

**EXPLANATORY MEMORANDUM TO THE
NATIONAL HEALTH SERVICE (CHARGES FOR DRUGS AND APPLIANCES)
AND (TRAVEL EXPENSES AND REMISSION OF CHARGES) AMENDMENT
REGULATIONS**

2005 No. 578

- 1.** This explanatory memorandum has been prepared by the Department of Health and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

These Regulations introduce a range of measures to the National Health Service (Charges for Drugs and Appliances) Regulations 2000 and Health Service (Travel Expenses and Remission of Charges) Regulations 2003.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None

4. Legislative Background

These Regulations

- (a) amend the National Health Service (Charges for Drugs and Appliances) Regulations 2000 to increase the prescription charge per item from £6.40 to £6.50; increase the charge for prescription pre-payment certificates, wigs and fabric supports by the same percentage as the increase in the prescription charge; backdate the start of maternity and medical exemption certificates to one month prior to the date of receipt of the application.
- (b) amend the National Health Service (Travel Expenses and Remission of Charges) 2003 to increase the income level at which people are entitled to remission of charges via tax credits from £14,600 to £15,050; it increases the capital limit for remission for people living in a care home from £20,000 to £20,500 and provides for notices of entitlement to run for 5 years in the case of specified people.

5. Extent

This instrument applies to England only.

6. European Convention on Human Rights

The Minister of State, Rosie Winterton has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of The National Health Service (Charges For Drugs And Appliances) And (Travel Expenses And Remission Of Charges) Amendment Regulations 2005 are compatible with the Convention rights

7. Policy background

Prescription Charges

7.1 NHS treatment is free at the point of delivery unless regulations provide otherwise. The National Health Service (Charges for Drugs and Appliances) Regulations 2000 provide for prescription charges to be recovered from patients. The change being made increases the current prescription charge by 10p (less than the current rate of inflation) and helps maintain the contribution charges make to NHS funding.

Tax Credits

7.2 In work benefits have been payable since the 1970s and recipients have been entitled to full help with health costs through the NHS Low Income Scheme but without making a separate claim, ie they are ‘passported’. Help with health costs includes free NHS prescriptions, dental treatment and NHS sight tests and optical vouchers. Passporting was continued via new tax credits from April 2003 and was, as far as possible, kept in line with families previously passported and includes workers with children or workers who are disabled, ie their tax credit includes a disability element. The National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 set out these arrangements

7.3 Not all tax credit recipients are “passported” as tax credits may be paid higher up the income scale than is considered reasonable for entitlement to free prescriptions etc. The change increases the level for entitlement from £14,600 to £15,050 gross annual income.

Capital limit for people living permanently in care homes

7.4 The calculation of entitlement to means tested help with health costs is, largely, based on income support provisions with a ceiling on capital. In the case of people living permanently in care homes, the capital limit is aligned with that applied by local authorities in calculating help with the home charges, rather than income support. The change increases the capital limit in line with increases that will apply to care home charges.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is in terms of increased costs to the exchequer . These in turn are limited to the cost of increasing the tax credit level for entitlement in line with the rate of inflation.

8.3 The cost to the public is an additional 10p per prescribed item dispensed to those who are not entitled to free prescriptions. The additional cost per prepayment certificate or appliance is in the table.

Item	Charges from 1 April 2004 £s	Charges from 1 April 2005 £s	Additional cost per item
Prescription Charge	6.40	6.50	10p
4 months PPC	33.40	33.90	50p
12 months PPC	91.80	93.20	£1.40
Tights per pair	12.80	13.00	20p
Surgical Bra	21.50	21.80	30p
Spinal/abdominal Support	32.50	33.00	50p
Stock Modacrylic wig	53.10	53.90	80p
Partial Human Hair wig	140.15	142.30	£2.15
Full Bespoke Human Hair Wig	204.90	208.10	£3.20

9. Contact

Eleanor Shenton at the Department of Health Tel: 0207-972-2923 or e-mail: Eleanor.Shenton@dh.gsi.gov. can answer any queries regarding the instrument.