

Staff Paper 2014

Primary Care Reimbursement Service Expenditure

Irish Government Economic & Evaluation Service

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PCRS EXPENDITURE

- The vote profile set out a €268m or 10% reduction in PCRS expenditure for 2014. This is €108m higher than the I&E estimate.
- Approximately €231m in budget measures were introduced in this area for 2014. It is now estimated that €220m in savings can be achieved.
- The large reduction in medical and GP visit card numbers, 140,000 less than Budget 2014, should deliver significant additional savings.
- Overall, this would suggest PCRS expenditure should be running below profile and there are significant savings to be made in the rest of the year.

Overview

- PCRS encompasses 18.3% of gross HSE expenditure allocation (20.5% of net HSE expenditure allocation).
- On an I&E basis, PCRS expenditure is broadly on profile for 2014 recording a deficit of €6m or 1% for May YTD. This represents a year-on-year reduction of €58m.
- On a vote basis, the 2014 deficit for May YTD is €43m or 4%. See Table 5 in appendix for monthly trajectory.

Table 1: Comparison of PCRS expenditure on a vote and I&E basis, May 2014 YTD

May YTD (€m)	2013	2014	Year-on-year change	Annual reduction required
PCRS (Vote)	992	1,040	-48	268
PCRS (I&E)	991	944	-58	160

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Budget 2014 Measures – Deliverable

- Approximately €231m in budget measures were introduced in this area for 2014. It is now estimated that €220m in savings can be achieved following the decision not implement the measure regarding the replacement of full medical card with GP visit card for those returning to work due to legal issues¹. The details of these savings are set out in **Table 2**.

¹ This measure has been replaced by a decision to provide long-term unemployed persons with a medical card for a period of one year upon their return to employment. Savings will only accrue from mid-2015.

Table 2: PCRS Budget 2014 Measures

	€m
Generic Substitution and Reference Pricing	50
IPHA/APMI Agreement	28
Full Year Impact of FEMPI fee reductions	37
Full Year Impact on increase in prescription charges	4
Full year effect of income thresholds and probity	23
Additional delisting of products from GMS Scheme	10
Reduce income thresholds for Over 70's (€900/500)	25
Increase Prescription Charges to €2.50 per item €25 cap	43
Total	220

Source: REV 2014

Medical card expenditure (I&E)

- Medical card expenditure comprises 77% of the total PCRS budget allocation for 2014.
- The National Service Plan provided for an increase of €35m for an expected additional 60,000 medical cards being awarded during 2014.
- There were 74,000 less medical cards and 7,000 less GP visit cards in circulation at the end of May 2014 compared to the same month last year. This has resulted in expenditure on medical cards falling by €46m year on year.
- This year-on-year reduction is presumably driven by a decrease in the number of medical cards, which began in November of last year, combined with the full-year effects of the various other PCRS measures. This reduction in card numbers is unexpected and not included in the forecast published in the HSE Service Plan for 2014.
- A year-on-year saving of **€47m** of a total annual reduction of €160m has been achieved. This is broken down in the table below.

Table 3: Medical card expenditure, May YTD

May YTD (€ millions)	2013	2014	Change
Medical cards	769	723	-46
<i>Of which:</i>			
GP Fees and Allowances	189	174	-15
GMS Pharmacy Fees	103	84	-19
GMS Pharmacy Drugs/Medicines	360	336	-24

- If the trend in falling medical card numbers continues, more significant savings on the PCRS expenditure line would be expected as costs are significantly driven by volume.

Other PCRS expenditure

- Increases in high-tech medicines of €16m year-on-year are serving to cancel out the €14m saving on the Drug Payment Scheme.

Appendix

Table 4: Medical and GP visit card numbers, May YTD

	January	February	March	April	May
Medical cards					
2013	1,855,797	1,857,833	1,864,320	1,870,096	1,873,015
2014	1,840,760	1,826,578	1,799,103	1,799,103	1,799,103
Change	-15,037	-31,255	-65,217	-70,993	-73,912
GP visit cards					
2013	130,301	130,169	128,589	128,812	128,180
2014	125,930	124,512	120,981	120,981	120,981
Change	-4,371	-5,657	-7,608	-7,831	-7,199
Total cards					
2013	1,986,098	1,988,002	1,992,909	1,998,908	2,001,195
2014	1,966,690	1,951,090	1,920,084	1,920,084	1,920,084
Change	-19,408	-36,912	-72,825	-78,824	-81,111

Table 5: Monthly comparison of PCRS expenditure on a vote and I&E basis, May 2014 YTD

€ millions	January	February	March	April	May	Year to date
I&E						
Profile	191	190	191	188	178	937
Outturn	192	191	184	188	190	944
Variance	1	1	-8	0	12	6
Variance (%)	0%	1%	-4%	0%	7%	1%
Vote						
Profile	209	203	204	199	185	1,001
Outturn	212	210	201	211	211	1,044
Variance	2	7	-3	12	26	43
Variance (%)	1%	3%	-2%	6%	14%	4%