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COPY NO. 6520th February, 1968CABINETSOCIAL SERVICES: PRESCRIPTION CHARGES - EXEMPTIONSMemorandum by the First Secretary of State

The Social Services Committee have reviewed the progress made by the Health Ministers towards arrangements for exempting from the prescription charge the old, the young, expectant and nursing mothers, and the chronic sick. This memorandum outlines the possible nature and timing of such arrangements.

2. Common to all four exemption categories is the problem of identification - who is to translate the decision that the category is to be exempted, into exemption from the charge of a particular individual for a particular prescription, and how? With the chronic sick there is the prior problem of definition - what are the criteria for inclusion in this category?

3. Discussions with representatives of the doctors have shown great reluctance on their part to agree that doctors should identify the old and the young by signing a special prescription form. They fear arguments with patients about their ages and the effect of this both on workload and on the doctor-patient relationship. They have proposed instead identification by the chemist and have suggested that this could be done without danger of fraud by the use of cards, similar to credit cards, embossed with the patient's name and address. Those entitled to exemption could obtain such cards from Executive Councils on making application on a form obtainable at, say, Post Offices. Those under 16 and over 65 could submit their medical cards with the application; expectant and nursing mothers and chronic sick, once defined (see below), could send in a suitable form signed by the doctor. The details from these cards would be stamped on prescriptions by special imprinting machines supplied to chemists, and each "free" prescription would thus be related to the exempt patient concerned.

4. A rough estimate of the initial extra cost of such a card scheme (if most of the work of producing cards and machines were done under contract) is towards £1 million and the cards and machines would take a considerable time to produce - perhaps 8-12 months. About 700-800 extra Executive Council staff would be temporarily required to prepare the information for the cards. Annual continuing costs in staff and money would be small. If the doctors were given an assurance that

such a scheme would be introduced within a reasonable time they could themselves probably be persuaded to identify those exempted by signing special prescriptions for this initial period. Preliminary soundings of the chemists indicate that they will bitterly oppose the suggested card scheme.

5. The Social Services Committee concluded that the aim should be to introduce a card scheme as soon as possible.

6. Definition of the chronic sick has also been discussed with the doctors. This cannot be done simply by the use of a list of diseases since this could not be comprehensive; and a list of drugs will not do because many drugs are used for both acute and chronic disease. It is possible, however, that the doctors will accept the task of identifying the chronic sick narrowly defined, e.g. those bedfast or housebound, those suffering from diseases on a very limited list, and perhaps those likely to require continuous medication for life or for the foreseeable future. It would be necessary to combine such an arrangement with a means of limiting the liability to pay of patients not within this definition. The latter might, for example, be able to purchase exemption cards for a specified sum - i.e. a sort of season ticket arrangement. A card costing £1 for three months or £3 for a year has been suggested. The payments, like the prescription charges, would be eligible for refund on grounds of financial hardship. The possibility would be considered of giving a card to those likely to be below the supplementary benefit level for a long period.

7. Legislation would be needed to enable charges to be levied for exemption cards: opportunity for this is available, e.g. in the Health Services and Public Health Bill now in Parliament.

8. The Social Services Committee concluded that purchase of exemption cards on this basis, coupled with a narrow definition of the chronic sick proper, offered the best solution to the problem of the chronic sick.

9. The position can be summed up as follows. If the chemists can be persuaded to operate a card scheme (and this may well be possible, if at all, only by offering additional remuneration), if a satisfactory definition of the chronic sick can be agreed on the above lines and if the General Medical Services Committee (the doctors' negotiating body) accept their representatives' recommendation that they should identify exempted patients by signing special prescriptions ad interim, we might hope to have an interim scheme working as early as the beginning of June and would be in a position to announce this, and the broad nature of the longer term card scheme, by Budget Day. The Committee were of the firm and unanimous view that, on this basis, prescription charges should not be reintroduced until the interim exemption scheme is ready for operation.

10. I invite the Cabinet to endorse the Committee's conclusions.

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