ABOLITION OF NHS PRESCRIPTION CHARGES (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. This document relates to the Abolition of NHS Prescription Charges (Scotland) Bill introduced in the Parliament on 19 January 2005. It has been prepared by Colin Fox, the member in charge of the Bill with the assistance of the Parliament’s Non-Executive Bills Unit, in accordance with Rule 9.3.3A of the Parliament’s Standing Orders. The contents are entirely the responsibility of the Member and have not been endorsed by the Parliament. Explanatory Notes and other accompanying documents are published separately as SP Bill 35–EN.

POLICY OBJECTIVES OF THE BILL

2. The objective of the Bill is to abolish NHS charges for Scottish prescriptions.

3. The aim of the Bill is to provide free access to all people who require drugs, medicines or appliances, or pharmaceutical services regardless of their medical condition or their ability to pay.

4. Abolition of the current charging scheme removes the need to grant exemptions to sufferers of designated chronic conditions. The Bill will ensure greater fairness by enabling all sufferers of chronic illnesses (whether designated or not) and those who require drugs, medicines or appliances to deal with their conditions by obtaining free prescriptions.

5. This approach will also address the inequity of the current charging arrangements particularly for those who cannot afford prescription charges and yet fail to meet the criteria to receive assistance.

6. The Bill should contribute to the overall health and well-being of the people of Scotland.

7. The abolition of prescription charges will bring Scotland in line with Wales, where their First Minister Rhodri Morgan confirmed in June 2003 that the Welsh Labour administration will fulfill its election manifesto pledge to abolish all prescription charges by 2007.
BACKGROUND

Establishment of prescription charges

8. The National Health Service (NHS) was created in 1948 to provide free healthcare for everyone regardless of their ability to pay for that healthcare.

   “We are committed to creating a patient-centred National Health Service – based firmly on the ideals of a public healthcare service which is accessible to all and free at the point of delivery. Those fundamental values that shaped the NHS over fifty years ago should still guide us in modernising health services today.”

10. At its inception, funding of the NHS was exclusively from taxation and National Insurance contributions.

11. The National Health Service (Amendment) Act 1949 (the 1949 Act), at section 16 made provision for charging for prescriptions. It stated that:
   “Regulations may provide for the making and recovery, in such manner as may be prescribed, of such charges, in respect of such pharmaceutical services, as may be prescribed, and may provide for the remission or repayment of the charges in the case of such persons as may be prescribed.”

12. This power was first used when prescription charges were introduced in 1952, with a prescription costing 1 shilling (5 pence). Initially, the rationale behind prescription charges was to limit demand for treatment by putting a price on it.

13. Charging for essential items through prescription charges contradicts the founding principle of the National Health Service. This was recognised when prescription charges were abolished by the Government in February 1965 in a bid to return to the Health Service’s founding ethos. However charges were reinstated in June 1968 on the basis that medicines were expensive and placed an increased financial burden on the Health Service.

Development of the legislative framework for prescription charges in Scotland

The National Health Service (Scotland) Act 1978 (the 1978 Act)

14. Section 69 of the 1978 Act replaced section 16 of the 1949 Act and now provides for charges to be made for drugs, medicines or appliances, or pharmaceutical services by way of regulations. The Scottish Ministers make these regulations through power devolved by the Scotland Act 1998.

The National Health Service (Charges for Drugs and Appliances) (Scotland) Regulations 2001

15. Since 1952, the cost of a prescription has risen. The charge presently levied is £6.40. The principal regulations are the National Health Service (Charges for Drugs and Appliances)
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(Scotland) Regulations 2001 (SSI 2001/430) (the 2001 regulations). The 2001 regulations consolidated the previous provisions (18 statutory instruments between 1989 and 2001) on the making and recovery of charges for drugs and appliances supplied under the 1978 Act and set prescription charges at £6.10. The 2001 regulations have themselves been amended annually to reflect increased prescription charges. The most recent instrument is the National Health Service (Charges for Drugs and Appliances) (Scotland) Amendment Regulations 2004 (SSI 2004/66) which increased prescription charges from £6.30 to £6.40 from 1 April 2004.

ANALYSIS OF PRESCRIPTION CHARGES AND REVENUE

Charging trends

16. Between 1980 and 2004 the charge per prescription item has increased from 70 pence to £6.40. Prior to the 1980s prescription charges were increased by minimal amounts, intermittently. Thereafter a change in the charging policy meant that prescriptions were annually up-rated, resulting in a steep increase in cost. The rate of increase has slowed in recent years. The pattern of charging is shown in the table1 below:

17. Between 1952 and 2004 the proportion of the average weekly wage represented by a prescription charge has more than doubled rising from 0.6% to 1.3%.

18. The average weekly wage in 1952 was £7.11s and the prescription charge was 1 shilling (for all items on the form; increased to 1 shilling per item in 1956). By 2004 the prescription charge had risen to £6.40 per item, which is 128 times the original cost. So the average wage would have to have risen to £966.40 per week or about £50,250 a year to keep pace. Statistics show that the average weekly wage in Scotland in 2003 was half that at £483.70. A prescription charge equivalent to that levied in 1952 on this wage would be £3.20 (for any number of items).

19. A European study comparing the prescription charging regimes of Austria, Denmark, Finland, France, Germany, Italy and the United Kingdom, found that the cost of prescriptions in

1 IDS, NHS National Services Scotland, Scottish Health Statistics, Figure 1. Available online at: http://www.isdscotland.org/isd/info3.jsp;jsessionid=BFE499D4B8506A5C25CA0D22D6C1D03A?pContentID=2237&p_applic=CCC&p_service=Content.show&
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the UK was relatively high compared to the cost in neighbouring EU countries. Generally UK costs were higher, except for Finland.2

Payment of prescription charges

20. The £6.40 charge relates to a single item (this includes the supply of quantities of the same drug in more than one container) on the prescription form. Some specifically designated appliances such as wigs or spinal supports attract a higher charge. Charges range from £21.50 for a surgical brassiere to £204.90 for a full bespoke human hair wig.

Pre-payment certificates (PPCs)

21. Many chronic conditions e.g. asthma require a combination of drugs to be administered, each of which gives rise to a prescription charge. Overall cost can be reduced by the pre-purchase of a PPC. From April 2004 a 4-month PPC costs £33.40, whilst a 12-month PPC is £91.80. These are cost effective for those obtaining more than 5 prescription items in 4 months, or 14 items in 12 months and can be obtained from community pharmacists and dispensing doctors.

22. In England and Wales, the National Association of Citizens Advice Bureaux (NACAB) carried out research amongst those seeking CABs’ advice. It found that many people on low incomes were not able to benefit from PPCs because they could not afford the lump-sum payments. The report concluded that PPCs play a minor role in addressing prescription affordability.3

23. The Bill removes the need for pre-payment certificates. Transitional arrangements will be put in place to ensure that those who have paid for a certificate can request a refund of the unused portion of the certificate.

EXEMPTIONS AND REMISSION FROM PRESCRIPTION CHARGES

24. The current charging system is underpinned by two separate arrangements. One scheme exempts certain individuals from charges (the exemption scheme) and another reduces the charges paid by those who meet specific criteria (the remission scheme).

25. Under the current arrangements for exemption and remission of NHS charges, the Scottish Executive estimates around 91% of items dispensed are supplied to the patient free of charge4. For 2002-03, the total number of prescriptions dispensed in Scotland was just over 70 million.5 Of these approximately 64 million prescriptions are prescribed without payment.6

3 Unhealthy charges: CAB evidence on the impact of health charges, National Association of Citizens Advice Bureaux, page 2-3, para X
4 This includes Pre-Payment Certificates amounting to the total value of £7.5 million in 2002-03, NHS Scotland, National Health Statistics. Available online at: http://www.isdscotland.org/isd/info3.jsp?pContentID=2237&p_applic=CCC&p_service=Content.show&
5 IDS, NHS National Services Scotland
Exemptions

26. Regulation 7 of the 2001 regulations makes provision to exempt certain persons from charges. Exemption is gained by virtue of age, certain medical conditions or other factors on production of a declaration of entitlement to exemption to doctors or chemists, or on production of appropriate evidence to a Health Board. These arrangements give exemptions regardless of income to certain categories of people:

Age

- Children under 16 years;
- Young people aged 16, 17 and 18 who are in full-time education;
- Men and women aged 60 and over;

Medical conditions

- Pregnant women and women who have had a child in the previous 12 months and hold a valid exemption certificate;
- People who hold a valid exemption certificate because they receive a War or MOD Disablement Pension (these patients only receive free prescriptions in respect of medication arising from their disablement);

Conditions exempt

27. In relation to chronic medical conditions, the list of conditions for which no charge for prescriptions is made was agreed in 1968. It was based on the criteria that the condition should be easily recognisable, lifelong and life-threatening.

28. People suffering from the following medical conditions who hold a valid exemption certificate are exempt:

- A permanent fistula requiring continuous dressing or an appliance;
- Forms of hypoadrenalism (including Addison’s disease) requiring substitution therapy;
- Forms of hypopituitarism (e.g. diabetes insipidus);
- Diabetes mellitus (except where treatment is by diet alone);
- Hypoparathyroidism (an absence or underactivity of parathyroid glands which allows the calcium level in the blood to fall too low);
- Myasthenia gravis (a chronic disease characterised by fluctuating levels of muscle weakness);
- Myxoedema (under-active thyroids);
- Epilepsy requiring continuous anti-convulsive therapy;
- Continuing physical disability which prevents the patient from leaving their residence without the help of another person.

6 IDS, NHS National Services Scotland
Other forms of exemption

29. Contraceptive prescriptions are exempt to all.

Unfairness of exemption scheme

30. Since the list of chronic conditions was established, a number of conditions not covered have become much more prevalent. These include conditions such as Arthritis, Asthma, Cancer, Crohn’s Disease, Chronic Leukaemia, Glaucoma, Hepatitis C, HIV/Aids, Multiple Sclerosis, Psoriasis, Schizophrenia and Ulcerative Colitis. These often require multiple prescription items to treat and some can be life threatening and lifelong.

31. The current exemption list contains anomalies. Those with under-active thyroids (myxoedema) are exempt whilst those with over-active thyroids are not. From another perspective, the anomaly is that myxoedema remains on the list when it is no longer life threatening.7

32. Similarly those receiving the mobility component of Disability Living Allowance (DLA) because of a physical condition are given automatic exemption whilst those on the mobility component of DLA because of mental health problems are not.

33. Cancer sufferers receiving chemo-therapy are usually required to take several drugs to stop the treatment making them ill. If they are treated in hospital these drugs are free. When they are released from hospital into the care of their family and the community they are required to pay for the drugs unless otherwise exempt.

34. Consultation respondents also suggest a number of other conditions, which should be afforded exemption status, such as chronic heart disease (e.g. coronary heart disease), Parkinson’s disease, ankylosing spondylitis, bi-polar disorder and people subject to the Mental Health (Care and Treatment) Act 2003. Some consultees thought that all long term conditions and terminal illnesses should be exempted rather than designating specific conditions.

Review of exemption scheme

35. The last review of exemptions was carried out as part of the UK Government’s Spending Review in 1998. It did not add any new medical conditions to the 1968 list of those exempted. It is understood that the review concluded that there was “no consensus on what additional conditions might be included in any revised list of medical exemptions, or how distinctions could be drawn between one condition and another – it would not be right to consider one group in isolation”.8

36. The British Medical Association has made several calls for a review of the current system of prescription charges.9 10

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7 NHS Forth Valley’s response to consultation on “Abolition of NHS Prescription Charges, April 2004
Available at: http://news.bbc.co.uk/1/hi/health/2052409.stm
37. The Scottish Executive gave such a commitment in “A Partnership for a Better Scotland” (the Partnership Agreement)\textsuperscript{11} to undertake a review of prescription charges for people with chronic health conditions and young people in full time education or training in Scotland.

38. Proposals for the remit and the conduct of the review were announced by the Health Minister who confirmed that the review was expected to commence in early October 2004 and will last for the best part of a year. It consists of a research project followed by a public consultation. The review will consider international literature to examine prescription charging regimes in other countries. It will also examine and assess the effectiveness of different arrangements for publicising prescription charge exemptions in those countries selected.\textsuperscript{12}

\textit{Removal of exemption scheme by the Bill}

39. The exemption scheme in the 2001 Regulations will no longer apply to Scottish prescriptions when the Bill becomes law. In Scotland a person need no longer suffer from a designated chronic illness in order to receive free prescription items. The Bill will also resolve the current anomalies and unfairness of the exemption system in Scotland. The exemption scheme will still apply to the rest of the UK.

\textit{Remission of charges and the NHS Low Income Scheme}

40. Another category of people entitled to free NHS prescriptions are those on low incomes.

41. The detailed categories are listed below, but one of the main identifiers is a person who is in receipt of a means tested benefit to supplement their low income. It is important to note that free prescriptions do not form part of the payment of the benefit; rather it is an effect of receiving a particular benefit. Claimants must prove their entitlement to the benefit prior to receiving free prescriptions.

42. The National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (SSI 2003/460) (the 2003 regulations) provide the current law; to date the 2003 regulations have been amended twice. The previous regulations, The National Health Service (Travelling Expenses and Remission of Charges) (Scotland) Regulations 1988 (SI 1988/546) were amended on 19 occasions. Under regulations 3 and 4 of the 2003 regulations, the charge is remitted in full in the following circumstances:

- Person who receives or is a member of the same family as a person receiving Income Support;
- Person who receives or is a member of the same family as a person getting Income-based Job Seeker’s Allowance (Incacity Benefit or Disability Living Allowance do not count, as they are not income related);

\textsuperscript{11} A Partnership for a Better Scotland: Partnership: Partnership Agreement, Delivering Excellent Public Services, Health, Addressing Inequalities in Health, 15 May 2003
\textsuperscript{12} Parliamentary Written Question S2W-10147, answered on 23 September 2004
• Person who lives permanently in accommodation provided by the local authority under the Social Work (Scotland) Act 1968 and satisfies the authority that they are unable to pay for that accommodation;

• Person who is an asylum-seeker or is a member of the same family as an asylum-seeker provided support under Part VI of the Immigration and Asylum Act 1999;

• Person (or is a member of the same family as a person) entitled to, or named on, a valid NHS Tax Credit Exemption Certificate;

• Person who receives or is a member of the same family as a person receiving Pension Credit Guaranteed Credit;

• Person who is named on an HC2 certificate conferring full help under the NHS Low Income Scheme.

43. Regulation 5 of the 2003 regulations affords part remission of prescription charges for those not entitled to full remission. This is used for people whose income is assessed as being low, but is above the threshold for full help, for example students. Income assessment is broadly based on Income Support arrangements to determine what level of assistance should be given.

Remission of charges – uptake

44. Every year 26,000 people in Scotland are diagnosed with cancer. In 2002, 15,000 people in Scotland died as a result of cancer. A recent report from the Centre for the Economics of Health at the University of Wales was commissioned by Macmillan Cancer Relief to find out how many terminally ill patients were not claiming benefits. Relevant information is set out as follows:

• 64% of cancer patients did not claim benefits;

• that equates to 9,783 patients in Scotland;

• amounting to nearly £15 million in unclaimed benefits.

45. These figures for cancer patients indicate that if other patient groups do not apply for benefits then the percentage figure of free prescriptions would be higher than the current 91%.

Unfairness of remission provisions

46. Exempting or part exempting low income patients from user charges can create inequities for those just above the threshold. Anyone with an income of a few pence above the level pays the full cost of prescriptions.

47. One situation where this might happen is when a person is in receipt of Statutory Sick Pay (SSP). The current rate of SSP is £66.15. The current charge of £6.40 (per item) is roughly equivalent to 10% of SSP. If a person could not afford to pay for their prescription items while in receipt of SSP, they can apply for help under the NHS Low Income Scheme as long as they do not breach the capital limits set down for access to the Scheme (£20,000 for those permanently in

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13 Macmillan Cancer Relief, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
14 Macmillan Cancer Relief, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
Residential Care, £12,000 for those aged 60 or over and £8,000 for everyone else). These capital limits include the claimant’s property (other than the place where they live) savings or any other money. If the claimant has a partner their property, savings or any other money is counted for the purpose of assessing access to the Scheme.

48. A mental health charity highlighted an example where a mother paid for her son’s antipsychotic and anti-depressant drugs to ensure he took his medication as he was unable to afford them on a student grant. According to a survey carried out by the National Union of Students at the end of 2003, 1 in 3 students who applied for help for their healthcare costs did not receive financial assistance.

49. Another example of the inequity of the scheme, provided by Macmillan Cancer Relief, relates to a women suffering from cancer. Her husband had a small occupational pension and she was receiving Incapacity Benefit. As she was not eligible under the current remission rules and could not afford the prescription charges (or a PPC), she eventually contacted the charity for assistance.

50. There is an established link between poverty and ill health. This is recognised by the Scottish Executive in “Improving Health in Scotland – The Challenge”. In relation to the rest of the UK and Europe, Scotland has poor health. The Scottish Executive admits there are high levels of inequality in health outcomes for different socio-economic groups in Scotland. The Public Health Institute of Scotland concludes that Scotland’s position in terms of health outcomes has not improved relative to other Western European countries over the last 10 years. A number of key indicators emphasise a persistent health gap between affluent and deprived communities in Scotland, which in some cases is widening.

51. This means poorer people disproportionately require multiple prescriptions and are therefore faced with the highest prescription costs.

52. The National Consumer Council believes that flat rate charges such as prescription charges penalise those on lower incomes creating a “cycle of detriment” for people who narrowly fail to be exempt from charges.

Removal of the remission arrangements for NHS prescription charges

53. When the Bill’s provisions come into force, the 2003 regulations will cease to have any effect in relation to charges made under section 69(1) of the 1978 Act for Scottish prescriptions as there will be no charges to remit. Remission arrangements for non-Scottish prescriptions will remain.

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15 Rethink, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
17 Macmillan Cancer Relief, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
18 Improving Health in Scotland – The Challenge, the Scottish Executive, March 2003, The Context, page 7
20 Scottish Consumer Council, response to consultation on “Abolition of NHS Prescription Charges”, April 2004
EFFECT OF CHARGING FOR PRESCRIPTION MEDICINES ETC.

54. Five separate UK studies\(^\text{21}\) have looked at the effect of charging for prescription medicines. All five established that increases in prescription charges were associated with decreases in the consumption of the drugs prescribed. Overall the studies suggested that each 10% increase in prescription charges resulted in a 3% decrease in consumption.

55. One study, conducted during the period when the increases in charges were highest, found that 6.4% fewer prescriptions were being redeemed by patients who were required to pay for their medication.\(^\text{22}\)

56. Research such as that carried out on behalf of Macmillan Cancer Relief shows that certain groups are adversely affected by prescription charges. Research in Europe and Canada\(^\text{23}\) which examined the effect of prescription costs on the poor and the elderly has shown that the introduction of a prescription charging scheme led to reduced use of essential drugs. This in turn led to deterioration in patients’ health and extra costs to the health service in terms of visits to accident and emergency departments, acute and long term admission to hospitals and even patients’ death.

57. The National Association of Citizens Advice Bureaux report “Unhealthy Charges”\(^\text{24}\) found that as many as 750,000 prescriptions in England and Wales were not dispensed annually because many of the patients could not afford the charge associated with the medicines. Given Scotland’s poorer health record that could translate to at least 75,000 prescriptions in Scotland. Some 28% of those surveyed reported that they had failed to pay for all, or part, of their prescription due to the cost. Those with long term health problems were the worst hit, with 37% failing to get all or part of their prescriptions dispensed.\(^\text{25}\)

58. According to a poll by Doctor, a GP specialist newspaper, one-in-five GPs are so concerned that their patients cannot afford the charges that they admit to having prescribed by proxy to the patient’s exempt family members in order that the patient receives medical treatment. Six per cent of doctors said they had paid the charges themselves to ensure that patients obtained vital medicines and eight in ten doctors reported that patients were missing out on necessary drugs because they could not afford them.\(^\text{26}\)

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\(^{24}\) Unhealthy charges: CAB evidence on the impact of health charges, National Association of Citizens Advice Bureaux, page 2, page v

\(^{25}\) Scottish Consumer Council, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004

\(^{26}\) Results of poll published in magazine “Doctor” in April 2001. Also reported on BBC news - http://news.bbc.co.uk/1/hi/health/1260874.stm
59. A survey conducted by the National Union of Students found that 1 in 10 students did not go to see a health professional due to worries about costs.  

Consequences of increasing prescription charges on medical conditions

60. Interrupting or delaying treatment of certain conditions, even for a few days, can increase the risks to health. For some chronic conditions it is essential that treatment is uninterrupted. Failure to treat hypertension for relatively brief periods, for instance, can dramatically increase the risk of stroke (Scotland’s third biggest killer).

61. The risk of coronary heart disease and stroke can be lowered by regular use of anti-hypertensive and cholesterol lowering statin medication. The Queen’s Nursing Institute Scotland suggests that for patients on lower incomes there might be increased compliance if they did not have to pay for these medications. The Institute also points out that the preventative effects of medication are difficult to appreciate on a short term basis.

62. Others vulnerable to the effect of prescription charges are those who suffer from mental health difficulties. The Scottish Executive has acknowledged that there is increasing evidence that (not just in Scotland, but across the world) mental ill health is increasing and disproportionately affecting the more disadvantaged groups in our communities.

63. Mental health conditions are not exempt from charges. At present people who cannot afford all the drugs on their prescription sometimes select those they think most necessary for their treatment. This can undermine their treatment plan. Under the Mental Health (Care and Treatment) (Scotland) Act 2003 (the 2003 Act) that choice could be removed. Compulsory Treatment Orders (CTOs) provided for by the 2003 Act will require some mental health patients to take their prescribed medications. There are no provisions in the Act to entitle those placed under a CTO to free prescriptions. The Executive has no plans at present to exempt from prescription charges patients who receive treatment on the basis of a CTO whether in hospital or in the community. However, the Executive points out that the review of NHS prescription charges for people with chronic health conditions and young people in full-time education or training is now underway.

Consequences of prescription charges on NHS and other services

NHS costs

64. Patients not taking prescription medicines may worsen their medical condition. In turn this could lead to further medical intervention in the form of acute or emergency treatment, incurring significant costs. A patient suffering from a stomach ulcer who is not taking their medicine may require general surgery for a perforated ulcer. The average cost of treating an

27 National Union of Students, Online Survey, September to December 2003. Results available at: http://www.nusonline.co.uk/content/campaigns.php?site=&itm_sect=/nus/campaigns/househealthing/healthcare/interest=
28 The Queen’s Nursing Institute Scotland, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
29 Improving Health in Scotland – The Challenge, the Scottish Executive, March 2003, The Context, page 7
30 Parliamentary Written Question S2W-11151, answered on 8 November 2004
acute inpatient requiring general surgery in 2002-03 was £1,875 a week. This cost rises
dramatically in the case of a patient with a heart complaint requiring a heart operation. The
average cost of cardiac surgery was almost £7,500 in 2002-03.

65. Those with a severe mental illness deterred by the cost of prescription medicines are less
likely to stay well in the community and would need to be admitted to in-patient care. This is
not only costly but disruptive to their lives and the relatives and friends that care for them.31 The
Scottish Executive advises that the majority of patients who become subject to a CTO will be
detained in hospital and will therefore receive their medication free of charge from that hospital.
The Executive estimates there may be up to 150 patients subject to a community based CTO at
any time.32

66. Asthma UK advises that a person with asthma may be paying for 5 different prescribed
medicines on a regular basis. To cope with prescription costs they may reduce the amount of
medication to make it last longer resulting in sub-thearaputic doses or only purchase items they
feel are essential e.g. the short acting reliever medicine. As the patient’s asthma will no longer be
controlled, the patient’s condition will deteriorate unnecessarily with an increased likelihood of
emergency treatment being required.33

67. The costs to the NHS will be significant even if only a small percentage of the estimated
75,000 Scots who fail to have their prescriptions filled out (for whatever condition) and
subsequently become ill, requiring hospital admission or invasive emergency treatment.

Other services costs

68. Further costs emerge beyond medical treatment. Failure to take essential medication may
leave the individual with a long term or permanent disability (e.g. the glaucoma sufferer may
become blind). This incurs costs in benefits payments and care provision which could run into
tens of thousands of pounds per patient.

69. The average age of disease onset in ankylosing spondylitis is 23 years old. Some of these
patients will, within 20 years, have to apply for invalidity benefits because of the severity of their
condition. The National Ankylosing Spondylitis Society advises that Anti-TFN (inhibitor of
Tumour Necrosis Factor) treatment although expensive, would not be as expensive as the social
security costs of supporting a person and their family on disability benefit.34

Cost of the exemption and remission schemes

70. Expenditure is incurred by the Scottish Executive to support the exemption and remission
schemes. In 2003-04 these costs amounted to £1.54 million and covered the cost of processing
applications for help under the NHS Low Income Scheme. Currently exemption certificates have
to be renewed every three years, even for conditions which are permanent. There are further

31 Rethink, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
32 Parliamentary Written Question S2W-11151, answered on 8 November 2004
33 Asthma UK, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
34 The National Ankylosing Spondylitis Society, response to the consultation on “Abolition of NHS Prescription
 Charges”, April 2004
administrative costs in terms of pre-payment certificate processing, anti-fraud measures, and the administration and promotion of the schemes. There is no cost information available on the latter, however according to the Counter Fraud Services Annual Report 2002-2003 the level of fraudulent or erroneous patient exemption claims in NHS Scotland is running at over £12 million. Currently half of those patients in receipt of Incapacity Benefit or Disability Living Allowance claim exemption from prescription charges either in error or fraudulently.

71. NHS Grampian is of the view that any new system, to be of benefit, must be easy to manage and administer.  

Effect of the Bill on exemption and remission schemes’ costs

72. Removing the power to charge for Scottish prescriptions will mean that it will no longer be necessary to have a complex framework for determining who may not be charged, who may be exempt from charges, and who may be entitled to full or part remission of charges, thereby eliminating the costs associated with the exemption and remission schemes.

CONSULTATION

73. Colin Fox prepared a consultation paper Abolition of NHS Prescription Charges which was consulted upon between March and June of this year. The main areas consulted on included:

- the effect on individuals of payment of prescription charges;
- whether any other medical conditions should be exempt from prescription charges;
- alternatives to prescription charges; and
- how financial implications from abolishing prescription charges could be addressed.

74. More detailed information on the first two areas appears earlier in the memorandum, while the financial aspects are dealt with in the Financial Memorandum.

The responses

75. Copies of the consultation paper were sent directly to 85 organisations including health boards, professional bodies, pharmacies and social inclusion organisations. The paper was also made available on the member’s website and was also accessible via a hyperlink from the Scottish Parliament’s website on the members’ bills page. In total 32 responses were received. These included responses from health boards, charities, organisations representing those who suffer from specific medical conditions and professional bodies representing: nurses; psychiatrists; physicians and surgeons; and pharmacists.

76. Of those who responded 53% clearly stated that the present system is unfair. Half of the respondents supported the abolition of prescription charges. A further quarter considered a review of the existing arrangements was necessary, while 19% were either unclear or made no comment. Only 6% were not in favour of abolition.

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[^35]: NHS Grampian, response to consultation on “Abolition of NHS Prescription Charges”, April 2004
77. A number of responses suggested other ways of dealing with charging for prescribed items.

78. Grapevine, a local disability information service based in Edinburgh, considered that if charges could not be completely abolished then automatic exemption should be granted to those receiving Housing or Council Tax Benefit, Disability Living Allowance and other welfare benefits. Others preferred extending the list of exempted medical conditions to include more chronic illnesses. The Royal College of Psychiatrists recommends that severe mental illnesses should be added to the list while The British Society for Rheumatology considers sufferers of chronic arthritis should be exempt from charges, particularly as this typically affects an age group not covered by existing exemptions. NHS Grampian referred to other countries’ charging practices in its response and thought that these should be evaluated, citing for example the use of a nominal fee paid by all.

ALTERNATIVE APPROACHES

79. The member has carefully considered alternatives to free prescriptions:
   - extension of exemptions on grounds of chronic illness;
   - exemption based solely on ability to pay;
   - other charging methods -
     - part payment of prescription based on value of the item;
     - patients pay for first 2 items per month, items over this are exempt;
     - reduce prescription charges to a nominal amount, payable by all;
     - payment of standing amount per month to buy prescription exemption; and
   - status quo.

Extending exemptions and/or remissions from prescription charges

Exemptions for chronic illness

80. One route to a fairer prescription charging system would be to extend the range of chronic illnesses which are exempt from charging.

81. In 2001 the Welsh Assembly responded to public concerns about prescription charging by introducing a new age exemption for all 16-25 year olds. Because of the extension of exemption on age grounds the proportion of free prescriptions in Wales rose from 89% to 93% (the percentage of free prescriptions in Scotland is currently around 91%).

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36 Grapevine Lothian Disability Information Service, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
37 The Royal College of Psychiatrists, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
38 The British Society for Rheumatology, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
39 NHS Grampian, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
82. More recently, the Welsh Assembly voted to extend exemptions to those suffering from chronic medical conditions. This would have cost about £19 million a year. Before legislation could be introduced Labour pledged in their manifesto for the Welsh Assembly elections to abolish all prescription charges. The estimated cost of total abolition in Wales was £30 million (i.e. £11 million more than extending exemptions). In Scotland the cost of ceasing prescription charges would cost £45.4 million, a further £15.4 million over the cost estimated for Wales.

83. A consultation programme, which will include the most workable options and a timetable for implementation, is being launched with a commitment that prescription charges in Wales will cease by 2007.

84. The Scottish Executive has given a commitment to review NHS prescription charges for people with chronic health conditions and young people in full-time education or training. There are however a wide range of illnesses which are chronic in nature and for which there is a compelling case for exemption from charging. The Royal College of Physicians and Surgeons of Glasgow takes the view that extending the list of exempt medical conditions is not the way forward as this leads to the rating of some diseases as more deserving of treatment than others. Whatever the outcome of any future review it is clear that thousands of sufferers of some chronic illnesses will not achieve exempt status. The member believes an extension of exemptions would only continue the unfairness of the existing system and persist in penalising people financially because they are ill.

85. Patients suffering from chronic conditions receiving regular repeat prescriptions account for around 75% of all items dispensed and approximately 80% of prescribing costs. There are 400,000 asthma sufferers in Scotland; Asthma UK Scotland states that 71% of people with asthma say that free prescriptions would be most useful in improving their lives with asthma.

86. Scottish arthritis sufferers paid £2.8 million in prescription charges in 2000-01. That represented over 6% of all the revenue raised by charging. If three or four major chronic conditions were added to the exempt list the amount raised by charging will decline substantially.

87. In 2001-02 the amount raised by charging was £43 million; the total NHS prescription drugs bill for the year was £733 million. Charging for prescriptions raised just over 6% of the Scottish NHS prescription drugs bill. Since 1999 the percentage raised by prescription charges has steadily decreased. In 2003-2004 this figure has fallen to under 5%. Extending exemptions would perhaps lower the figure to 3%. At that level the member considers that prescription charges will generate so little revenue, it would not be financially viable to collect them.

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40 Royal College of Physicians and Surgeons of Glasgow, response to the consultation on “Abolition of NHS Prescription Charges”, April 2004
41 The Right Medicine. A Strategy for Pharmaceutical Care in Scotland, Chapter 4 Service Re-design, page 24, The Scottish Executive, 200?
42 Response to consultation, “Abolition of NHS Prescription Charges, April 2004
43 Parliamentary Written Question S2W-9883, Stewart Stevenson, answered by on 1 September 2004
Exemption based on ability to pay

88. Prescription charges increase annually, and the real cost of prescription charges has already soared making them an unfair burden on below average income households who do not qualify for exemption or remission of prescription charges.

89. The current system is criticised as being unfair because it assumes ability to pay and is not linked to need, hits hardest those least able to afford prescription charges, and places a disproportionate levy on a small proportion of the population.

90. Changing the current remission system to one more closely linked to income is an alternative option to abolishing prescription charging. However the member is clear that no income based system can guarantee those people deemed as being able to pay can actually afford prescription charges.

Other charging methods

91. Some respondents suggested that other methods such as a nominal charge payable by all, payment of first two items per month or part payment depending on the cost of the prescription item may be the way forward. Again, the member believes that these approaches take no account of need, and although they would disperse the impact across the wider population it would still disproportionately affect those on low incomes. Those who can’t afford to pay may by not having their prescriptions fully dispensed ultimately cause greater demand on other services in the long term, costing more than the initial prescribed treatment. Administration costs for such a system would also dramatically increase. A nominal charge payable by all would also mean those who are currently exempt would have to start paying. It is therefore likely that an exemption element would still be required for some groups, for example, children.

92. An argument used to support prescription charging is that it limits unnecessary demand for prescription medicines. This justification is not credible today as the member is clear that prevention of unnecessary use of health resources is the responsibility of, and is controlled by doctors, dentists, chemists, nurse prescribers and health boards.

Extent of abolition of prescription charges

93. In considering the extent to which charges should be abolished, the member examined whether any person should have any prescription dispensed in Scotland free of charge. Opening up the possibility of any UK prescription being redeemed free of charge could leave the Scottish system open to abuse by ‘health tourists’ (people crossing the border for the purpose of obtaining free prescription items). Furthermore there would be nothing to prevent the creation of a business obtaining prescribed items in Scotland for people elsewhere in the UK. These possibilities do not benefit the people of Scotland.
EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.

Equal opportunities

94. The Bill opens up free access to prescribed medical treatment currently restricted by a patient’s income, illness or age. The legislation will therefore have a significant beneficial impact on the equal opportunities of the people of Scotland.

95. On a fundamental level the Bill removes two types of discrimination. Those who are ill will no longer be penalised by having to pay prescription charges, an outlay not necessary for others. And the lower paid will no longer be disproportionately disadvantaged by the costs of prescriptions.

96. By removing the means testing aspect of the current charging system the Bill increases equal opportunities for all. In particular, for those on low incomes who do not meet the remission criteria and are most disadvantaged by the current system. They will see their opportunity to access prescribed treatment dramatically improved.

97. Another feature of the present system is the operation of a list of exempted medical conditions established in 1968. There are 9 chronic conditions presently deemed easily recognisable, lifelong and life-threatening. The Bill will remove the outdated exemption system which will in turn ensure that all health conditions are treated equally with regard to medications and items prescribed.

98. It is conceivable that a patient could suffer from any combination of conditions and have very different life circumstances in terms of age and income. Those who do not meet certain criteria under the existing rules will be treated less favourably. The current system is also full of inconsistencies and anomalies which impact more significantly on certain groups of patients. For example, a 40 year old cancer sufferer who also has asthma and is claiming incapacity benefit or a person who suffers from mental health difficulties who will rely on prescribed medicines for the rest of their life will not, under the current exemption and remission arrangements for prescription charges, be entitled to assistance. This Bill ensures that an individual’s complexity of life circumstances does not ultimately end with them being penalised for their ill health.

Human rights


Island and rural communities

100. There is no distinction made by the Bill between island and rural communities and any other communities.

Local government

101. No effect.
Sustainable development

102. No direct effect.
This document relates to the Abolition of NHS Prescription Charges (Scotland) Bill (SP Bill 35) as introduced in the Scottish Parliament on 19 January 2005

ABOLITION OF NHS PRESCRIPTION CHARGES (SCOTLAND) BILL

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