



ASSOCIATION · OF

COMMUNITY HEALTH COUNCILS

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NATIONAL HEALTH SERVICE AND COMMUNITY CARE BILL

CLAUSE 17

Clause 17 requires Family Health Services Authorities to set indicative budgets for the cost of drugs prescribed by each GP practice. The aim of this is to tell GPs how much they ought to be spending on drugs for their patients. According to the White Paper the allocation of budgets to RHAs and to FHSAs will initially be based on the existing prescribing pattern. However, over time the financial allocation will gradually move towards being totally based on a weighted capitation formula, taking account of the age, sex and morbidity of the population, the number of temporary residents, and the extent of cross-boundary dispensing. This will, of course, mean that in due course the money available for drugs (and whether or not it is sufficient) will depend on the sophistication of the formula and the extent to which GPs take notice of the indicative limits.

Indicative budgets will then be allocated to each GP practice and the Bill requires that practices should 'seek to secure' that they do not overspend. The White Paper and Working Paper suggested that the Government intend to take powers to allow FHSAs to impose financial penalties on GPs who persistently refuse to curb excessive prescribing. The proposal was that in those cases where discussions and peer review have no effect, the FHSAs would be able to withhold remuneration as a last resort. There was also, to be an incentive scheme where by FHSAs would spend half of any target reduction in prescribing costs achieved on improving local primary care. However, none of this is contained in the Bill. Despite the protestations that the

budgets set will merely be indicative, it is clear that the combination of sanctions and incentives will put considerable pressure on GPs to comply.

Clearly it is in nobody's interest (apart from perhaps the pharmaceutical companies) for there to be excessive prescribing. Moreover, as the budgets will be calculated on the basis on the basic list price of drugs, the pressure will not only be to curb excessive prescribing but to promote generic prescribing. This should help lower the NHS drugs bill and in theory could release resources for other development. Nevertheless, there is inevitably some restriction on the GP's clinical freedom involved, particularly where a GP has already for whatever reason exceeded his or her indicative limit. This may conceivably lead to tensions in the doctor/patient relationship.

This briefing is prepared by the Association of Community Health Councils for England and Wales (ACHCEW). ACHCEW was set up in 1977 to represent the consumer of health services at national level and to provide a forum for member CHCs. 194 CHCs out of the 215 CHCs in England and Wales are members of the Association. ACHCEW is mainly funded by subscriptions from individual CHCs, but also receives grants from the Department of Health and a number of other bodies.