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10 DOWNING STREET

From the Private Secretary

4 March 1985

Dear Sarah,

Mr Michael Morris MP came to see the Prime Minister today about the limited list of NHS drugs. Your Minister was also present.

Mr Morris said that he believed that the announcement by the Secretary of State for Social Services of the NHS limited list would cause considerable difficulties for the pharmaceutical industry, for the British Medical Association, and for patients. It was a radical departure from previous practice which had been introduced without adequate consultation. He recognised the need to reduce public expenditure on the NHS drugs bill but did not accept that this was the only way of achieving that objective. It was undesirable in itself since it would limit GPs clinical freedom; limit the availability to patients of drugs which they might need; and create uncertainty in the pharmaceutical industry which required confidence to undertake its massive research programme. Moreover, there were alternative and better ways to save money including such possibilities as encouraging pre-packed dispensing packets containing a fixed number of doses and encouraging GPs to reduce prescriptions. Indeed, DHSS would have been better advised to go to the industry with a proposal for a fixed percentage off prices than to adopt the limited list.

Mr Morris recognised however, that the decision on limited list had been taken and in this context proposed a number of measures to reduce what he saw as its deleterious impact. These were: the list should be implemented over a transitional period of eight weeks; there should be a "fall-back" mechanism for GPs along the lines of that for hospitals to enable branded drugs to be prescribed in special cases; the DHSS should talk to the BMA about "good prescribing practice" along the lines proposed in the Greenfield Report; DHSS should give guidance to the pharmaceutical companies on the application of the limited list principle to the compounds currently being researched; DHSS should confirm that there was to be no extension of the limited list into other categories of drug; and most important the pharmaceutical industry should be given a degree of confidence by adopting the American practice of enabling any patent to run from the day a drug was licenced.

Responding to Mr Morris's points the Prime Minister

said that with a drugs bill of £2 billion including the costs of dispensing prescriptions, DHSS Ministers were right in her view to take action. She found it difficult to believe that substantial savings could not be made by adopting better prescribing practice and in the absence of any evidence that the medical profession was prepared to do this itself there was a very strong case for a limited list with the appropriate safeguards. She recognised however the need for the pharmaceutical industry to retain a degree of certainty and in this context she was very sympathetic to the points made by Mr Morris about patent life. The Government took the protection of intellectual property extremely seriously and indeed this very point had been raised with her some time previously with her by Glaxo. Mr Morris could therefore be assured that this point was very much under consideration.

In view of the reference to intellectual property I am copying this letter to Andrew Lansley (DTI).

Yours ever,

Tim Fester

Miss Sarah Bateman
Department of Health and Social Security