

Discussed by Policy Unit
with the Prime Minister on 23/12/87.
Dew
24/12.

PRIME MINISTER

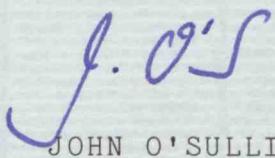
22 December 1987

SIX POINT PLAN FOR NHS REFORM

The present crisis offers us an invaluable opportunity. We suggest responding through a comprehensive plan which offers both change and continuity.

- 1 Tackle the problem now, not through a royal commission or just before the election.
- 2 Seize the moment by publishing a White Paper by Easter which shows a credible game plan.
- 3 Implement supply side measures which do not require legislation immediately following the White Paper. These would create a more efficient, competitive hospital system based on an internal market.
- 4 Set up two committees of inquiry to consider consultant contracts and medical priorities, to report back in nine months.
- 5 Keep tax based funding, but introduce minor reforms and encourage top up insurance.
- 6 Develop the internal market further with patient choice, competing HMO's and a gradually increasing contribution from private insurance.

These points are described in more detail in the attached note.


JOHN O'SULLIVAN


NORMAN BLACKWELL