National health insurance : explanatory statement as to medical benefit as affecting medical practitioners / presented to Parliament by command of His Majesty.

NATIONAL HEALTH INSURANCE.

EXPLANATORY STATEMENT

AS TO

MEDICAL BENEFIT

AS AFFECTING

MEDICAL PRACTITIONERS.

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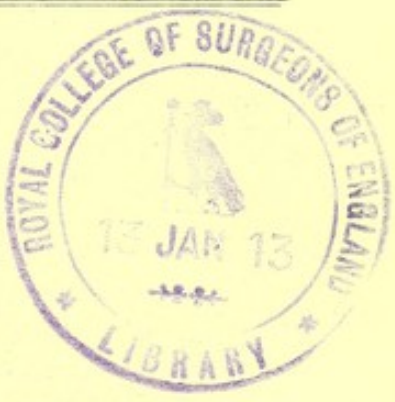

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NATIONAL HEALTH INSURANCE.

Provision of Medical Benefit as affecting Medical Practitioners.

Introductory.

1. It has been brought to the notice of the National Health Insurance Commissioners that a concise official explanation of the general effect of the National Insurance Act and the Regulations as to Medical Benefit made thereunder would be helpful to medical practitioners at the present time. This explanatory statement is issued accordingly.

I.—Persons entitled to Medical Attendance and Treatment.

2. The persons who are compulsorily insured under the Act include (subject to exceptions which need not be gone into here) all manual workers and all persons employed at a rate of remuneration not exceeding £160 per annum. Persons who, though not employed by anyone else, are wholly or mainly dependent on some regular occupation for their livelihood may be insured as voluntary contributors if their income from all sources does not exceed £160 per annum.

3. Every insured person is entitled to Medical Benefit, but all insured persons are not necessarily entitled to receive attendance and treatment under the arrangements made by Insurance Committees under the Act. The exceptions are explained under the heading of "Own Arrangements."

Condition of Insured as to Health.

4. The fact that the insured must be in employment or engaged in some regular occupation at the time of entering into insurance must result in the average standard of health among the insured being somewhat higher than in the population as a whole. The amount of sickness may be expected to be approximately the same as in ordinary Friendly Societies.

II.—The General Arrangements for giving Attendance and Treatment to the Insured.

Panel System.

5. Insured persons may obtain their attendance and treatment in any of several ways. The normal system is under arrangements made by the Insurance Committee on the lines described below under the heading of "The Panel System."

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"Own Arrangements."

6. Any insured person who desires may on application be allowed by the Insurance Committee to make his own arrangements, receiving from the Medical Benefit Funds of the Insurance Committee of his area a contribution towards the cost. If an income limit has been fixed locally, those whose income exceeds that limit will be required, as already explained, to make their own arrangements.

System or Institution.

7. Any person who is entitled to attendance and treatment under a system or through an institution existing on December 16, 1911, may, if he so desires, have the attendance and treatment which he obtains from that institution regarded as, or as part of, his medical benefit; in such cases a contribution will be made from the Insurance Fund towards the cost of the attendance and treatment so obtained.

III.—The Panel System.

8. The Panel System is that which every Insurance Committee is required by the Act to adopt, unless the Commissioners are satisfied upon enquiry that arrangements so made do not afford an adequate medical service.

Formation of Panel.

9. Under the normal system the Committee will form a panel of practitioners, or, where the area of the Committee is extensive, different panels for each convenient district of the area. Every practitioner has the statutory right to act on any panel, upon the terms and conditions offered by the Insurance Committee in respect of that panel. The Committee cannot exclude any practitioner from the panel nor can they subsequently remove a practitioner. A practitioner may, if he thinks fit, be a member of more than one panel. For example, a doctor living near the boundary between two Counties may find it convenient to be a member of the panel in each County.

Choice of Doctor.

10. Every insured person who is entitled to attendance and treatment from the practitioners on the panel is free to select his own doctor subject to that doctor's consent. Those who make no choice, and those who are refused by the doctors to whom they first apply, will be distributed among the doctors on the panel. This distribution will be carried out, as far as practicable, under arrangements made by the practitioners on the panel themselves.

Deputies, including partners or assistants.

11. A doctor on the panel will be required to give personal attendance to the insured persons under his care unless he is prevented from so doing by absence from home, illness or other reasonable cause. When unable personally to attend he may employ any other practitioner (whether on the panel or not) to attend on his behalf. A partner, an assistant, or a "locum tenens" may act as such deputy. Practitioners practising in partnership may, if they desire, have the fact of the partnership indicated in the published list of practitioners on the panel, so that an insured person may, in effect, select the firm as his medical attendants.

Duties of Doctors.

12. The medical services to which an insured person is entitled as Medical Benefit, and which the practitioner on the panel will therefore be under obligation, under his agreement with the Insurance Committee, to render, are such as are ordinarily rendered by a general practitioner to his patients in private practice; not such as may be rendered by a practitioner who happens to have acquired special skill in any particular branch of practice, but such as any ordinary general practitioner may reasonably be expected to be competent to perform. Having regard to the importance of this matter it is well to quote the statement made with regard to it in the Memorandum sent by the Chancellor of the Exchequer to the British Medical Association on December 3rd, 1912:—

> Every practitioner acting on a panel will be required to enter into an agreement with the Insurance Committee, containing the provisions stated in the First Schedule to the Regulations. It is there laid down that the treatment which the practitioner, by entering into the agreement, undertakes to give to insured persons under his care shall be that which can, consistently with the best interests of the patient, properly be undertaken by practitioners of ordinary professional competence and skill. This does not mean what can be expected from the individual practitioner who happens to be treating any particular case, but what can ordinarily be expected from a member of the group to which that practitioner belongs.
>
> It is believed that this definition will enable practitioners on the panels at once to decide, in the enormous majority of cases, whether any particular service which they are asked to render falls within the scope of those which they have undertaken by their agreement with the Committee. The practitioner would obviously not consider it to the interest of the patient that an operation requiring special surgical skill should be undertaken (unless as a matter of urgency) by a practitioner who does not possess that skill, his professional duty to his patient will preclude him in such a case from undertaking the operation, and it, therefore, would not be incumbent upon him under his agreement. On the other hand, circumstances arise in which in ordinary practice it would be the duty of a general practitioner to his patient to perform an operation, on account of the urgency of the case, rather than incur the risk of possible injury to the patient, through delay or through removal, which might be entailed in obtaining the assistance of a person of special skill. If such an emergency occurs in the case of an insured person, and if the practitioner responsible for the care of that patient decides that it is his duty to his patient, in view of the urgency of the case, to operate, the operation in that case would fall within the services which he has undertaken to render under his agreement with the Insurance Committee.

Another case that appears to present doubt to some practitioners is that in which the practitioner on the panel has acquired special skill in some branch of medicine or surgery, and is treating a case requiring, for example, an operation which in virtue of his special skill he is competent to perform, but which a practitioner not possessed of such special skill could not (except in emergency) properly undertake. In such case the performance of the operation by the practitioner on the panel would not (except in emergency) be part of the duties which he had entered into agreement with the Insurance Committee to perform, and the insured person could not require him to perform it as part of that person's medical benefit.

Although it is believed, as above stated, that but few cases will arise in which, in practice, members of the profession acting on the panels will have difficulty in deciding whether any given service which they are asked to render falls within those undertaken under their agreement with the Committee, it is recognised that such cases will occasionally arise. In order to arrive at an easy and summary manner of deciding any such case it is proposed that any medical practitioner on the panel should refer the case to the Local Medical Committee, and that that Committee or the Insurance Committee should, if they think it desirable, refer the matter for decision by a Court of Referees to be set up for the purpose by the Government. These would be appointed from among members of the medical and legal profession by the Insurance Commission.

The following examples may be given, not as an exhaustive catalogue, but as illustrative of the principle stated. X-ray diagnosis and pathological or bacteriological investigations would not be services included in medical benefit. Major operations are also excluded (except in the circumstances of urgency above mentioned), and as an indication of what is intended by the term "major operations" there may be instanced trephining, laparotomy, operative treatment of fractures, amputations of limbs and any operation requiring the assistance, in the operation, of an additional medical practitioner besides the operator and the anæsthetist.

Hours of Attendance.

13. Each doctor will fix hours of attendance for seeing at his own residence, or surgery, or other place appointed by him, those persons requiring his services whose condition does not necessitate his visiting them.

14. The practitioners in the district will also arrange with the Insurance Committee for an hour to be fixed, on or before which messages for visits must be sent by the insured person whenever practicable. In a district in which a partial or complete payment per attendance system is adopted, special fees will be payable for a visit made in response to a message received after the hour thus fixed, and on the same day on which the message was received.

Records.

15. It will be necessary for each practitioner on the panel to keep a simple day-to-day record of the patients attended by him, the number of attendances given, the nature of the illness and other particulars. This record is necessary partly in order that each Insurance Committee may have particulars of amount of attendances given, and partly in order that information may be collected as to the incidence of disease among the insured. Day books in the requisite form will be supplied to each practitioner on the panel, and a sample extract from a page of the book* is enclosed. It will be seen that the page is to be perforated along

* This has already been presented to Parliament (*see* page 34 of [Cd. 6520]).

the line A-A. The left hand portion, showing the name and address of the patient, and particulars of attendance, will be furnished to the Insurance Committee. The right hand portion, showing particulars of the illness, but nothing by which the patient can be identified, will be forwarded to the Insurance Commissioners, and will be used for statistical purposes only. In this way any risk of violation of professional secrecy will be obviated. Provision will be made to enable the doctor to keep a carbon duplicate of all entries, but this will remain in the book in his sole custody.

Unreasonable Demands.

16. Each Insurance Committee must under the Act make rules as to administration of medical benefit. Under the Model Rules, issued for adoption by Insurance Committees, provision is made for the infliction of penalties upon insured persons who make unreasonable demands upon the doctors to whom they are assigned.

Disputes.

17. Any question arising between two practitioners on the panel, arising out of their position in that capacity, is to be referred to the Local Medical Committee, who will take such action as they may think necessary.

18. As regards questions which may arise between doctor and patient, the principle of free choice of doctor by patient, coupled with the doctor's right of refusal to attend an individual patient, may be relied upon to afford in most cases a sufficient means of adjustment. Any difficulty that cannot be solved in this way may be referred by either party to a Committee called the Medical Service Sub-Committee, which will consist of three doctors (chosen by the Local Medical Committee), three insured persons, and a chairman chosen from those members of the Insurance Committee who are appointed by the County (or County Borough) Council or from those appointed by the Commissioners. This body will investigate the facts and report to the Insurance Committee. If the Insurance Committee find the insured person at fault in any such matter they may transfer him to another practitioner, or fine him, or in the case of repeated offence suspend him from benefit. If they find the practitioner at fault they may transfer the patient to the care of another practitioner, but they cannot remove the practitioner from the panel nor inflict any penalty (beyond the transfer of the patient) upon him. If they consider that he should be removed from the panel, their only course is to report the matter to the Insurance Commissioners.

Removal from Panel.

19. A practitioner cannot be removed from the panel except by the Insurance Commissioners, who can only proceed upon the result of an enquiry conducted in the manner prescribed in the

Regulations. The Regulations provide that such enquiries must be conducted by a Committee of Enquiry specially appointed for the purpose. This Committee will consist of two members of the medical profession and one barrister or solicitor in actual practice, appointed by the Insurance Commissioners.

IV.—Remuneration.

Amount.

20. The amount available for paying doctors on the panel, for their professional services rendered to insured persons under their agreements with Insurance Committees, will be a sum made up of (*a*) 6*s*. 6*d*. per head per annum of the persons for the time being entitled to their services under those agreements, together with (*b*) 6*d*. per head of those persons in consideration of the treatment of tuberculosis by the practitioner on the panel, and (*c*) whatever may be available in the year from the Drugs Suspense Fund. The Drugs Suspense Fund consists of 6*d*. per head of insured persons entitled to attendance from practitioners on the panel, and is to be applied, as far as necessary, for the provision of drugs, where the cost of those exceeds 1*s*. 6*d*. per head of insured persons; so much of the 6*d*. as is not required for the provision of drugs being paid to the practitioners on the panel.

Method of Distribution.

21. The total amount available annually for the payment of doctors on the panel in any area may be distributed among those doctors in a variety of ways. Legally the decision as to which method must be adopted must rest with the Insurance Committee, subject to the approval of the Insurance Commissioners. In practice, it will usually be decided in accordance with the preference of the practitioners on the panels. The amount to be received by each doctor must obviously depend on the method adopted. A description of the possible working of some of these methods may prove of assistance.

Simple Capitation System.

22. If the object desired is that each practitioner shall know as exactly as possible the income on which he can rely, in respect of his liability to give attendance under the head of Medical Benefit during the year, the method to be adopted is obviously that of simple capitation, under which he will know definitely that if he has 1,000 insured persons on his list for the year, he will receive, in a district in which he does not dispense, at least £325. With the 6*d*. for treatment of tuberculosis, and 6*d*. from the Drug Suspense Fund (where cost of drugs does not exceed 1*s*. 6*d*. per head) it will be £375. In a rural district, where the doctor did the dispensing, it would be £450. In an average practice, of (say) 2,000 persons, probably about 500 or 600 will be insured persons. Taking 500, the income from the insured would be over £180 (apart from drugs). This would be in addition to the income derived from attendance on the wives and families of the insured, and on the uninsured classes. In the above calcu-

lation the 1,000 (or 500) persons, in respect of whom payment is made, does not mean, of course, persons actually requiring treatment, but persons entitled to attendance. For the majority of these, in any one year, no treatment will be required.

23. The expression " on his list for the year " in the preceding paragraph obviously cannot mean on his list at any one moment. The number on the list will fluctuate through removals from the district, transfers from one practitioner to another, deaths, and persons coming newly into insurance in the course of the year, and adjustments must be made accordingly. For the purpose of calculating the amount due to each doctor it is proposed that (when the system is in full working), the payment for each quarter shall be on the average of those on his list on the first day of the quarter and those on his list on the last day of the quarter. Subject to these small adjustments, the practitioner working on a simple capitation system such as that designated " A " in the Schedule to the Regulations may confidently rely on receiving at least 7*s*. (including the 6*d*. for tuberculosis) and possibly (with the amount derived from the Drug Suspense Fund) as much as 7*s*. 6*d*. per head per annum of all the persons on his list. It will be possible for payments on account to be made by the Committee in advance.

24. Some practitioners consider that, although for ordinary visits and surgery attendances the capitation system of distribution may be applicable, the practitioner who in any year is called upon to render a larger proportion of special services (such as operations, treatment of serious accidents, and the like) should receive some higher payment proportionately, than the practitioner who happens, in the same period, to be called upon to deal with a smaller proportion of such emergencies. If this were the predominant view of the profession in any district it would be practicable to adopt System B or D set out in the Schedule to the Regulations. These Systems, like any other of the Systems set forth in the Schedule, may be adopted either as they stand or subject to modifications. For example, it is conceivable that the practitioners in the district might feel that some special liability, such as that of performing operations, or of providing the services of an anæsthetist for an operation which a general practitioner on the panel could undertake, should not be merged into the general capitation payment but should be paid for by special fees. At the same time they might consider that some others of the special services referred to in the Schedule (say for example, special visits and night visits) might be included in the capitation rate. There is nothing to prevent such modifications being made if locally agreed upon.

In any district in which such a mixed system, of capitation payment for some services and payment by fees for other services, is adopted it will be necessary to decide at the beginning of the year what proportion of the total 6*s*. 6*d*. per head, available for Medical Benefit, should be applied to the capitation payment, and what proportion should be reserved as a pool out of which the extras would be paid for. It will be possible, for example, to provide a payment of 5*s*. per head for ordinary services, and to

set aside 1*s.* 6*d.* per head as a pool for extras; and it is possible to give either of these sets of payments priority over the other in the adjustments which may be necessary at the end of the year to secure that the whole of the amount paid falls within the limit of the amount available.

System B: Ordinary Services given priority.

25. Under the System B in the Schedule capitation payment is given the priority. To take the instance just stated, every practitioner will be secure under this system of receiving 5*s.* of the patients on his list, in addition to his share of the pool for extras. If that pool prove more than sufficient to pay for all the "extras" fees, calculated on the agreed scale, the balance of that fund will go to increase the capitation payment for ordinary services. If the amount of fees for extras charged exceeds the amount in the pool, each bill for extras must be proportionately reduced. The fees stated in the Schedule do not, in such a case, represent the actual fees paid. More or less may be paid. They are used in order to secure proportion between the work done by, and the amount paid to, the several doctors concerned. The Regulations provide for the appointment of a Committee of practitioners on the panel to check the bills for extras, in order to protect the general body of such practitioners against any overcharge by any individual practitioner.

System D: "Extras" given priority.

26. Under System D in the Schedule, on the other hand, priority is given to the payments for extras, which will be paid in full on the agreed scale, while the balance available out of the 6*s.* 6*d.* (plus whatever is available from the Drug Suspense Fund) will be divided amongst the practitioners in proportion to the number of insured persons on their respective lists.

System C: Ordinary Services partly Capitation and partly per Attendance.

27. A third possible method of payment partly by capitation and partly by fees is afforded by System C in the Schedule. Under this System not only special services would be paid for by fees but also, to a partial extent, ordinary services, the remainder of the payments for ordinary services being calculated on the capitation basis. Some medical practitioners have suggested that this would be on the whole the most equitable, as affording on the one hand to every practitioner on the panel a guarantee of a certain income, while at the same time securing that he would have some addition to his income in respect of every service (whether "ordinary" or "special") actually rendered. If, for example, it were agreed that 2*s.* 6*d.* per insured person should be set aside as a capitation fee, the balance being divided in fees for attendance, any practitioner who had 1,000 insured persons on his list would be secure of an income of £125, while the remainder of his receipts would be in proportion to the amount of services rendered by him, calculated on the basis of the agreed scale of fees.

System E: Simple Payment per Attendance.

28. Lastly, System E enables simple payment per attendance to be adopted, both as regards ordinary, and as regards special services.

29. Most of the systems above described have been adopted in different places in Germany, and the profession there have not finally decided, after many years' experience, upon any one system as in the long run more equitable than any other.

30. In every case in which payment per attendance is desired, whether simply, as in system E, or in combination with capitation payment, as in systems B, C, and D, it will be for the profession to work out the appropriate fee to be assigned to each service as the basis of calculation of the remuneration. From what has already been explained it will be appreciated that, in settling the scale of fees, the aggregate remuneration of all the practitioners will not be affected by assigning a high or low figure to any particular service. If for example, high fees are fixed for any particular operations, it will only mean that a greater amount of the money to be distributed will go to those individual practitioners who have in any given period performed a greater proportion than others of operations of those kinds, and that less, therefore, will be paid, proportionately, in respect of other services.

31. In conclusion of this part of the subject, it is perhaps well to add an observation on a question on which much misapprehension appears to have arisen, namely, the question whether the practitioners have any "guarantee" that they will receive 6*s*. 6*d*. per head per annum of the insured persons on their list in respect of a twelve months' liability for medical attendance. It will be clear from what has been said that under a simple capitation system, in an urban area in which no "mileage" is paid, every practitioner is secure of payment after the rate of at least 6*s*. 6*d*. per head per annum in respect of his liability to attend any given insured person. If, however, the profession in any district prefer to adopt to any extent the payment per attendance system, it is clear that such an assurance cannot be given, since the remuneration of each must in that case be determined by the amount of work which he is in fact called upon to do, and this cannot be foretold. The essence of the system of payment per attendance (or as it is sometimes called "payment for work done") is that an individual practitioner is secure, not of a definite income in proportion to the number of persons whom he is under contract to attend, but of a definite income in relation to the amount of work that he is called upon to do. This, indeed, is the reason assigned by many practitioners for preferring this system.

V.—Provision of Drugs and Appliances.

32. Under the Act the provision of drugs and appliances must ordinarily be carried out by chemists and other persons, firms and bodies corporate, who undertake the provision on the terms offered by the Insurance Committee. Arrangements cannot be

made with medical practitioners for this purpose except in such special cases as may be prescribed by the Regulations. The special cases are, firstly, cases, such as will occur in practice everywhere, in which a practitioner himself administers a remedy, as for example by hypodermic injection, or in which provision of medicine is required before it can be obtained from a chemist, as for example at a night visit or any other emergency; and, secondly, cases in which, on account of distance, patients would be put to exceptional inconvenience in obtaining medicine from chemists. This last group of cases is defined in the Regulations as including both all cases in which the insured person resides, in a rural area, at a distance of more than one mile from a chemist, and other cases in which there are special difficulties of access by the patient to a chemist. Questions arising in relation to these exceptions will be determined in the first instance by the Insurance Committee, and in the last resort by the Commissioners.

33. In areas in which medicines are supplied by chemists they will be required to make such arrangements as will secure prompt and convenient supply of medicines to the insured persons requiring them. The doctor's prescription will constitute also the order to the chemist for supplying medicine. The chemist in turn must produce it to the Insurance Committee, in due course, as a voucher, in order to obtain payment for the medicines which he has supplied. Special forms of prescription book will be supplied to doctors and will be so designed that the doctor can retain carbon duplicates of all his prescriptions. The prescription given to the patient must be taken by him to the chemist and left with the chemist. The patient will not be able to have his medicine repeated (at the expense of the Medical Benefit Fund) except as the doctor may order.

Drug Price List.

34. The Committee must prepare a list of drugs with prices, and in preparing this list they must consult the chemists on the one hand and the doctors on the other hand. Both are interested in the prices because these will affect not only, as concerning the chemist, the payment which he is to receive from drugs supplied, but also, as concerning the doctors, the question of how much of the Drug Suspense Fund will be required for the provision of drugs and how much will be available for medical remuneration.

35. The doctors are also concerned in determining what drugs shall be included in the list of those " ordinarily supplied." An insured person is entitled to obtain any medicine which the doctor attending him thinks necessary for his treatment. It would clearly be impracticable to prepare a comprehensive list, including every drug which might in any circumstances be given by a doctor. It is proposed therefore that each Committee shall draw up a list of the drugs *ordinarily supplied*. These will be priced in the list. If a doctor desires to prescribe any drug not included in the list, he must do so in a special form. The use of the special forms will assist the general body of the doctors in

checking any extravagance in prescribing on the part of one of their number.

36. The question what drugs should be included in the list of those " ordinarily supplied " is a matter for the doctors, chemists, and Insurance Committee of each area. It is possible, if thought fit, to include not only British Pharmacopœa preparations, but also any others that it may be thought desirable to include. In many public institutions it has been found convenient, with a view to saving time in prescribing and dispensing, and therefore with a view to economy, to adopt a list of formulæ for mixtures which are frequently used. This enables the doctor to write a single expression instead of a number of ingredients, and enables the dispenser to keep the mixture ready made up, thus saving expense in dispensing. It is possible for the doctors of any area to agree upon a number of such formulæ which the chemists would recognize and keep in stock, and which would be included in the local drug list.

37. It is clear that both the Insurance Committee, the practitioners on the panel, and the chemists have interest in checking extravagance in the use of drugs. It is provided in the Regulations that the Local Medical Committee shall be entrusted with the duty of watching this matter, and that the local pharmaceutical committee shall be able to make representations to them on the subject.

38. Each doctor, in an area in which the ordinary supply of drugs is provided through chemists, will render an account for drugs supplied in special circumstances by him, calculated on the same tariff as that on which the chemists are paid, and he will receive payment from the Drug Fund in the same way as the chemists.

39. In a rural area, on the other hand, doctors will be paid, in respect of all those insured persons to whom, by arrangement with the Insurance Committee, they supply drugs, at the rate of 8*s*. 6*d*. per head per annum, for Medical Benefit, or, including the 6*d*. for tuberculosis, 9*s*. per head.

VI.—Mileage.

40. It has been represented on behalf of the profession that special payment should be made in those cases in which a practitioner has to travel more than the ordinary distance in order to visit his patient. In ordinary districts the question of the arrangements to be made in this respect is one of the method of distribution of the 6*s*. 6*d*. or 8*s*. 6*d*. (as the case may be) available. For example, it has been proposed that insured persons in any area might be classified according to their distance from some centre and payments made on the aggregate scale accordingly. There is nothing in the Regulations to prevent the adoption of such a system if desired.

Special Mileage Fund.

41. In the cases of specially sparsely populated areas, and of those, such as mountainous districts and fens, in which not only

actual distance but difficulties of locomotion have to be taken into account, the Government have agreed to make special grants in order to enable higher payments than the 8*s*. 6*d*. per head to be made. In considering whether a grant should be made from this special fund to an Insurance Committee, to enable it to make such higher payments to doctors in its area, regard will be had to the circumstances of special districts in the country area, and not merely to the area taken as a whole.

42. Any insured person may be allowed by the Insurance Committee (in lieu of availing himself of the arrangements made by the Insurance Committees under the Panel System above described) to "make his own arrangements" for receiving attendance and treatment. If an income limit is imposed, those whose income exceeds that limit *must* make their own arrangements. Any insured person who chooses, or is required, to take his Medical Benefit in this way, is entitled, subject to the Regulations made by the Commissioners, to receive a contribution towards the cost. This contribution must not exceed, of course, the actual cost incurred, and, on the other hand, the amount contributed towards the attendance and treatment of all such persons, in the area of any Committee, must not exceed in the aggregate what it would have cost the Committee to provide for them under the Normal System. In other words, the amount contributed to the cost of treatment of such persons cannot exceed 8*s*. 6*d*. per head of all the persons who elect to take their Medical Benefit in this way.

VII.—Persons who make their own Arrangements.

43. Cases of those who "make their own arrangements" for obtaining medical attendance and treatment fall under two heads, namely, first, those who make a private arrangement direct with a doctor for treatment on private practice lines, and, secondly, those who enter into some kind of contract for the purpose.

44. As regards those who obtain their treatment privately, the amount available will be paid into the pool, they will furnish to the Committee in due course their doctor's bills, made out according to a scale of fees laid down by the Committee, and the bills will be paid by the Committee as far as possible. If the amount of the bills exceeds the amount in the pool the amount paid towards each bill will be in proportion to the bill. In such cases, of course, the patient, having entered into a private arrangement with the doctor, will be liable to the doctor, to the extent to which that arrangement renders him liable, for the amount of the doctor's bill over and above what is payable from the Medical Benefit Fund. The doctor will be under no obligation under the Act or Regulations to charge on the scale of fees laid down by the Committee. He may charge higher fees if the patient so agrees. As regards the supply of drugs, such arrangements are subject to the same restriction as the arrangements made with doctors on the panel. That is to say, an insured person cannot enter into an arrangement with the doctor to supply him with drugs, unless the patient

resides in an area in which the Committee has arranged for those insured persons who obtain attendance and treatment from doctors on the panel to be supplied with drugs by those practitioners.

45. If an insured person makes his own arrangements by way of contract, it will be the duty of the Insurance Committee to see that the contract affords reasonable security that he will obtain proper attendance and treatment, and that the money paid from the Medical Benefit Fund shall be applied solely to that object. Further, the condition as to the relation between the amount applied to the cost of medical benefits and treatment and the amount applied to the cost of drugs would be the same as in the case of practitioners on the panel: that is to say, not more than fourteen-seventeenths (that is 7*s*. in a case in which the total amount payable is 8*s*. 6*d*.) would be allowed for medical attendance and treatment, and not more than four-seventeenths (that is to say, not more than 2*s*. in the same case) could be allowed for the provision of drugs. The amount paid by the Committee for each purpose must be the actual amount expended under the contract for that purpose.

46. Insured persons who are members of any system or institution which was in existence on December 16th, 1911, may, if they so desire, take as their medical benefit, or as part of their medical benefit, attendance and treatment obtained through that institution. In such case the contribution would be made to the cost of the treatment in exactly the same manner as, and under similar conditions to, those obtaining in the case of patients who make their own arrangements by way of contract. Among the systems or institutions which may be approved for this purpose are some which provide only a part of the benefits required as medical benefit. Examples of such institutions are the Accident Funds associated with some works. A member of such a fund could, if he so desired, receive a contribution from the Medical Benefit Fund towards the cost of the treatment received through the institution, that is to say towards the cost of providing treatment in cases of accident, while he would enter into other arrangements for provision of attendance and treatment in ordinary illness.

VIII.—Income Limit in respect of Medical Benefit.

47. Any Insurance Committee may fix an income limit in respect of medical benefit, and may require those insured persons whose income exceeds the limit to " make their own arrangements " for obtaining medical attendance and treatment, instead of obtaining attendance and treatment under the arrangements made by the Committee. A contribution from the medical benefit fund will, of course, be made as explained above towards the cost of the attendance and treatment obtained by such persons. The decision as to fixing the income limit rests entirely with the Insurance Committee, and is not subject to approval or otherwise by the Commissioners. It is a matter,

however, in which each Insurance Committee is required to consult the Local Medical Committee of the area.

IX.—Administration.

Insurance Committees and Local Medical Committees.

48. The bodies responsible for the administration of Medical Benefit in every area are the Insurance Committees, there being a Committee for every administrative County and for every County Borough. Three-fifths of the members of every Committee are appointed by insured persons; one-fifth by the County Council or the County Borough Council (as the case may be); and of the remaining one-fifth, two members will be directly elected by the profession in each area, while the rest will be appointed by the Insurance Commissioners. Of the members appointed by the local authority, at least one in a Committee of forty but under sixty, at least two in a Committee of sixty but under eighty, and at least three in a Committee of eighty, must be medical practitioners. Of those appointed by the Insurance Commissioners at least one must be a medical practitioner, and such greater number as is necessary to secure that the total number of medical members of the Committee (including both those directly appointed by the profession, those appointed by the local authority and those appointed by the Insurance Commissioners), shall constitute not less than one-tenth of the whole Committee. The Insurance Commissioners, in appointing the medical members of the Committee, will consider any names put forward by the Local Medical Committee of the area.

49. The arrangements made by every Insurance Committee are subject to the approval of the Insurance Commissioners

Local Medical Committee.

50. Moreover, in all arrangements which they make as regards administration of Medical Benefit, the Insurance Committee must consult the Local Medical Committee of the area, which is a body elected by the medical profession of that area. Thus, through the Local Medical Committee the profession have security that their collective views shall have full consideration in any arrangements that are made. If the Local Medical Committee are dissatisfied with any arrangement proposed to be made by an Insurance Committee, they have power to make representation to the Commissioners before the latter body decide as to approving or not the proposed arrangement.

Inspection.

51. Inasmuch as all arrangements made under the Act for the provision of medical attendance and treatment to insured persons are subject to approval by the Insurance Commissioners, it will

be necessary for the Commissioners to satisfy themselves that such arrangements are being properly carried out. For this purpose it will be necessary for them to employ Medical Officers of the Commission to report upon any arrangements made by each Insurance Committee, and also to report upon the arrangements made in cases in which insured persons are making their own arrangements through some kind of contract, or are obtaining their Medical Benefit through some system or institution. Such "inspection" will not, however, involve in any case enquiry into the treatment that is being given by doctors to individual patients, or any kind of interference between doctor and patient.

X.—Provisional Arrangements.

52. The foregoing statements have reference to what is looked forward to as the permanent working of the system. In the period immediately following the commencement of Medical Benefit it will not be practicable to carry out the above arrangements in every detail and certain modifications must be made. It is proposed, therefore, that provisional arrangements should be made for the period from January 15th to April 14th, 1913, and the agreements which doctors will be asked to enter into before the end of the present year will relate only to this provisional period. Time will thus be afforded for the more careful adjustment of details as regards permanent arrangements.

53. Certain matters must, however, be settled for this provisional period, in which it is of the greatest importance that the Insurance Committees should have full indication of the views of the medical profession of the area, and especially of those who propose to act on the panels. These are, first, the method of remuneration; secondly, in any case in which any element of payment per attendance enters into the method of remuneration adopted, the schedule of fees; thirdly, the list of drugs to be ordinarily supplied and the tariff of prices, both for those drugs and for drugs specially ordered.

Method of Remuneration.

54. As regards method of remuneration, it will be impracticable in this provisional period to adopt a capitation method on such lines as are contemplated for permanent adoption, because essential features of such a system are that each doctor shall have, at the *beginning* of the period, a list of the persons whom he is at that time under contract to attend, and that every insured person shall have chosen, or been assigned to, some doctor on the panel before the commencement of that period. Owing to the difficulties in obtaining complete registers of insured persons it would not be practicable to carry through the allocation of every insured person to some doctor before January 15th. These considerations do not, however, preclude the adoption of any capitation system of payment for the provisional period, but they

necessitate that in such case the payment to the doctors shall be calculated upon the number of persons on the list of each *at the end of the quarter*, time being thus obtained for the allocation of insured persons to doctors to be carried out during the quarter. Alternatively, it will be possible, of course, to adopt a simple payment per attendance system, for this provisional period, even in an area in which the profession considers the capitation system preferable as a permanent arrangement, or desires to keep open, for the present, the question which they would ultimately prefer.

First List of Panel Doctors.

55. As indicated in the letter of invitation, which will be circulated to doctors by Insurance Committees, each Committee must prepare on January 1st the list of those doctors who by that time have agreed to act on the panels. That list will be made available to insured persons through the Post Offices, through the Customs and Excise Officers, through the Secretaries of Approved Societies and through the Clerks of Insurance Committees, during the first week of January. It will at any time be possible for a doctor to indicate his willingness to act on a panel, but it will not be possible for doctors who do not indicate this before December 31st, 1912, to have their names included in the list issued as above described.

Initial Steps.

56. Insurance Committees have now before them full particulars of the arrangements contemplated. In order to be ready on the appointed day (January 15th, 1913) they will issue to every practitioner in their respective areas a communication, which should reach him in the second week of December, asking him to indicate if he is desirous that his name should be placed on the list for selection by insured persons, and inviting a conference, directly or through a Local Medical Committee, as to the arrangements that can most conveniently be made for the Provisional Period.

December, 1912.