

# NATIONAL HEALTH SERVICE REFORM AND HEALTH CARE PROFESSIONS ACT 2002

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 1 – National Health Service, etc.**

#### **Financial arrangements: England and Wales**

#### *Section 10: Expenditure of NHS bodies*

72. Currently HA expenditure distinguishes between “main expenditure” which is subject to resource and cash limits, and Part 2 (Family Health Services) expenditure which is not. Part 2 services include pharmaceutical services. However certain elements of pharmaceutical services, including the cost of drugs dispensed, form part of a HA’s main expenditure. The cost initially falls on the HAs where the drugs are dispensed. For the purpose of HA resource and cash limits it is then apportioned between the HAs where it was prescribed (by GPs or others). Schedule 12A to the 1977 Act gives effect to this process. It is intended that in future the expenditure of PCTs be treated in the same way as HA expenditure is currently.
73. *Sections 10(3) to 10(10)* amend Schedule 12A to the 1977 Act (expenditure of HAs and PCTs). *Section 10(5)* amends the definition of PCT general Part 2 expenditure, so that it mirrors the definition of HAs’ general Part 2 expenditure within Schedule 12A. *Sections 10(6) and 10(7)* redefine the main expenditure of PCTs, so that the definition matches that of HA main expenditure within Schedule 12A. *Section 10(8)* enables the Secretary of State to apportion remuneration referable to the cost of drugs between PCTs. This replaces the existing arrangement, which gave HAs the power to apportion the cost of drugs between PCTs.
74. *Section 10(4)* relates to paragraph 3 of Schedule 12A. The Assembly is substituted for the Secretary of State, which allows Wales to preserve its existing position until HAs are abolished.
75. *Section 10(9)* defines general Part 2 expenditure and main expenditure (main expenditure being cash-limited and general Part 2 services expenditure not being cash limited) and replicates for LHBs the existing position as currently applies to HAs in Wales.