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PRIME MINISTER

NHS DRUGS BILL

In the exercise to reduce drug costs DHSS considered two approaches:

- i) More generic prescribing. This might have saved £40m depending on how successful they were in changing doctors' practices.
- ii) Negotiating lower prices for all drugs. DHSS followed this course as they believed it would save more, £100m, and there would be more assurance of the savings that would be produced. This is to be backed up with a campaign, falling short of any compulsion, to promote generic prescribing. DHSS believe that this might produce another £5m of savings.

The Royal College of General Practitioners has produced a report - see attached press cutting - which claims that savings of £60m could be made from generic prescribing. DHSS rather dismiss this report since the saving is greater than they thought could be achieved by this route. Furthermore, they believe the savings would be very much less now that the price of branded drugs is being reduced.

Thus, DHSS thinking seems to be that there is not much further to be gained from generic prescribing. This is, of course, a proposition that we will need to challenge.

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10 January 1984