anti-depressants. This was also associated with an increase in visits to community mental health centres for the administration of anti-psychotic medications and the use of emergency mental health services, but not in rates of inpatient admissions to psychiatric hospitals. The authors of this study concluded that this increase in service use cost 17 times more than the savings in drug expenditure.

The previous Scottish Executive questioned the claim that the inability to afford prescription medicines led to increased costs to the NHS and other services. Its submission on the Abolition of Prescription Charges (Scotland) Bill states:

“In spite of claims that people on low incomes are adversely affected by prescription charges the consultation responses on this subject offer only anecdotal evidence that this is so.” (Scottish Executive, 2005b)

**INCREASING DRUGS SPEND**

Supporters of the retention of prescription charges argue that they are valuable as a method to both raise revenue for NHS services, curtail costs on a rising drugs spend (13.5% of the health budget in 2004) and curtail drugs wastage by reducing unnecessary demand.

The previous Scottish Executive provided information on the value of the revenue raised from prescription charges, noting that whilst the revenue raised from the charge only represented 0.6% of the total health budget in Scotland in 2003/04 (£45.5m), this sum provided valuable funding for services within the NHS which, in turn, provided health benefits. For example this sum in 2005 was equivalent to 5% of the cost of providing community pharmacy services (Scottish Executive 2005b). A number of written submissions on the Abolition of Prescription Charges (Scotland) Bill supported this position, including the submissions from Greater Glasgow NHS Board and the Scottish NHS Confederation. Within its submission the Scottish
NHS Confederation estimated that the removal of the revenue currently raised from prescription charges was approximately equivalent, in NHS Tayside alone, to the employment of 175 WTE nurses and allied health professionals.

A Scottish Executive survey of 1,077 adults in May 2006 found, amongst other things, that just under one in ten of those who had visited a GP in the last 12 months had a prescription which they had not handed in. One of the most common reasons for this was that it was cheaper to buy the item over the counter. With the abolition of charges, some of those who can currently afford to pay for medicines in full over the counter, could choose to try to claim these medicines for free on GP prescription, or from pharmacists under the terms of the Minor Ailments Service, which currently serves patients who are exempt from payment of prescription charges. These strategies could increase the NHS drugs spend.

The increasing drugs spend is recognised to be one of the main pressures on the NHS budget (Auditor General for Scotland, 2004) and increased spending on pharmaceuticals is mirrored in other healthcare systems throughout the world. In 2003/04, £962.68m was spent on dispensed prescriptions, £917.14m of this was paid by NHSScotland and £45.55m came from prescription charges. The total drugs spend accounts for 13.5% of the health budget, while the revenue from charges alone contributes 0.6%. Figure 1 shows the trend from 1996 to 2004. It also shows what proportion of the cost is paid for by the patient and the remaining exchequer cost (gross cost minus costs paid by patients).

Figure 1: Total Cost of Prescriptions by Patient Charges and Exchequer Cost, 1996-2004 (cash terms)

An analysis of costs shows that between 1996 and 2004 total spending (cash terms) on prescription drugs rose by 88%. Broken down further, it reveals that most of this increase has been borne by the NHS with a growth of 92% in exchequer costs compared to a 33% growth in patient costs. The figures also show that the proportion of the total cost met through patient charges has decreased, from 6.7% in 1996 to 4.7% in 2004. This increase in the proportion of the cost of prescription drugs being borne by the NHS has occurred in spite of a consistent increase in the prescription charge above the level of inflation as shown in Figure 2.
Figure 2: Actual prescription charges and cost if increases followed inflation from 1979-80

Source: Information and Statistics Division Scotland

STOCKPILING OF MEDICINES

The previous Scottish Executive was supportive of prescription charging in principle, in part because ‘it places a value on the medicines that patients require’ (Scottish Executive, 2007). The Executive estimated in 2002 that the cost of drug wastage (Scottish Executive, 2002) may be in the region of £15m each year, although not all of this may be avoidable. In evidence to the previous Health Committee, James Semple from the Scottish Pharmaceutical Federation, suggested that the removal of the financial barrier of prescription charges would increase the ‘frivolous use’ of the prescribing system with certain individuals placing less value on prescriptions and often stockpiling medicines as a result:

“A reasonably high number of prescriptions are dispensed to people who do not use the prescriptions that they receive. We know that because we have clear figures for the tonnes of waste that are returned to pharmacies... It is an unfortunate fact of life that, in order to maintain the current system in which people can have free prescriptions, we have to teach the public not to get prescriptions that they do not need. However, clinicians can go only so far. Let us not say to the other 50 per cent of the population, ‘Join the club’.” (Scottish Parliament Health Committee, 2005, col 2351)

In its Stage 1 report the previous Health Committee concluded:

“...drugs wastage may increase as the abolition of charges is likely to lead to an increase in the number of prescriptions, however the Committee believes that prescribing clinicians are the ‘gatekeepers’ of prescribed medicine and improved prescribing practices should minimise the impact of abolition.”
INCREASED PRESSURE ON GENERAL PRACTITIONERS AND PHARMACISTS

Findings from the May 2006 Scottish Executive survey included:

“There are indications that between a quarter and a fifth of people would be more likely to go to the doctor for a prescription if prescriptions were free to all. Dropping prescription charges could therefore lead to an increase in demand on doctors’ time and for prescriptions.”

A number of organisations, such as the Royal Pharmaceutical Society of Great Britain and the British Medical Association, raised concerns during consideration of the Abolition of Prescription Charges (Scotland) Bill about increased workload on the basis of less urgent demands for GPs, nurses and pharmacists providing primary care services should prescription charges be abolished. In addition, the Royal Pharmaceutical Society suggested that abolition would render unworkable the existing Minor Ailments Scheme (intended to provide fast access to over-the-counter medicines for those who are exempt from charges).

The previous Scottish Executive introduced measures which allowed pharmacists to prescribe a larger range of medicines from Spring 2006 (Scottish Executive, 2005c). This could mean that the additional demands on general practitioners may be marginally less than anticipated during consideration of the bill and, in turn, demands on pharmacists may be increased.

HEALTH TOURISM

Measures undertaken in Wales to guard against ‘health tourism’ are detailed below. While this issue merits consideration, it has been suggested that cross border prescribing may not be of such relevance in Scotland as the areas close to the border on the English side between England and Scotland are not as highly populated as those on the border between England and Wales such as Liverpool and Bristol.

In March 2004, the ‘Bilingual Welsh Prescription’ form came into effect. Such prescriptions must be dispensed at a pharmacy contracted to a Welsh Local Health Board (LHB). This measure was intended to ensure that only prescriptions issued in Wales were dispensed for free. In May 2005, the Welsh Conservatives claimed that the phased abolition had resulted in ‘prescription tourism’ from English patients and had subsequently cost the Welsh NHS £3m (Western Mail, 2005). This was based on a statistic that 0.5% of Welsh prescriptions had been dispensed to English residents. In August 2005, regulations came into effect to address the issue of health tourism which made free prescriptions only available to patients registered with a GP practice contracted to a Welsh LHB. In addition, those individuals residing in Wales, but registered with an English GP, were issued with entitlement cards to ensure they also receive free prescriptions (Welsh Assembly Government, 2005).
ANNEX 1 – PROPOSED REDUCTIONS IN PRESCRIPTION CHARGES AND
PRESCRIPTION PRE-PAYMENT CERTIFICATE CHARGES 2008/09 TO 2011/12

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Prescription Charge (£)</th>
<th>Reduction from previous financial year (£)</th>
<th>4 month pre-payment certificate charge (£)</th>
<th>Reduction from previous financial year (£)</th>
<th>12 month pre-payment certificate charge (£)</th>
<th>Reduction from previous financial year (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>6.85</td>
<td>0</td>
<td>35.85</td>
<td>0</td>
<td>98.70</td>
<td>0</td>
</tr>
<tr>
<td>2008-09</td>
<td>5</td>
<td>1.85</td>
<td>17</td>
<td>18.85</td>
<td>48</td>
<td>50.70</td>
</tr>
<tr>
<td>2009-10</td>
<td>4</td>
<td>1</td>
<td>13</td>
<td>4</td>
<td>38</td>
<td>10</td>
</tr>
<tr>
<td>2010-11</td>
<td>3</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>28</td>
<td>10</td>
</tr>
<tr>
<td>2011-12</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Ministerial statement by Cabinet Secretary for Health and Wellbeing, 5 December 2007
ANNEX 2 – CURRENT EXEMPTION CATEGORIES

Exemption and remission categories as detailed in Health Department Letter (2007)28.

The patient doesn’t have to pay for prescription items, wigs or fabric supports because he/she:

1. is under 16 or under 19 and in full time education;
2. is aged 60 or over;
3. holds a valid Health Board maternity or medical exemption certificate (detailed further below):
4. has a valid prescription pre-payment certificate;
5. has a valid War Pension exemption certificate;
6. gets, or has a partner who gets Income Support;
7. has a partner who gets ‘Pension Credit guarantee credit’ (PCGC);
8. gets, or has a partner who gets income based Jobseeker’s Allowance;
9. holds or is named on a valid NHS Tax Credit Exemption Certificate;
10. is named on a current NHS Low Income Scheme HC2 ‘Help with health costs’ certificate.

Items Supplied To All Patients Free Of Charge
Contraceptives prescribed for contraceptive purposes;

Medicines prescribed for the treatment or prevention of tuberculosis.

Maternity and Medical Exemption Categories

Pregnant Women and Nursing Mothers

- Expectant mothers;
- Mothers who have a child under one year of age;
- Women who have suffered a still birth, for 1 year following the birth.

People suffering from the following medical conditions:-

- Hypoparathyroidism;
- Forms of hypoadrenalism (including Addison's disease) for which specific substitution therapy is essential;
- Diabetes insipidus and other forms of hypopituitarism;
• Diabetes mellitus except where treatment is by diet alone.

• Myasthenia gravis;

• Myxoedema (Hypothyroidism);

• Epilepsy requiring continuous anti-convulsive therapy;

• Permanent fistula (including caecostomy, colstomy, laryngostomy or ileostomy) requiring continuous surgical dressing or an appliance;

• A continuous physical disability which prevents the patient leaving his/her residence except with the help of another person (this does not mean a temporary disability even if it is likely to last a few months).
ANNEX 3 – INFORMATION ON COST IMPLICATIONS FROM SCOTTISH GOVERNMENT OFFICIALS

Around 6 million prescriptions are paid for annually, and approximately 50,000 annual PPCs and 127,000 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, and 4-month PPCs will be cost-effective for people who need 4 or more prescriptions in a 4 month period.

Prescription charge income for 2006-07 totalled £46.9m, comprising £37.8m from 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.

The Cabinet Secretary, in her statement to parliament on 5 December 2007, outlined the provision made in the spending review to pay for the phasing out of prescription charges over the next 3 years. Those figures are set out at table 1 below. They include a generous element of overhead for unexpectedly high additional demand for prescriptions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed charge</th>
<th>Spending Review provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>£5.00</td>
<td>£20m</td>
</tr>
<tr>
<td>2009-10</td>
<td>£4.00</td>
<td>£32m</td>
</tr>
<tr>
<td>2010-11</td>
<td>£3.00</td>
<td>£45m</td>
</tr>
</tbody>
</table>

Table 2 below gives some detail on the assumptions used for our cost estimates. They allow for loss of income from per-item prescription charges and prescription pre-payment certificates (PPCs), estimated additional demand for prescriptions, and include an annual recurring cost beyond the spending review period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed charge</th>
<th>Assumed increase in paid-for prescription volume (year-on-year)</th>
<th>Estimated cost</th>
<th>Spending Review Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>£5.00</td>
<td>1%</td>
<td>£17m</td>
<td>£20m</td>
</tr>
<tr>
<td>2009-10</td>
<td>£4.00</td>
<td>1%</td>
<td>£24m</td>
<td>£32m</td>
</tr>
<tr>
<td>2010-11</td>
<td>£3.00</td>
<td>2%</td>
<td>£32m</td>
<td>£45m</td>
</tr>
<tr>
<td>2011-12</td>
<td>zero</td>
<td>5%</td>
<td>£57m</td>
<td>n/a</td>
</tr>
</tbody>
</table>
SOURCES


Scottish Executive (2005b) Submission to Scottish Parliament Health Committee Available at: http://www.scottish.parliament.uk/business/committees/health/reports-06/her06-01-02.htm#29NovSuppEvid


Scottish Government (2008b) Personal communication [unpublished]


Western Mail. (2005) Health Tourists ‘cost Wales £3m a year’ May 25 2005