NHS charges can damage your health

**A tax on the sick!**

In March 1998 the Labour government announced increases in prescription and other NHS charges. The charge per item for prescriptions rose from £5.65 to £5.80.

We have been told that charges for other forms of NHS treatment are also being considered, as the New Labour government knuckles down to the traditional Treasury orthodoxy which has shaped these policies since 1949.

This leaflet argues that charges for prescriptions, eye tests, dental checks and treatment and other areas of NHS care are not just a tax on the sick, but a perverse tax which has its greatest impact on the working poor, pensioners and those most in need of health care, and one which undermines government attempts to move towards a primary care-led service with increased emphasis on health promotion and preventive medicine.

Far from assisting the development of the NHS, charges offer only the most marginal income for the NHS, in exchange for costs which have not been properly quantified. In its 50th anniversary year, the aims and values of the NHS could best be reinforced by scrapping these charges.

**Will ministers ignore medical advice?**

The British Medical Association has argued for more funds to be injected into the NHS through existing routes, and opposed any extension of charges. The Chair of the BMA’s GP committee warned in 1997 that any move to charge for visits to GPs would “result in sick patients being denied the care they need”.

A BMA’s report on options for funding health claimed last year that charges could raise up to £7-8 billion a year — but only if patients were charged £80 per day for hospital treatment, £10 for each visit to a GP, and £10 for prescriptions, all without exemptions.

The report concluded that such charges were neither feasible nor desirable:

In its 50th anniversary year, the aims and values of the NHS could best be reinforced by scrapping these charges.
**Key dates in NHS charges**

1942: Beveridge Report calls for a health service “without an economic barrier at any point to delay recourse to it”.


1949: Labour government takes powers to raise a charge on prescriptions


1952: Conservatives impose first charges for prescriptions and dental treatment.

1955: Conservative government doubles prescription charge.

1965: Labour government abolishes prescription charges

1968: Labour reintroduces prescription charges to save £40m a year

1975-79: Labour raises NHS charges as part of conditions of IMF loan

1979: Returned Tory government doubles prescription charge to 45p

1988: Dental charges linked to 75% of treatment fees

1989: Free eye tests and dental checks scrapped

1990: Prescription charge reaches £3.05

1997: Conservatives raise prescription to £5.65

1997: BMA GPs and Annual Conference heavily reject proposals for £10 charge for GP visits.

1997: Labour budget increases charges on insurance firms for treatment of road accident victims.


1998: Labour increases prescriptions to £5.80, and maximum dental charges to £340.


**NHS charges: who pays what for care**

PATIENT payments – charges at the point of use – form a very small part of NHS income: they have never amounted to more than 4.8% of NHS spending (in the early 1960s).

In 1996 charges accounted for just 2.3% of NHS income, and the most recent peak was 4% in 1990.

Prescription charge revenue, which is projected to reach £3.36bn in 1998/99, has never covered more than 25% of pharmaceutical services spending, and during the 1980s and early 1990s it fluctuated between 5% and 10% of the NHS drugs bill.

**New boost for ‘discriminatory’ charges in A&E**

The Road Traffic Act of the 1930s, reinforced in 1988, empowered the NHS to reclaim the costs of road traffic accidents from insurance companies, up to a ceiling of just under £3,000 for in-patient treatment.

In 1982 the Rayner scrutiny recommended that these charges be abolished because they were anachronistic, discriminatory, anomalous and wasteful of staff and management resources: it was calculated that over 20% of the money collected was spent on administration, while the vast majority of accident victims did not result in charges being paid. Ignoring this advice, in Labour’s first (1997) budget Gordon Brown announced plans to remove the ceiling to ensure that insurance companies would have to pay the full cost. This now appears to have been amended to make it easier for NHS Trusts to claim up to the ceiling.

Income from dental charges has exceeded prescription charges since 1969.

In 1995 dental charges amounted to £479m – but these covered only around 20% of the costs of general dental services, down from a peak of 40% in the mid 1980s.

**In 1994 the Chief Secretary to the Treasury told Parliament that the amount raised by prescription charges was the equivalent of one fifth of a penny on income tax.**

**45% of the population are eligible to pay for their prescriptions, but only 15% actually pay for the prescriptions dispensed: almost 90% of prescriptions are free, 40% going to older people and 12% to children and students.**

It would cost an estimated £109 million to restore the free eye test, while free tests for those over 60 would cost £32 million.

Charges for hospital treatment peaked in the early 1990s, although the published totals included charges for private beds and treatment.

As the NHS pulls out of providing continuing care for the frail elderly, there has been a steady increase in fees charged by local authorities for social service support, which has always been subject to means-tested charges.

Fees paid, mainly by elderly patients, for local authority personal social services such as care in residential homes, day centres, domiciliary care and meals on wheels, amounted to £900 million in 1995.

Charges for these “community care” services were the equivalent of 12.5% of spending on personal social services in that year.

**Priced out of care**

A SURVEY by the Institute of Fiscal Studies showed that the near threefold increase in prescription charges between 1979 and 1984 caused a fall of 40% in the number of chargeable prescriptions dispensed in England.

The announcement of the imposition of a new scale of dental charges in 1987, based on 75% of treatment cost (with a maximum of £150) brought a 25% drop in courses of treatment – a dramatic reversal in what had been a consistent rising trend.

The abolition of the free NHS eye test in 1989 brought a drastic cut in numbers of sight tests from 25 per 100,000 population to 8.
Driving away the needy

ONE STUDY found that 33% of people who did not redeem their prescriptions were people who had to pay for their medicine – about double the proportion that could be expected from the numbers of prescriptions written.

Pre-payment certificates for prescriptions now cost £30.10 for four months, or £82.70 for 12 months – sums large enough to put them beyond the reach of many low-paid workers, despite the savings they may yield.

60% of people in social classes IV and V do not go for regular annual dental checks. The Department of Health admits that fear of dental charges is a deterrent to people seeking treatment. Deterrence is strongest among young people who have just left school and become liable to pay.

People deterred from simple health checks may be storing up health problems. A study at Bristol Eye Hospital in 1994 found that the number of patients identified as requiring treatment or follow-up for glaucoma, a potentially blinding condition, was nearly 20% less than expected after the imposition of charges for eye tests.

Glaucoma leads to a 3% per year reduction in vision, so the results of this reduction in screening may yet remain to be detected – along with the resultant increased costs of treatment and discomfort for the individuals affected.

According to the government’s General Household Survey only 37% of over 65s had an eye test the previous year.

The Royal National Institute for Blind commissioned a 1996 survey which found that the equivalent of 500,000 over-60s had been deterred by the cost from having an eye test every two years.

Government figures also show that the poorer you are, the less likely you are to have a test: only 22% of unskilled men had an eye test, compared with 39% of professional men.

In Canada, a study in Saskatchewan found that the introduction of part-payments led to an 18% reduction in the use of medical services by poor people compared to 6.7% for the population as a whole.

Many of today’s poorest citizens are elderly people living on the dwindling state pension. Pensioners have to pay for eye tests, spectacles, dental checks and treatment.

More older people are likely to have false teeth than younger people, and dental costs may soar for many older people.

Eye sight, too, can deteriorate with age.

Falling for an old Treasury trick

WHEN Health Secretary Frank Dobson told journalists in 1997 that nothing was being ruled in and nothing ruled out in the review of NHS charges, he was echoing a familiar line from generations of Treasury civil servants.

Increasing or extending charges for primary care services has been on the agenda of every spending review since 1949.

From the very first year of the NHS, in which spending of £342m massively overshot the allocated £180m budget, Treasury ministers have struggled to hold back the NHS budget.

One argument put forward has been that money “saved” through charges for NHS treatment could be allocated to other priorities. Aneurin Bevan was persuaded to concede the principle of prescription charges in 1949 in exchange for additional spending on house-building, for which he was also responsible.

Bevan went on to complain correctly in 1951 that Gaitskell’s budget would divert money from NHS charges to bolster the rearmament programme.

In 1951 it was also argued that dental and ophthalmic charges would provide extra cash for hospital development and increased pensions: in the event only one new hospital was built before 1960. The imposition of charges was delayed until after the election.

In 1956 the Tory government doubled prescription charges as a way to placate the private sector and the banks.

After the 1959 election, Macmillan as prime minister was told by Treasury civil servants that the post-election period was the time to consider charges.

In the 1967 devaluation crisis, the Labour government came under Treasury pressure to impose a fee for consulting a GP or an annual registration fee. Chancellor Roy Jenkins insisted on the need to reinstate prescription charges.

In 1970 the outgoing Labour government and incoming Conservatives were both urged to consider abolition of ophthalmic and general dental services, prescription charges and “hotel” charges for stays in hospital.

Pressure from the International Monetary Fund, was behind the increase in NHS charges between 1975-79.

The return of the Tories in 1979 brought a White Paper on public spending which sought to contain spending through higher prescription charges, savings and sales of assets.

In 1993 Michael Portillo as Chief Secretary to the Treasury began a “fundamental” review of public spending, and enjoyed quoting Labour leader John Smith on the need to “think the unthinkable” and “not rule anything out of court”.

Four years later his successor Alistair Darling launched another “comprehensive” review, and it was admitted that “hotel” charges for hospital stays, a fee for visiting GPs, ending free prescriptions for pensioners, and scrapping free contraceptive pills for “wealthy” women was on the agenda.
World Bank versus World Health Organisation

To charge or not to charge?

THE WORLD Bank, which is supposed to assist the economic stability of less developed countries, encourages the introduction of health charges as part of a wider austerity programme. The IMF, too, has urged similar policies.

The World Bank argues that imposing a price on certain forms of care can:

* deter unnecessary or frivolous use of services;
* encourage the use of important services by exempting them from charges;
* encourage providers to limit over-supply;
* act as an incentive to improve quality;

...people with infectious diseases and diseases preventable by vaccine, for example, stop using services.

At a cabinet meeting on December 20 1967 during the sterling devaluation crisis, Chancellor Roy Jenkins claimed that a £40m saving from prescription charges was worth £140m cut elsewhere, because of the impression it made on bankers.

Health minister Richard Crossman responded that stopping the spending on Britain’s independent nuclear deterrent, even if it would save only £20m, “would be worth £120m in terms of the morale of the Parliamentary Party and the radical image we want to present to the country.”

* The poorest people, who often suffer the poorest health, are the most deterred by charges.
* It is a “tax on illness”.
* Charges have not been an important extra source of funds for health care in many countries because of low fees, exemptions, inefficiency and embezzlement.

(A WHO survey found that in African countries charges had raised an average of less than 5% towards health financing, rather than the target of 15-20%).

* The costs of administration are high.
* Where charges have raised extra money, it has generally not been targeted at services for the poorest people.

NHS user groups give thumbs down to charges

COMMUNITY Health Councils have warned about the deterrent effect of prescription charges.

Warrington CHC found that 45% of people not exempt from charges were discouraged from obtaining prescriptions: two thirds of people questioned were deterred from dental check-ups by the cost.

Kidderminster CHC found 35% who were put off.

A survey of community activists by North Tees CHC found nearly half of respondents did not know where to get a prescription pre-payment form.

The National Association of Citizens’ Advice Bureaux reported in 1991 that the “health benefit scheme has failed to ensure that people on low incomes receive assistance with NHS charges.

“At the consequence of this failure is that people either delay or do without necessary health care or they bear the costs themselves”.

NACAB argued that if charges were abolished the cost could be transferred to national insurance contributions, offering a big saving in administrative time.

Age Concern has called for free prescriptions, eye and dental tests for everybody aged over 60, with help towards costs of dental and eye treatment.

THE TEXT of this leaflet is based on Thinking the Unthinkable: The case against NHS charges, a Health Rights report by John Eversley and Christine Sheppard, to be published in July by Health Matters.

Copies of the full report are available at £4.95 inc post & packing (individuals and voluntary groups) or £7.95 (statutory and commercial organisations) from:

Health Matters, PO Box 459, Sheffield S1 2UP.
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