

28/10
31/1/92

cc Ministers
Ms Wright
Ms Ullie
Mr Heppell
Dr Welford
Mr Bridges
Ms Firth
Ms Stuart
Mr Barnes
Mr Guinness
Ms Edwards

To note S/S'
Ms. addendum

RECEIVED
27 28 JAN 1992
T S HEPPELL



The Rt Hon David Mellor QC MP
Chief Secretary
HM Treasury
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Telephone 071 210 3000
From the Secretary of
State for Health

copy of S/S to Mr G:

Mr. Welford
Mr. Heppell

D. D. D.

27 January 1992

ADDER - Litigation

DOCTORS' AND DENTISTS' OVERPAYMENTS

Your letter of 13 January, about the question of how we respond to the pressure on behalf of blood transfusion patients with HIV, linked that issue to the overpayments to doctors and dentists.

I cannot accept the relevance of bringing these two issues together in the way you do. The impact on the Reserve this year will be no more than half the figure you quote. The "cumulative overpayment" figure relates to all the years since 1988-89, and is in no way relevant to the funding position this year.

Looking beyond this, it is important for us all to recognise that, when we considered the overpayments in November, the decisions then were agreed in the light of all the facts as we understood them. There was no condition on your part that these decisions would be read across to other, unrelated issues. You know that I am determined to address the problems which led to the overpayments, and to share our consideration of those points with you and your officials. It would be less than helpful if openness on this issue is seen to affect other, essentially unrelated, questions.

I should repeat that I see the overpayments to doctors and dentists as being in large part an unforeseen consequence of a far more positive response to their new contracts than had been anticipated. We have fairly claimed credit for the resulting benefits to patients as demonstration of our commitment to improving health care. I feel as strongly as you do that we must get the financing of these contracts under better control, and learn the lessons so that the overpayments of recent years will not be repeated. But it would be grossly unfair for faster

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progress than anticipated in response to the new contracts to be seen to undermine the case for assisting an unfortunate unrelated group.

I hope you can accept that this linkage should not be made. For my part, I recognise the difficulty in providing resources from the Reserve which your officials have explained to mine. I will investigate what scope there may be for longer term action on the blood transfusion patients.

- Though I remain firmly of the opinion that the provision of £6m from the reserve - to match £6m which I believe I can find £ (just) from existing provision - remains politically

WILLIAM WALDEGRAVE

and morally the correct course -

GRO-C