



10 DOWNING STREET

From the Private Secretary

27 June, 1984

THE NATIONAL HEALTH SERVICE: FAMILY PRACTITIONERS

As you know the No.10 Policy Unit have been giving thought recently to possible future developments in the Family Practitioner Service. In the light of this work, the Prime Minister has asked me to write to you as follows.

The Prime Minister looks forward to seeing in due course a draft of the Green Paper on the Family Practitioner Service. She welcomes your Secretary of State's intention to make it a radical document, taking the debate on the Health Service beyond the facts about increased spending since 1979 towards a "patient power" theme.

The Prime Minister was also pleased to learn that your Secretary of State is looking at ideas such as improved output measures. The Policy Unit have suggested that these could cover, for example, average waiting times in clinics and hours spent by GPs actually in patient care. Information from FPCs about standards of service from different GPs would provide a basis for encouraging competition between GPs and greater patient mobility between clinics which she believes are important objectives.

The Prime Minister was also interested to learn from the Policy Unit of the Harrow Health Centre, which appears to be a good example of how the health maintenance organisation model can work in primary care. Private centres along these lines can be encouraged without in any way undermining the Health Service. The Prime Minister hopes that their relevance to the NHS will be considered for the Green Paper, and that neither the Department nor the health authorities will obstruct or hinder the operation of the Harrow Health Centre or similar Centres. She wonders whether it would be possible to encourage "patient associations" based on individual clinics.

/No doubt

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No doubt the cost of the drug bill will also be looked at in the context of your work on the FPS Green Paper. The Policy Unit believe that this needs to be dealt with at three points - patient attitudes; doctors' prescribing habits; and the remuneration of drug companies. The Prime Minister shares the view that patients should be encouraged not to regard the prescription of a drug as the natural conclusion of every medical appointment. Charges may help here by causing patients to think twice about the need for a drug.

It is often argued that doctors prescribe drugs too lightly. The Green Paper is an opportunity to set out the case for them prescribing fewer and cheaper drugs. The Prime Minister hopes that means of achieving greater use of generics will be looked at in this context, as well as the possibility of eliminating some brand-name drugs from NHS prescribing altogether, with the NHS inviting tenders for "own label" generics instead.

The Prime Minister is inclined to think that the PPRS may be too generous to drug companies, and she hopes that the current review will identify significant savings. Parallel imports - provided they are safe - should be welcomed as a means of driving down drug prices. But either the NHS itself or the Exchequer must reap the benefit, and this entails reforms to the arrangements for reimbursing pharmacists and to the PPRS.

I am sending copies of this letter to David Peretz (HM Treasury), John Graham (Scottish Office), Colin Jones (Welsh Office), Graham Sandiford (Northern Ireland Office) and to Richard Hatfield (Cabinet Office).

(David Barclay)

S. Godber, Esq.,
Department of Health and Social Security.

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cc: JH

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

*sub
3/7*

David Barclay Esq
Private Secretary
10 Downing Street

2 July 1984

Dear David

THE NATIONAL HEALTH SERVICE: FAMILY PRACTITIONERS

Thank you for your letter of 27 June about the No 10 Policy Unit's work on the FPS. It is helpful to know that the Policy Unit's ideas to some extent mirror objectives which we are already pursuing - particularly in relation to drug costs. We will, of course, keep you in touch as our work in these areas develops and with the Green Paper itself.

I will let you have a note separately on health maintenance organisations and the Harrow Health Centre. The Chancellor of the Exchequer has also written to us recently about HMOs and the relevance they have shown to cost control in the U S A.

I am copying this letter to David Peretz (Treasury), John Graham (Scottish Office), Colin Jones (Welsh Office), Graham Sandiford (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

Yours

Steve

S A Godber
Private Secretary

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26 June 1984

DRAFT LETTER FROM DAVID BARCLAY TO STEPHEN GODBER

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The PM was also ^{to learn that your SotS} ~~She is~~ pleased that he is looking at ideas such as improved output measures. ^{The Policy Unit have suggested that} These could cover, for example, average waiting times in clinics and hours spent by GPs actually in patient care. Information from FPCs about standards of service from different GPs would provide a basis for encouraging competition between GPs and greater patient mobility between clinics which she believes are important objectives.

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to the NHS will be considered for the Green Paper, ^{and that} ~~She~~ wonders if it ~~would~~ ^{it} be possible, for example, to encourage "patient associations" based on individual clinics? ~~She~~ also hopes that neither the Department nor the health authorities will obstruct or hinder the operation of the Harrow Health Centre or similar Centres.

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DAVID BARCLAY

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I am sending copies of this letter to David ~~Bar~~
Pentz (HMT), John Graham (SO), Colin Jones (WO)
? (N10) and to Richard Hatfield (Cabinet Office).