

Transforming Public Services

Accountability and Affordability



Review of Northern Ireland's Health and Social Care Services

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King's Fund



NI Review: Terms of Reference

- Future funding needs to 2022/3
- Current system efficiency
- Performance management system
- January-July 2005
- DFP/DHSSPS
- Paul Montgomery (DFP)

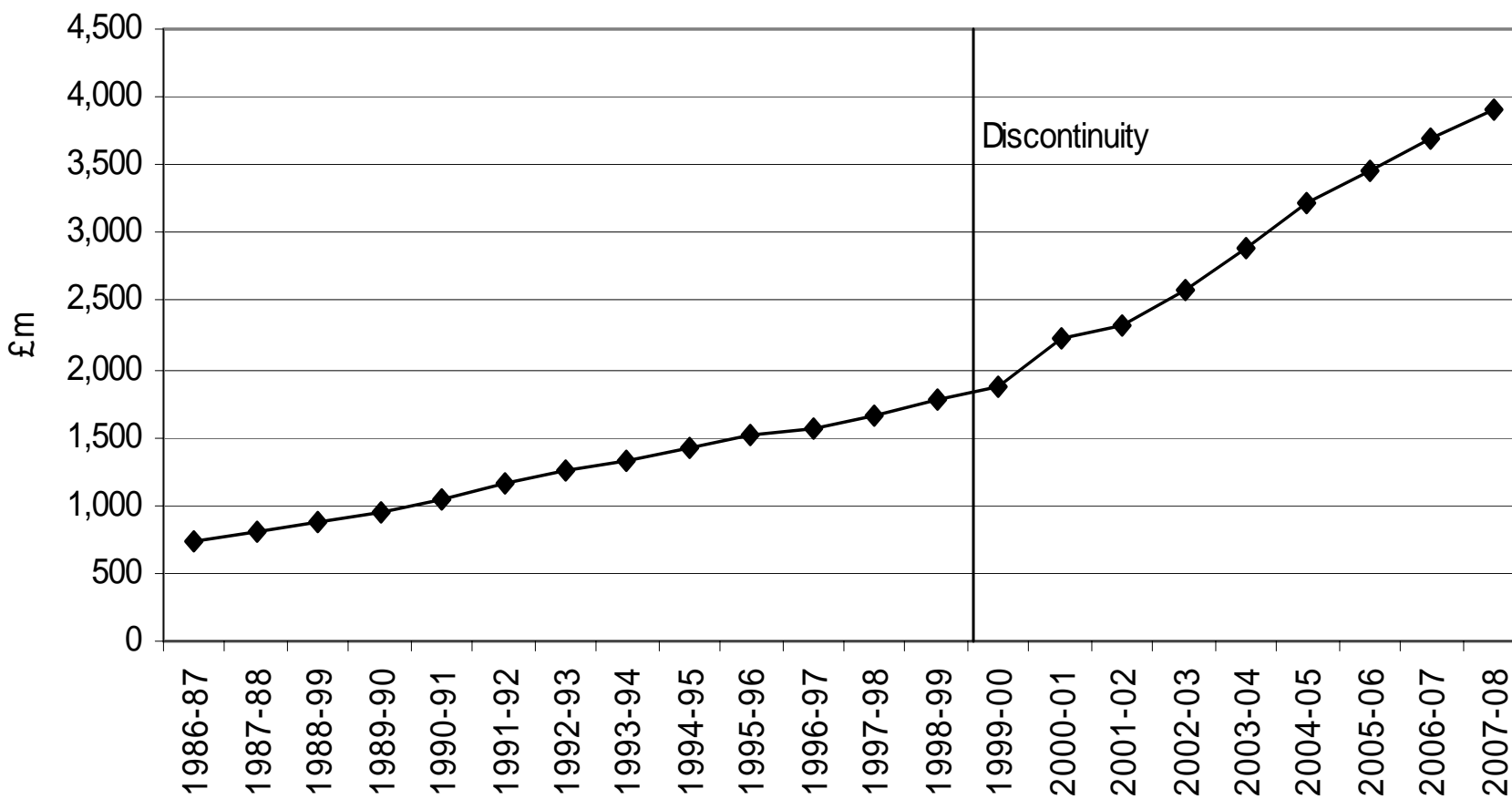


Funding

- Historically, relatively high per capita health and social care funding in NI
- View that outputs not matching level of inputs
- Other reviews (Wanless for UK, Wanless in Wales, Kerr in Scotland)...time for NI review



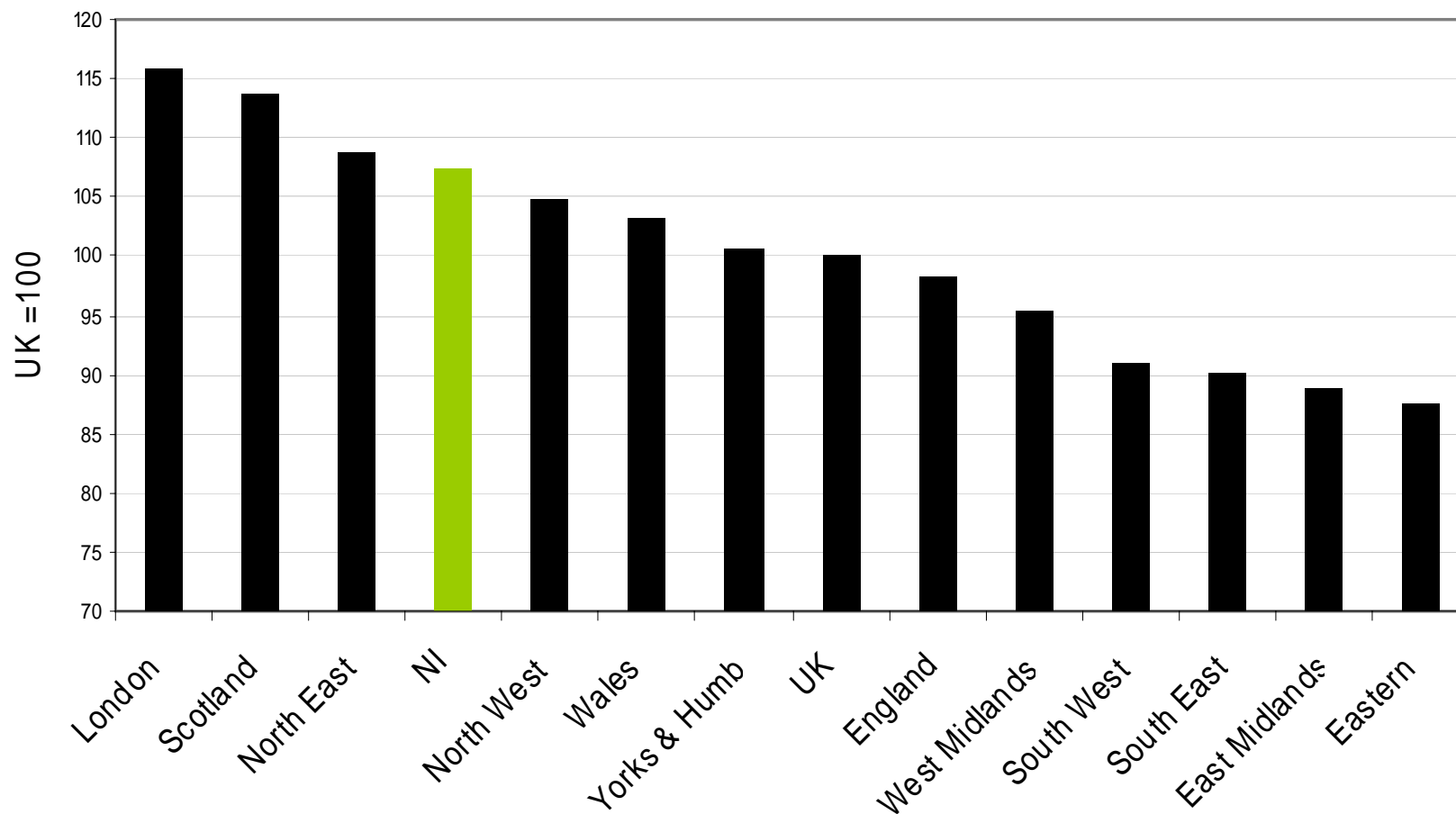
Health and Personal Social Services Expenditure 1986/87-2007/08



Source: DFP (Out-turn data only available up to 2003/04, plans thereafter)



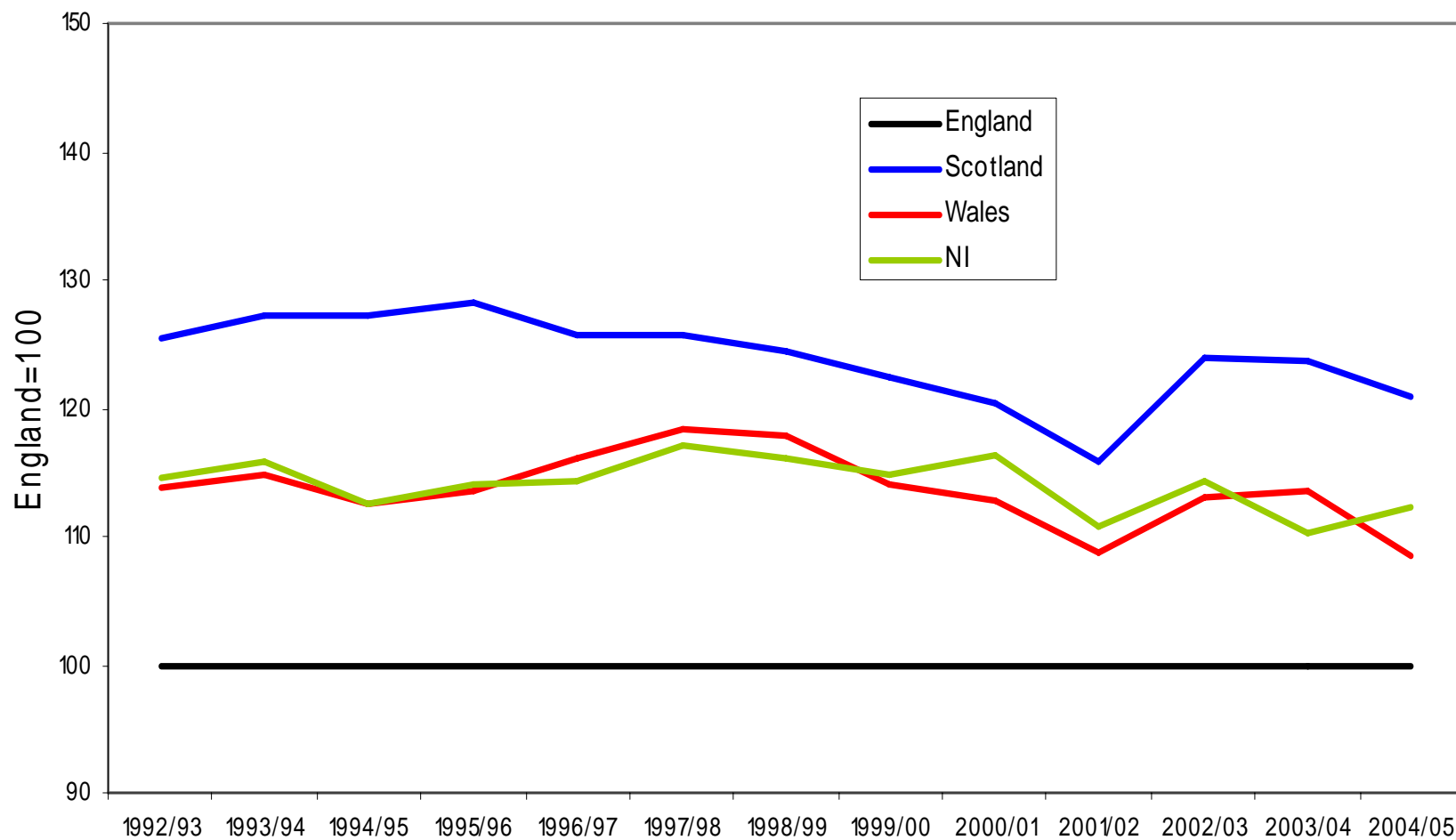
Health Expenditure per head of population, 2004-05



Source: National Statistics



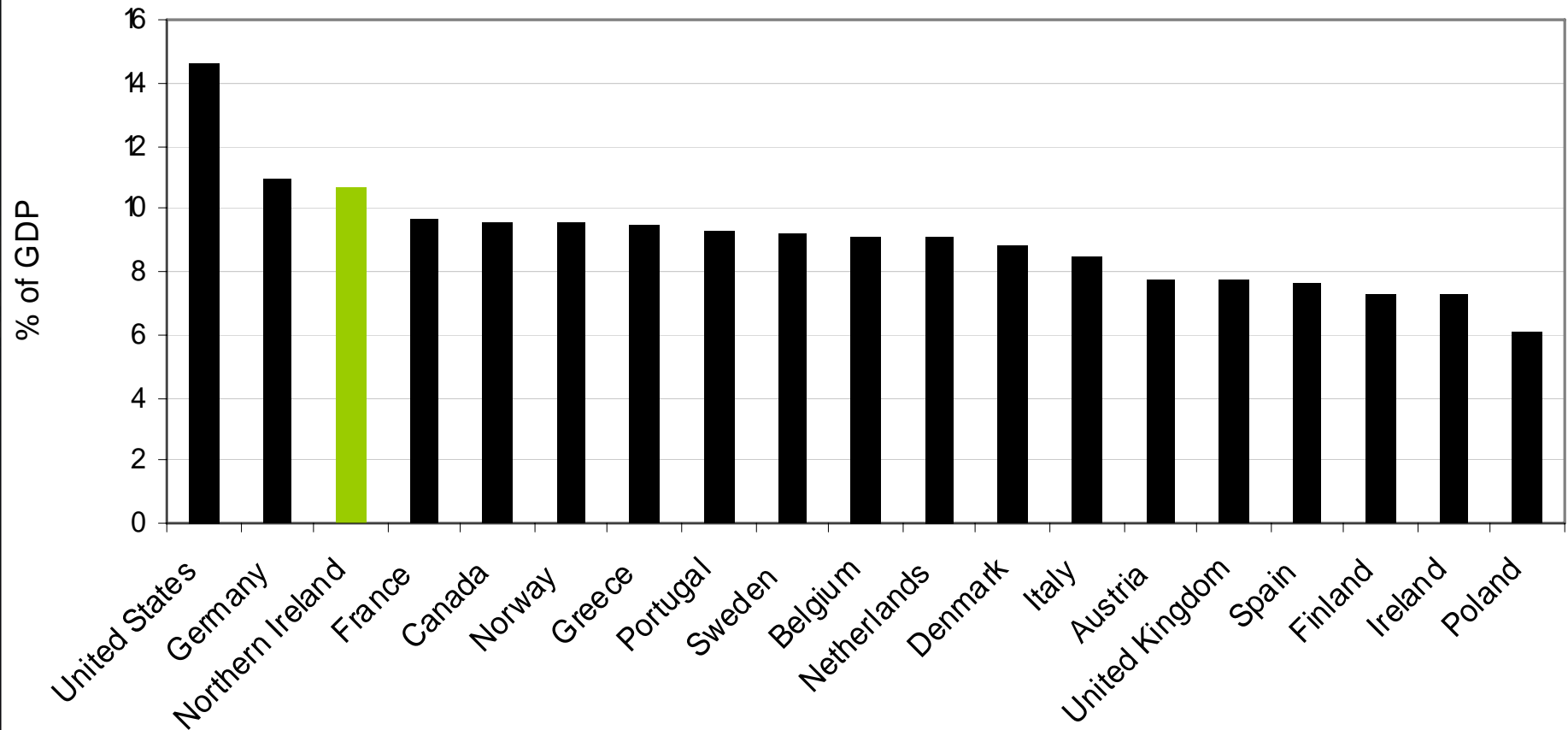
Health and Social Care Spend for UK Countries, 1992/93-2004/05



Source: HM Treasury PESA



Health Spend as a % of GDP for selected OECD Countries, 2002



Source: OECD, National Statistics



How much money?

- Barnett 'formula' + NI Budget decisions = HPSS budget
- Barnett formula affects the rate of change in block allocation to NI (ie English change adjusted for NI share of total UK population)
- NI Budget decisions
= ([Bids + 'keep up with the Jones's'] / DFP parsimony)

Future funding: approach taken by NI Review



- Wanless first report (2002)
- What is NI's 'fair share' of Wanless?
- Ideally, needed a needs-based resource allocation formula constructed on the basis of UK four countries data...unfortunately none exists.



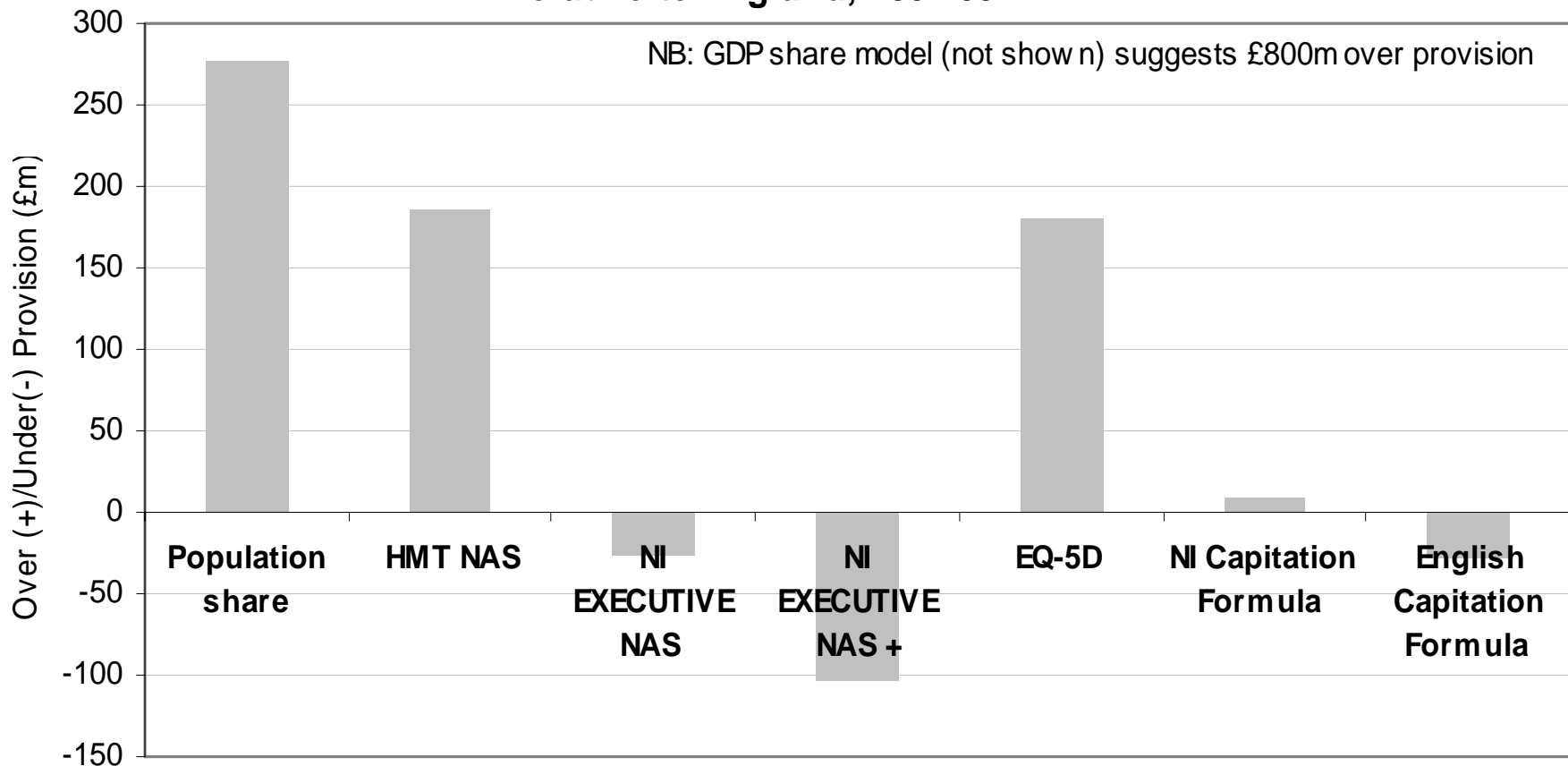
The models

- HMT Needs Assessment Study (NAS) Update
- NI Executive Update
- NI Executive+ Update
- EQ5D health status model
- NI Internal allocation model
- English Internal allocation model
- International benchmark model (GDP)

Results: Current (2002/3) position



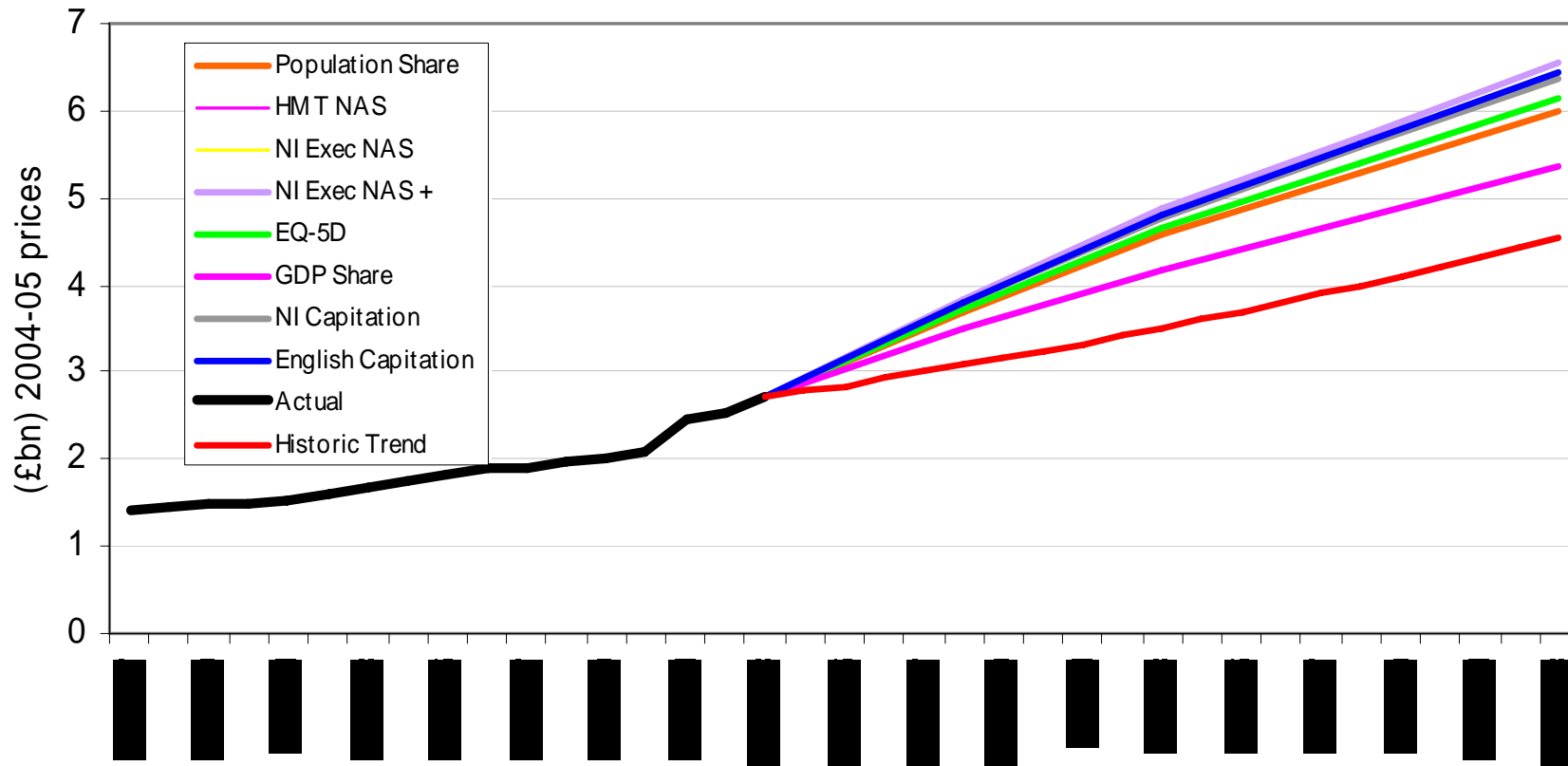
**Provision of Health & Social Care Resources in Northern Ireland
relative to England, 2002-03**





Results: Trends to 2022/23

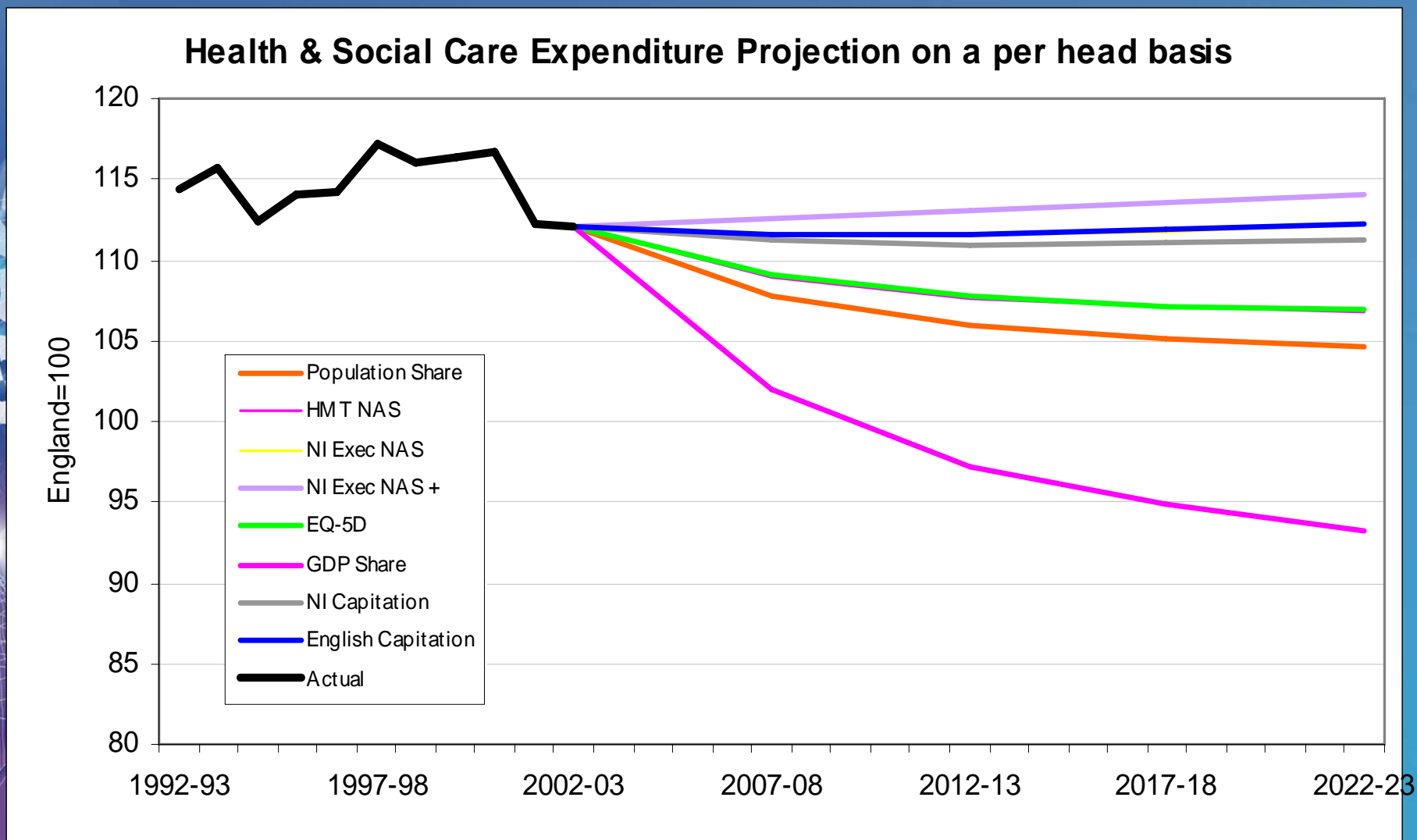
HPSS Projected Resource Requirements Over Time



Note: There is a discontinuity in the actual expenditure data in 2000-01 due to changes in accounting practices



Results: Per capita future trends



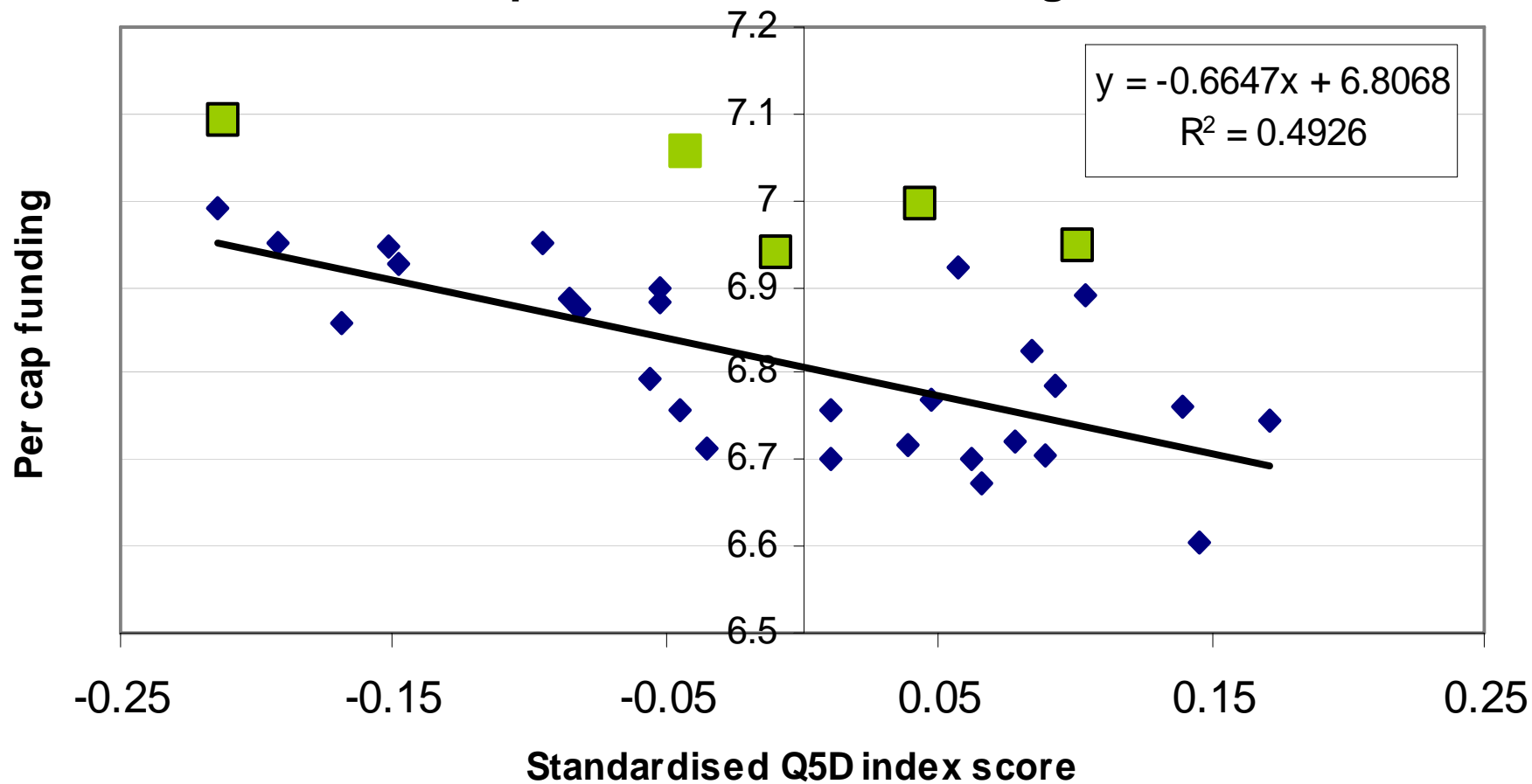


Critique of the models/approach

- **Approach:** Approximations to UK-wide needs-based allocation formulae
- **International benchmarking:** Can NI be treated as a country in the same way as Germany, US etc?
- **EQ5D:** variations in EQ5D only explain 495 of variation in per capita funding across English SHAs. Model too simple



Relationship between population health and per capita health care funding





Critique of models

- **Population shares (Barnett Formula):** Not needs-based
- **NI allocation model:** Relative per cap need (+9.5%) sensitive to needs estimates for learning disability and physical and sensory disability care programmes. These estimates driven by benefit take up. Formula suggests 63% higher spend in these two areas – but only 36% higher



Critique of models

- **English allocation model:** Relative need (+14%) again very sensitive to small number of factors in formula
- **HMT NAS model:** Out of date model? New developments in allocation methodologies since 1994
- **NI Executive Update and Update+:** Evidence for updating HMT NAS model not considered robust enough. Results sensitive to a few factors (Income Support big driver in estimates)

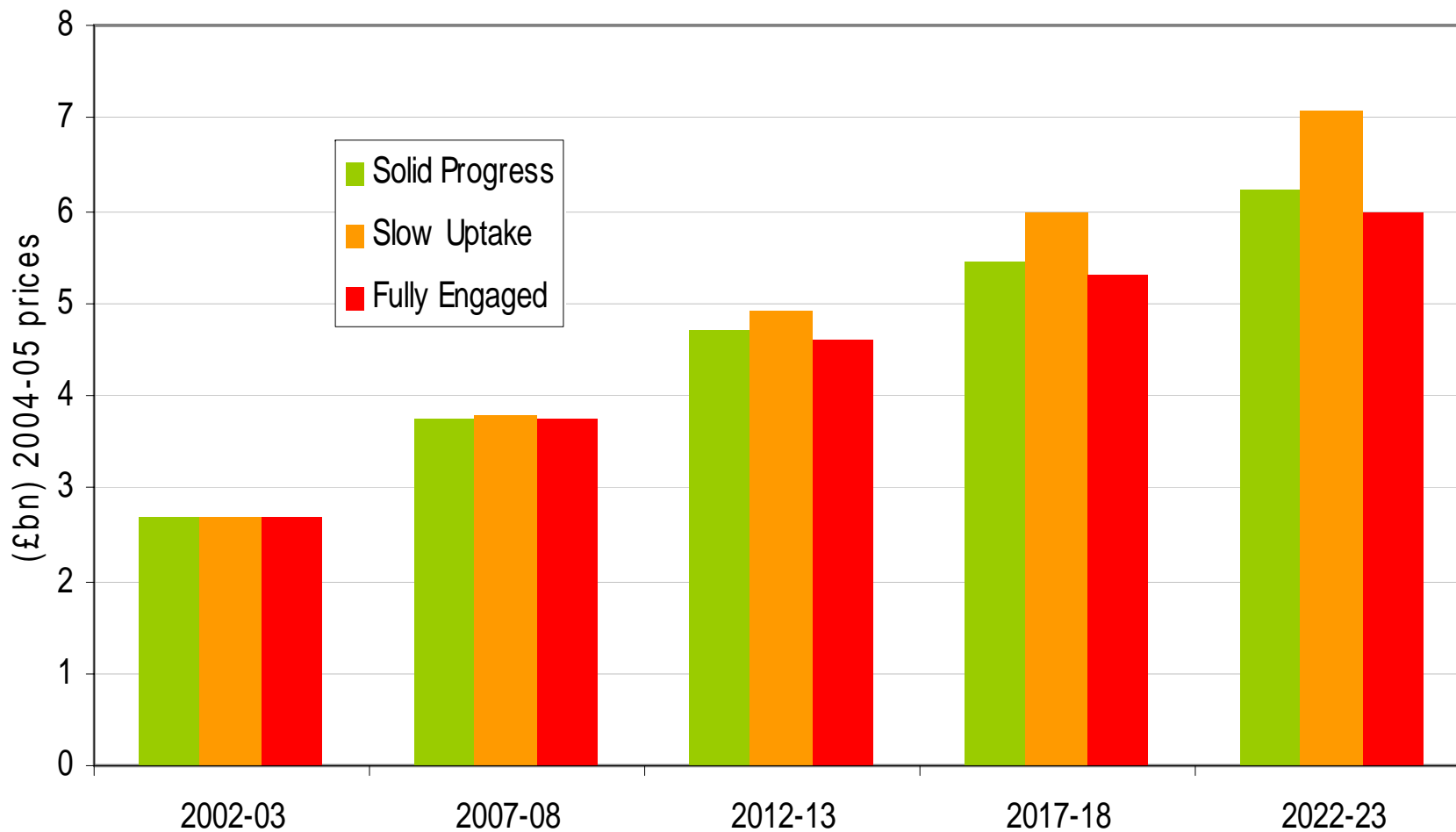


Funding: Recommendations

- (Ignoring GDP and EQ5D) Models suggest variation in relative need of between 4% and 16.5%
- Review settled on +7% relative need in comparison with England: higher than Barnett/HMT NAS, but lower than NI Exec Updated models
- Translates into substantial extra funding: more than double in real terms between 2002/3 and 2022/23



Health & Social Care Expenditure Projections Assuming a 7% Higher Level of Need in Northern Ireland



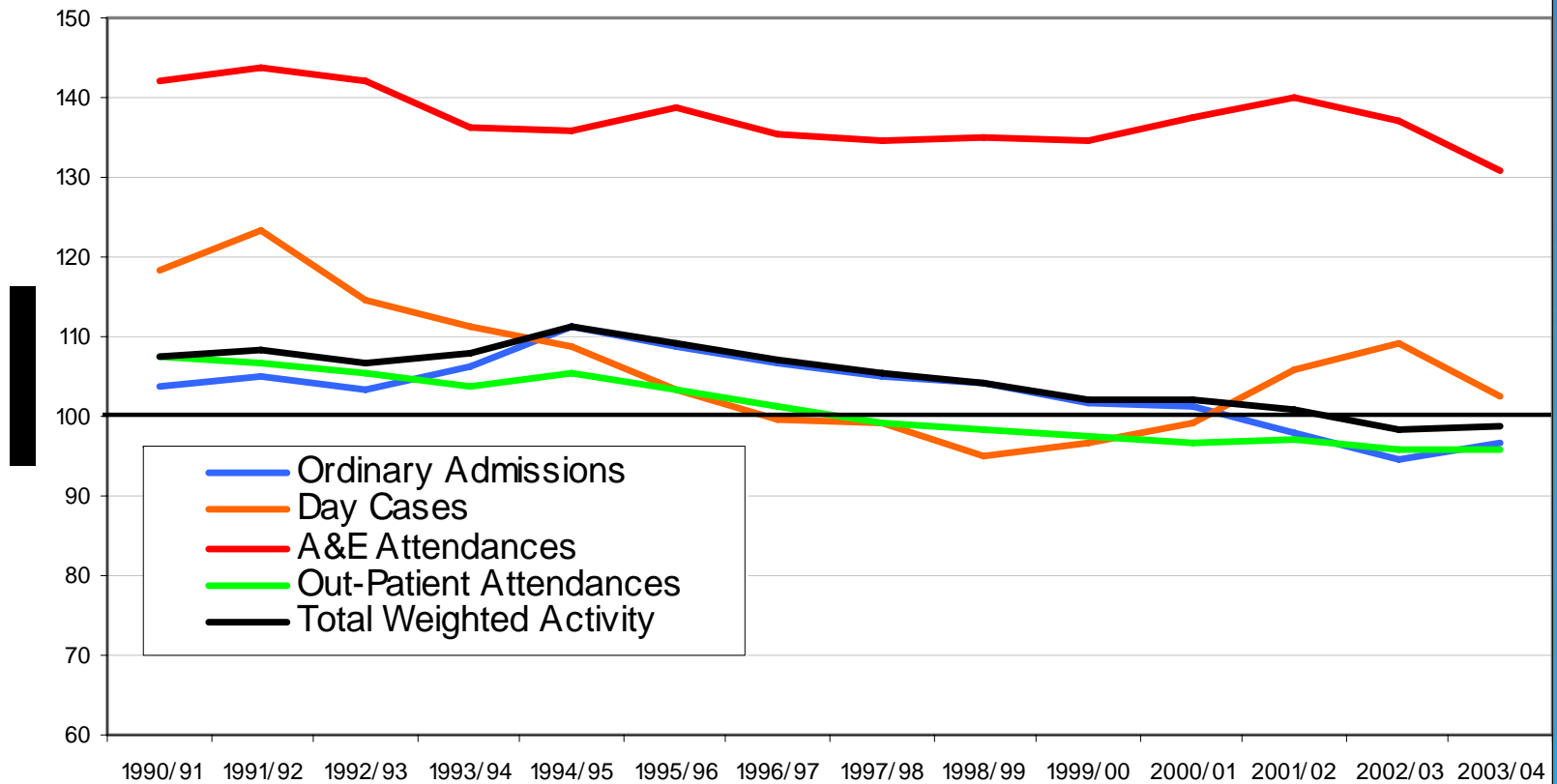
Current system efficiency/effectiveness



- Efficiency measurement problematic (cf Atkinson Review)
- CWEI: poor guide to efficiency
- Relied on various input/output ratios plus performance on waiting times to judge efficiency/effectiveness



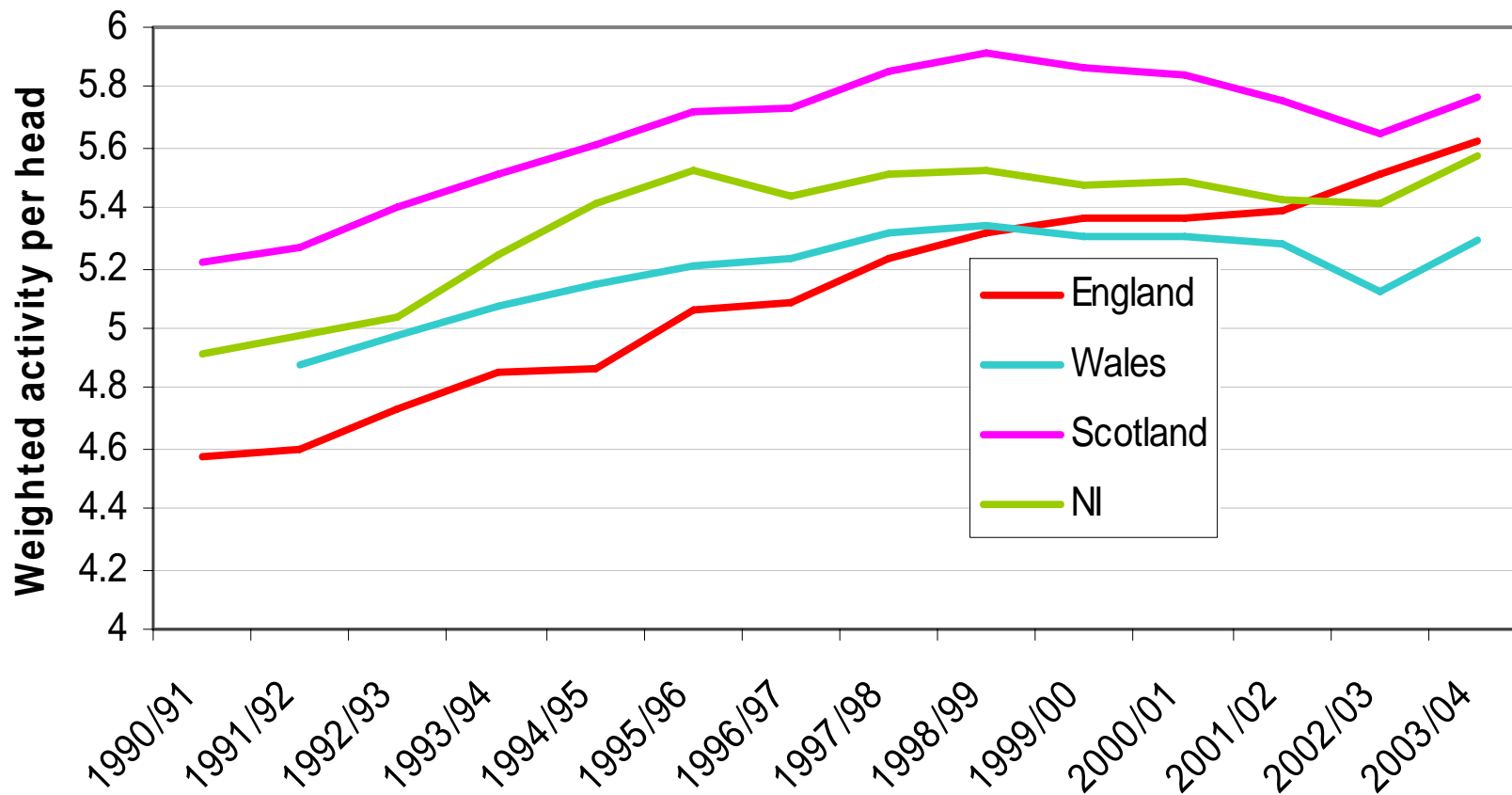
Northern Ireland hospital activity per head relative to England



Source: DHSSPS, DoH



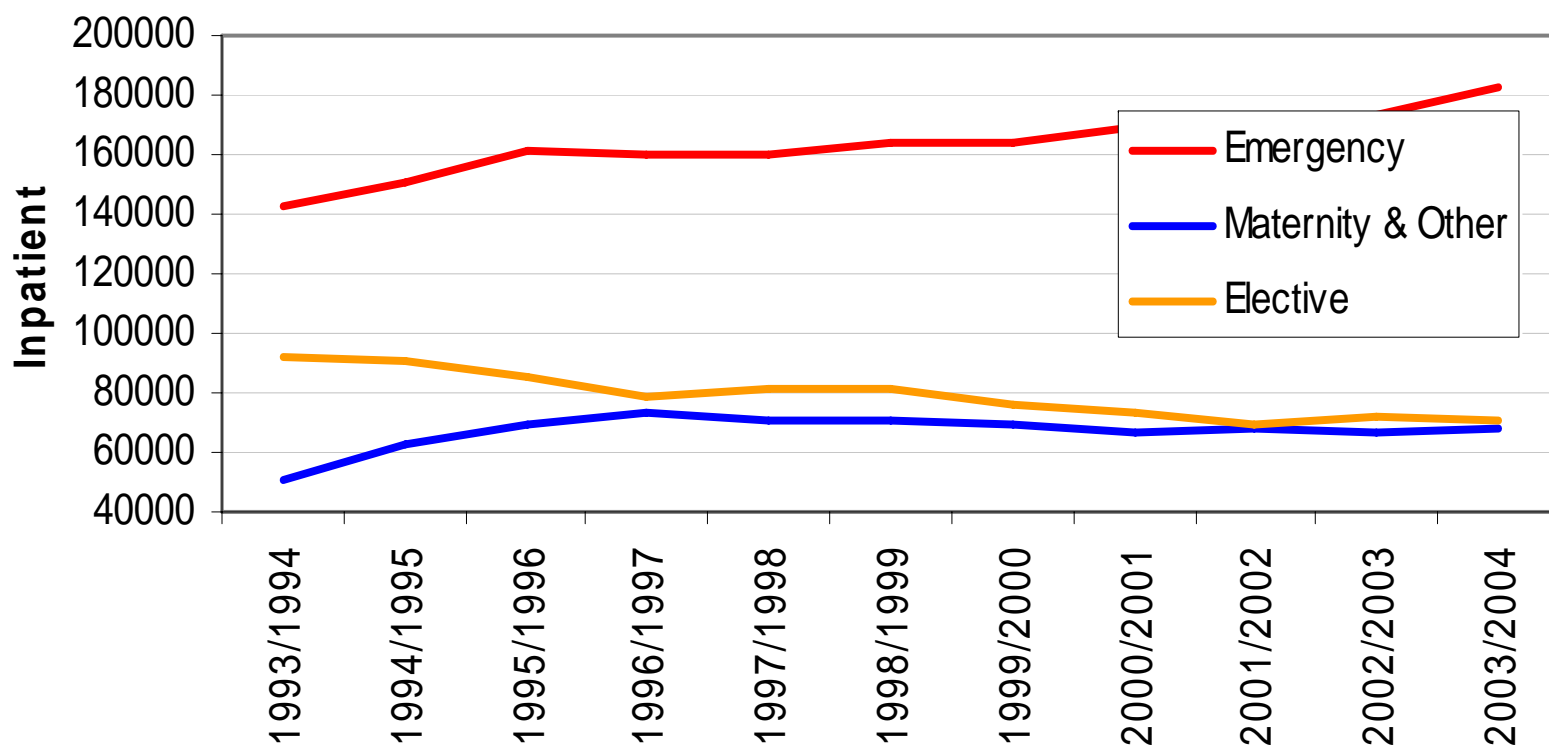
Weighted hospital activity trends



Source: National Statistics



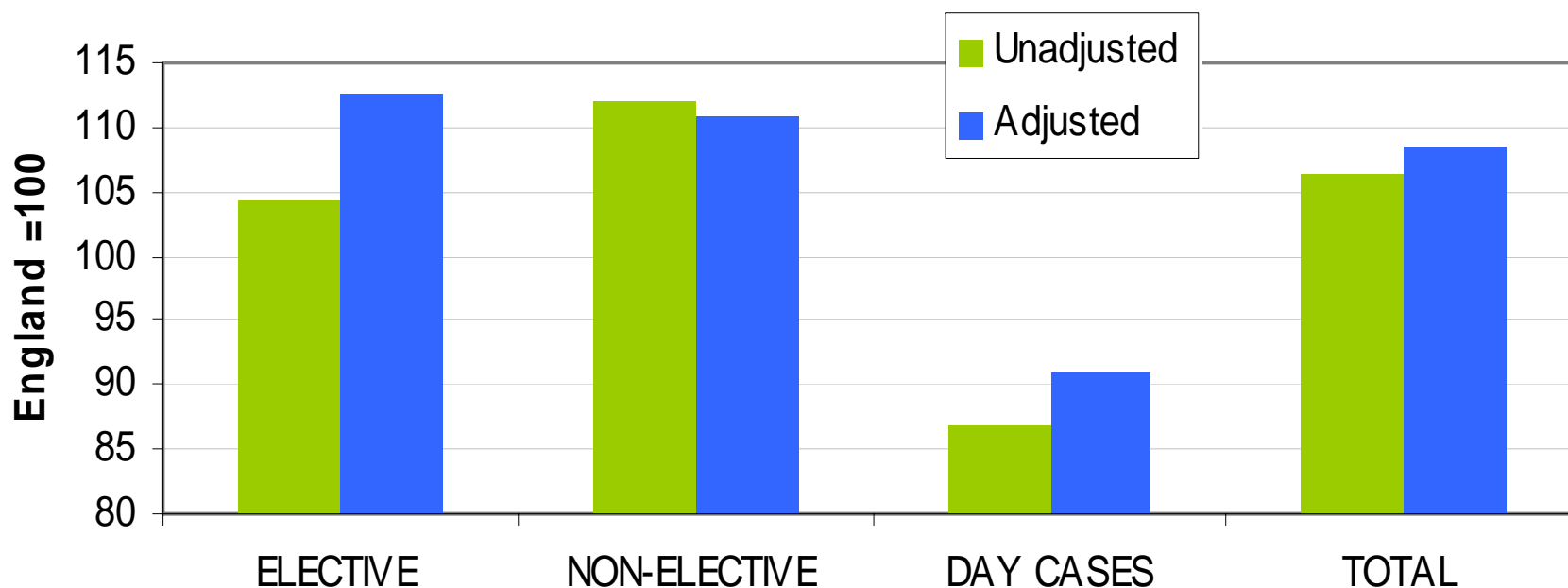
Elective, emergency and maternity admissions to Northern Ireland hospitals



Source: DHSSPS



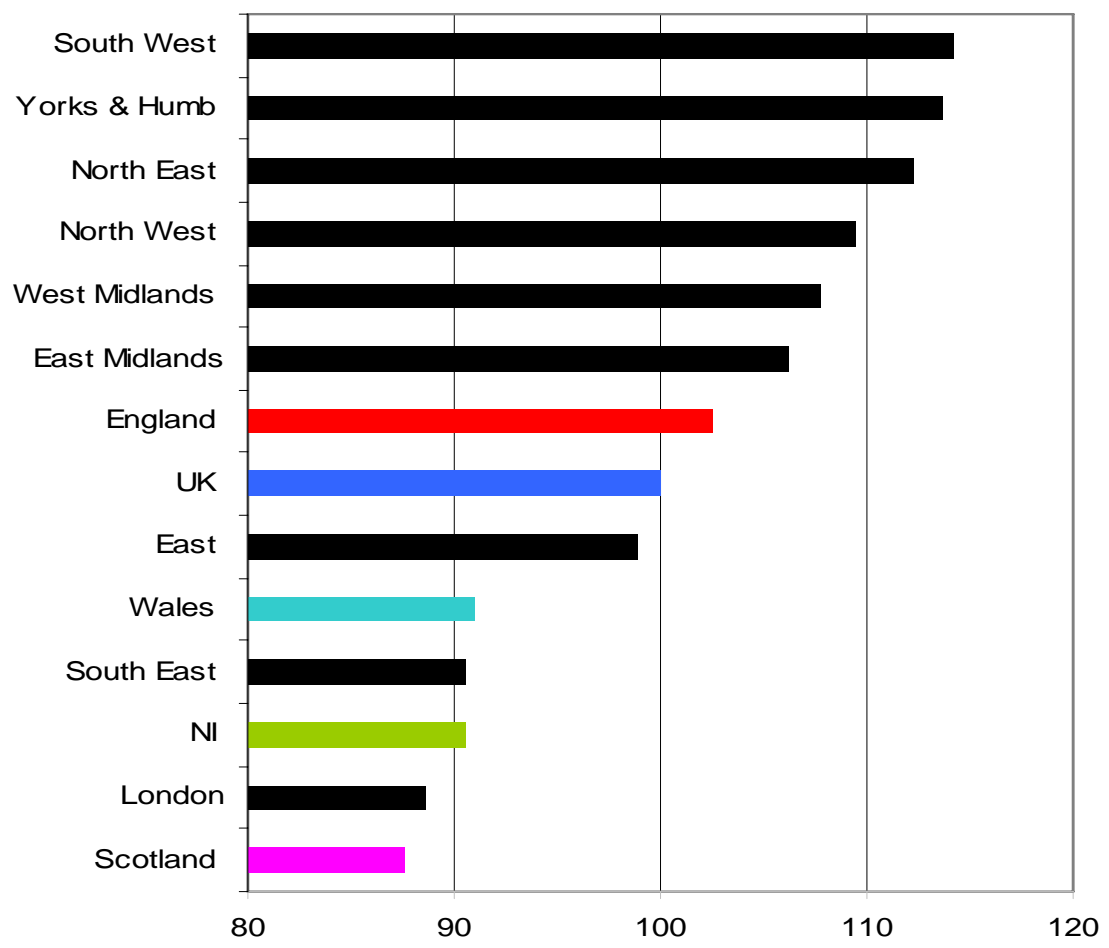
Unit Cost of Acute Activity in Northern Ireland Hospitals, 2002/03



Source: DHSSPS, DoH



Total weighted activity per £ of health spend by UK region, 2002/03

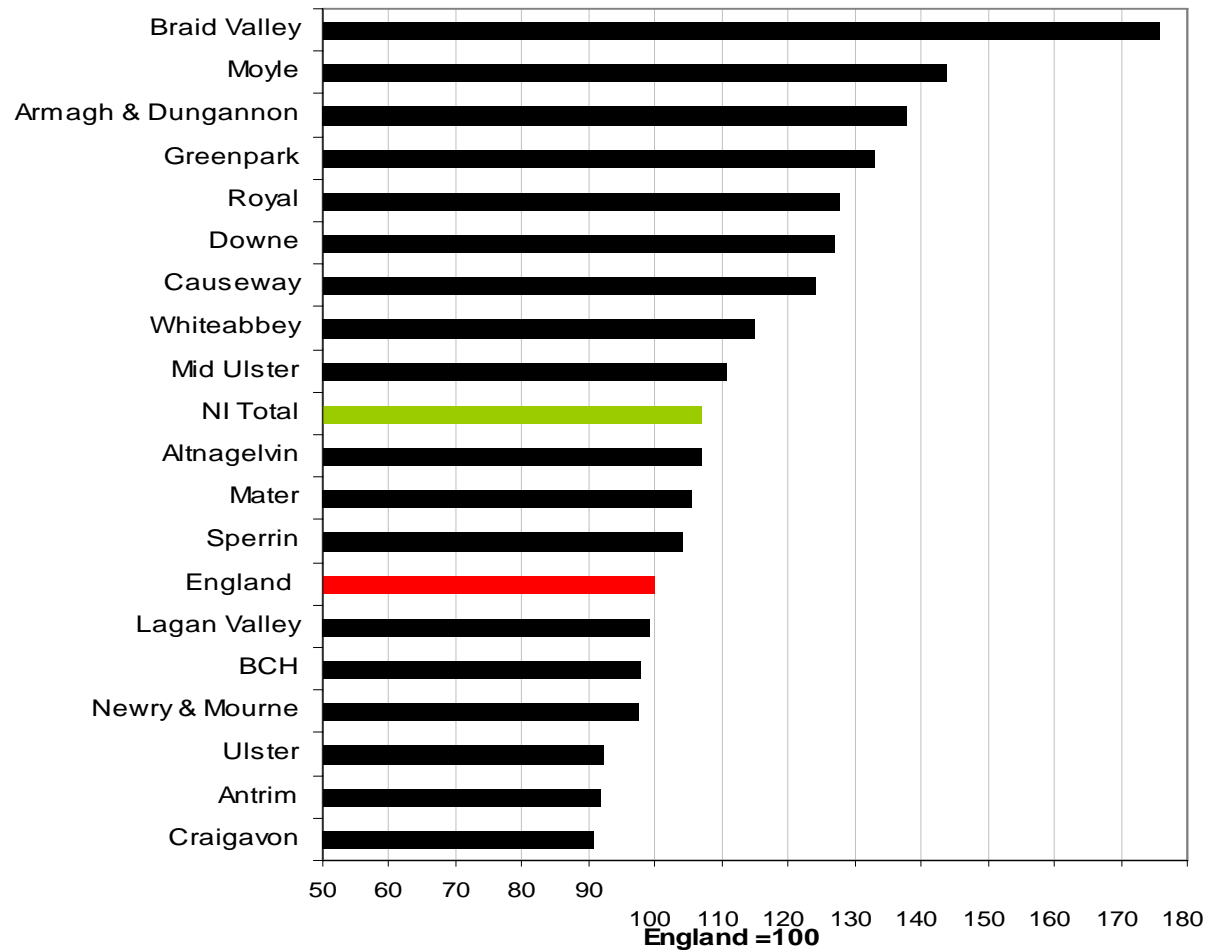


Source: Regional Trends, PESA

UK = 100



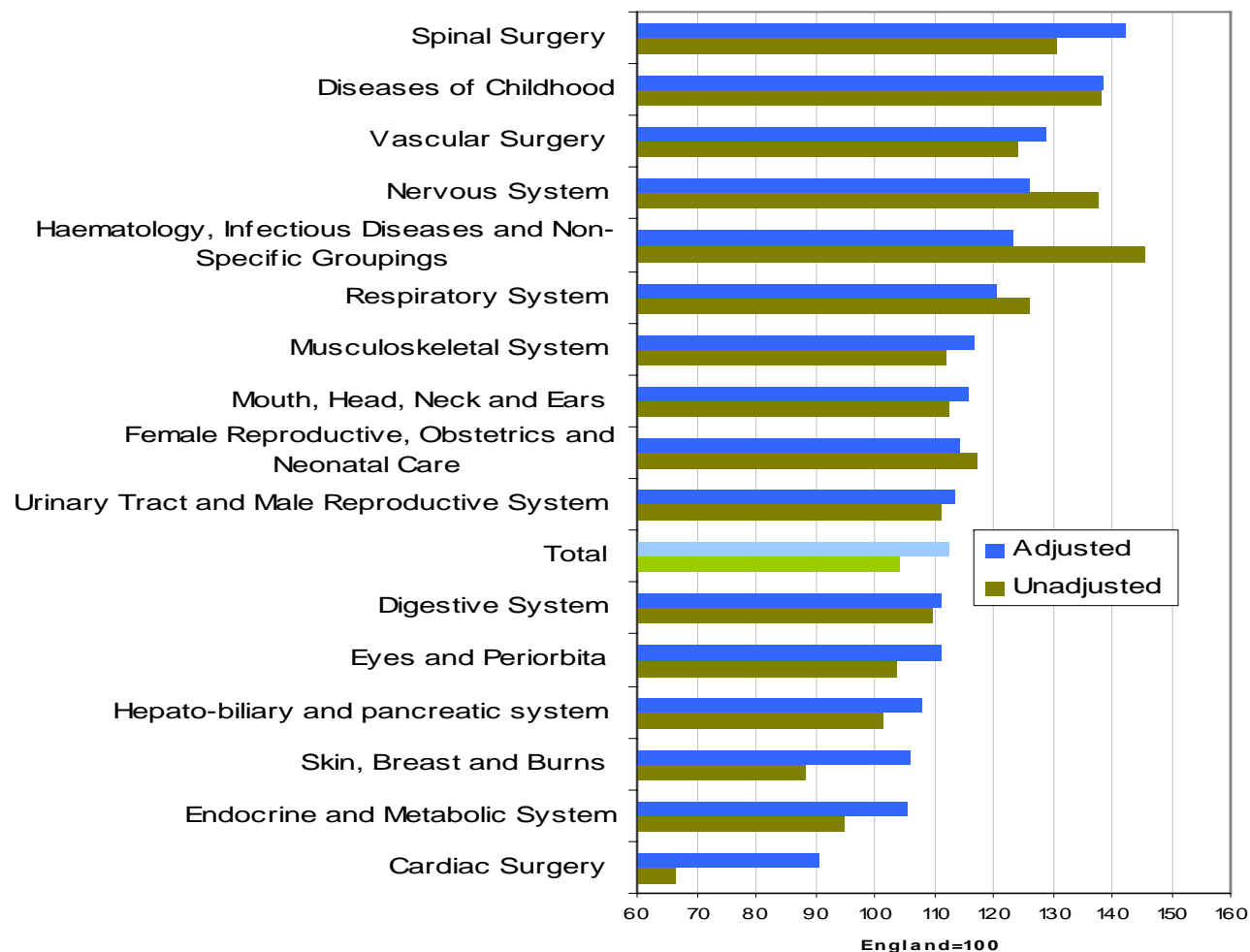
Unit cost of elective and non-elective procedures for NI trusts, 2002/03



Source: DHSSPS, DoH



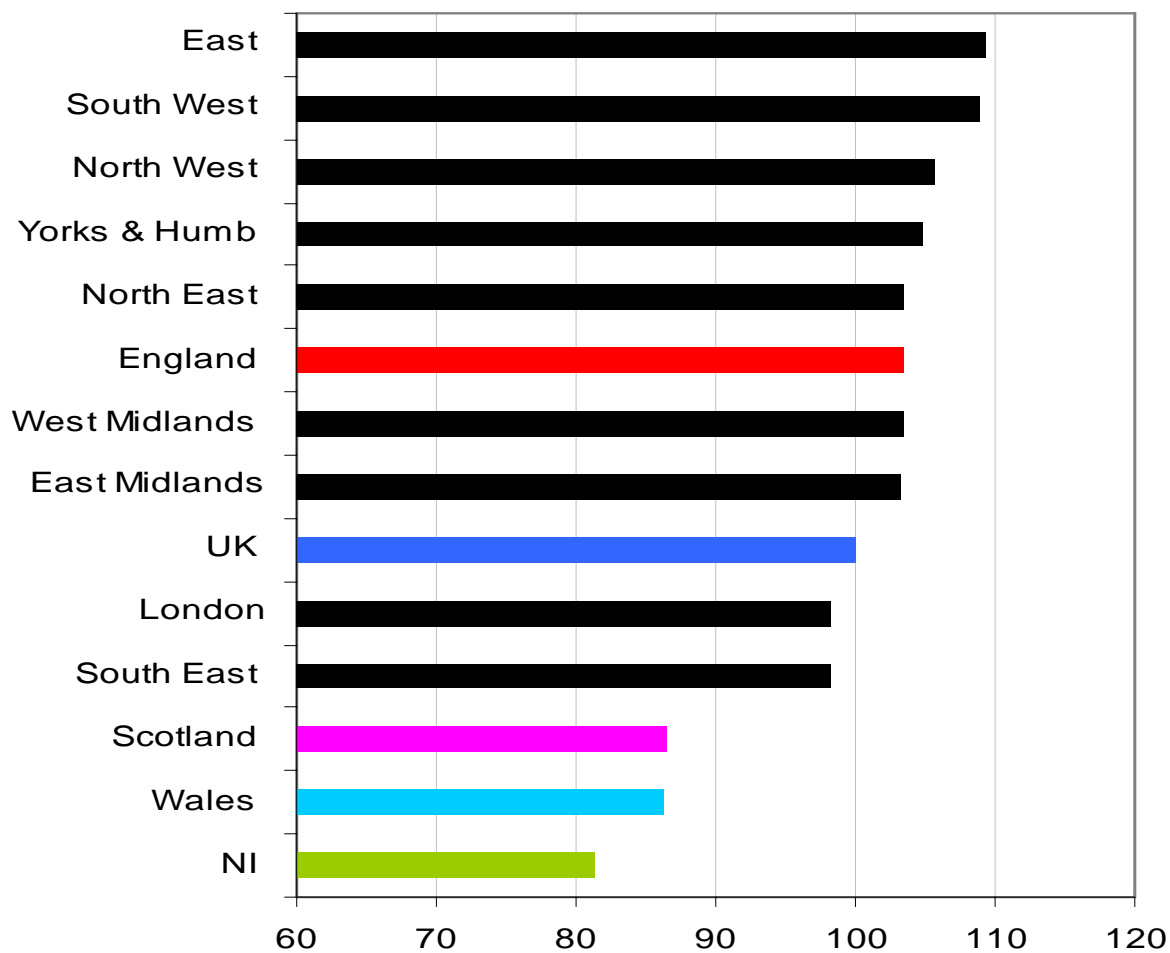
Elective inpatient unit costs in Northern Ireland hospitals by procedure group



Source: DHSSPS, DoH



Hospital activity per NHS staff by UK Region, 2002/03

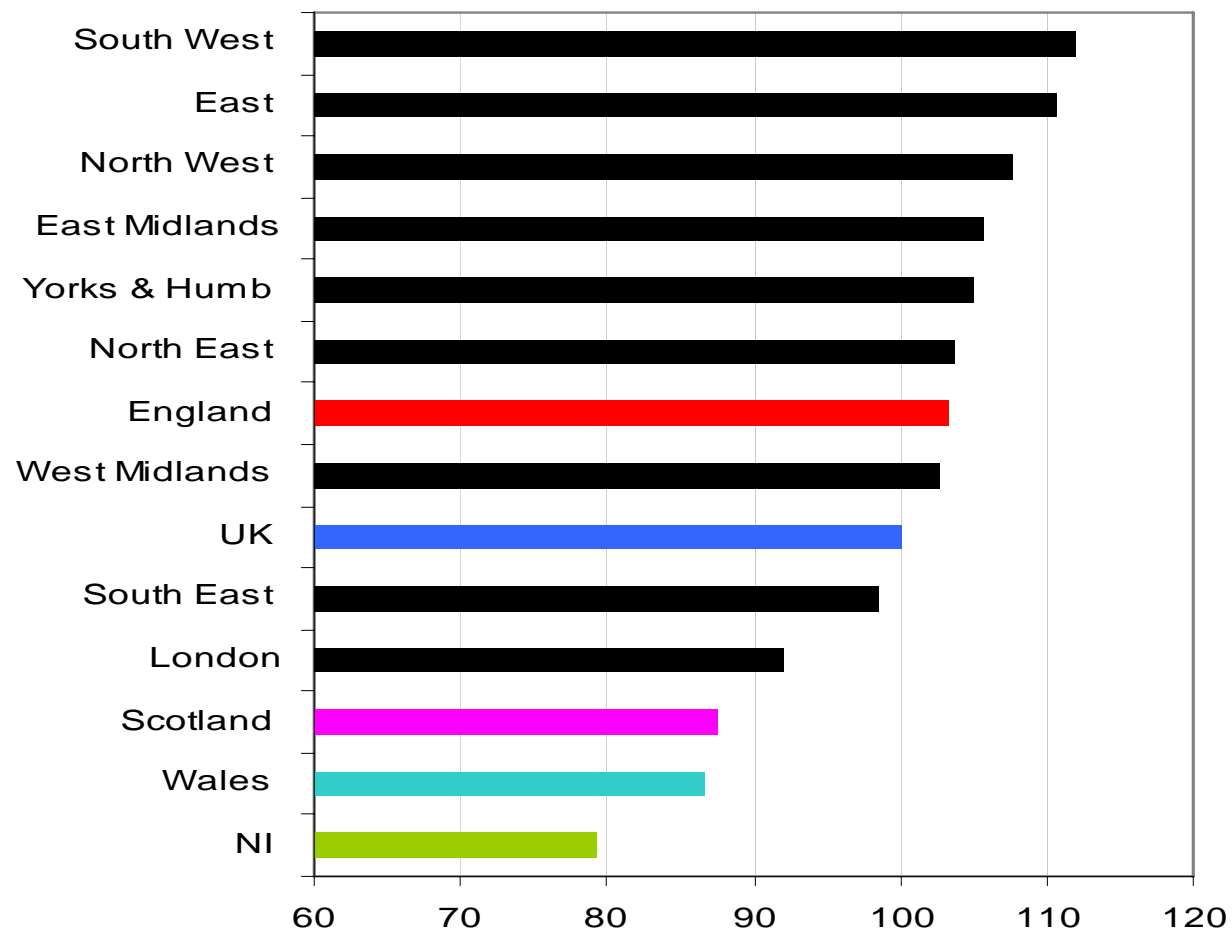


Source: Regional Trends

UK = 100



Inpatients per NHS staff by UK Region 2002/03

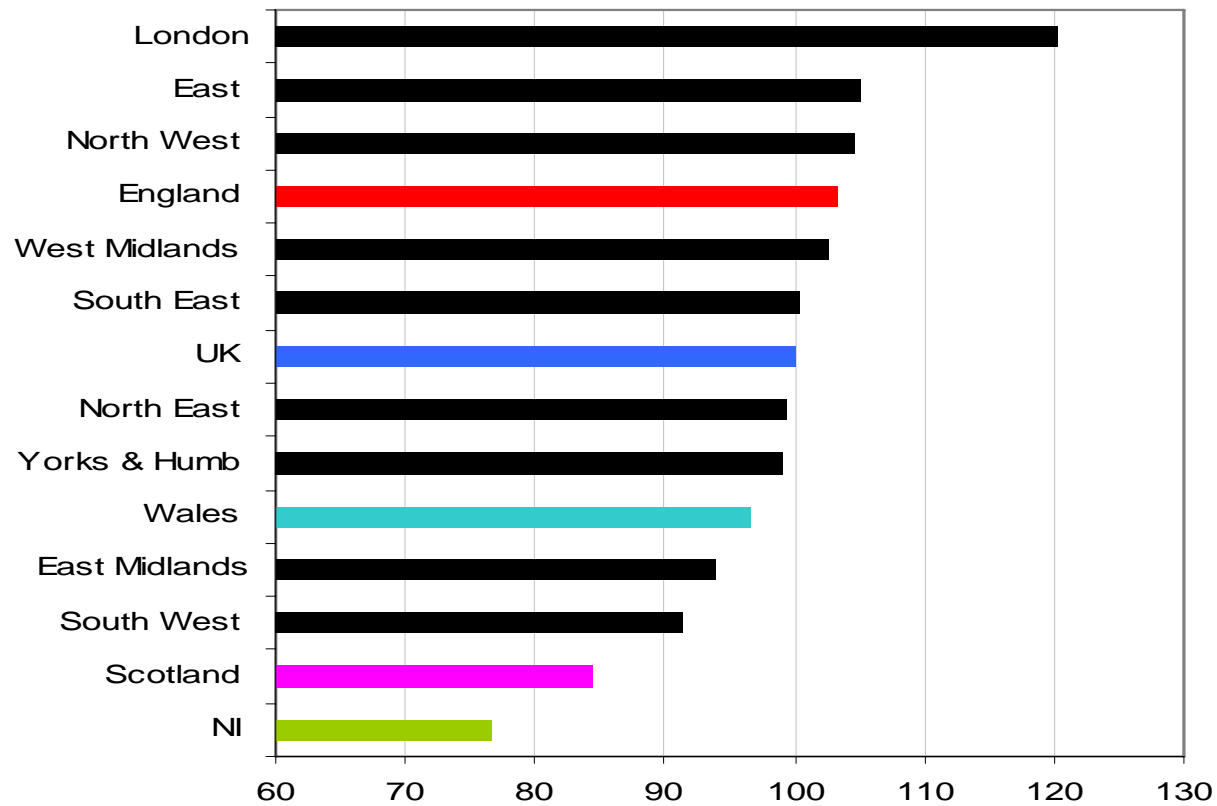


Source: Regional Trends

UK = 1100



Outpatient attendances per NHS staff by UK Region, 2002/03

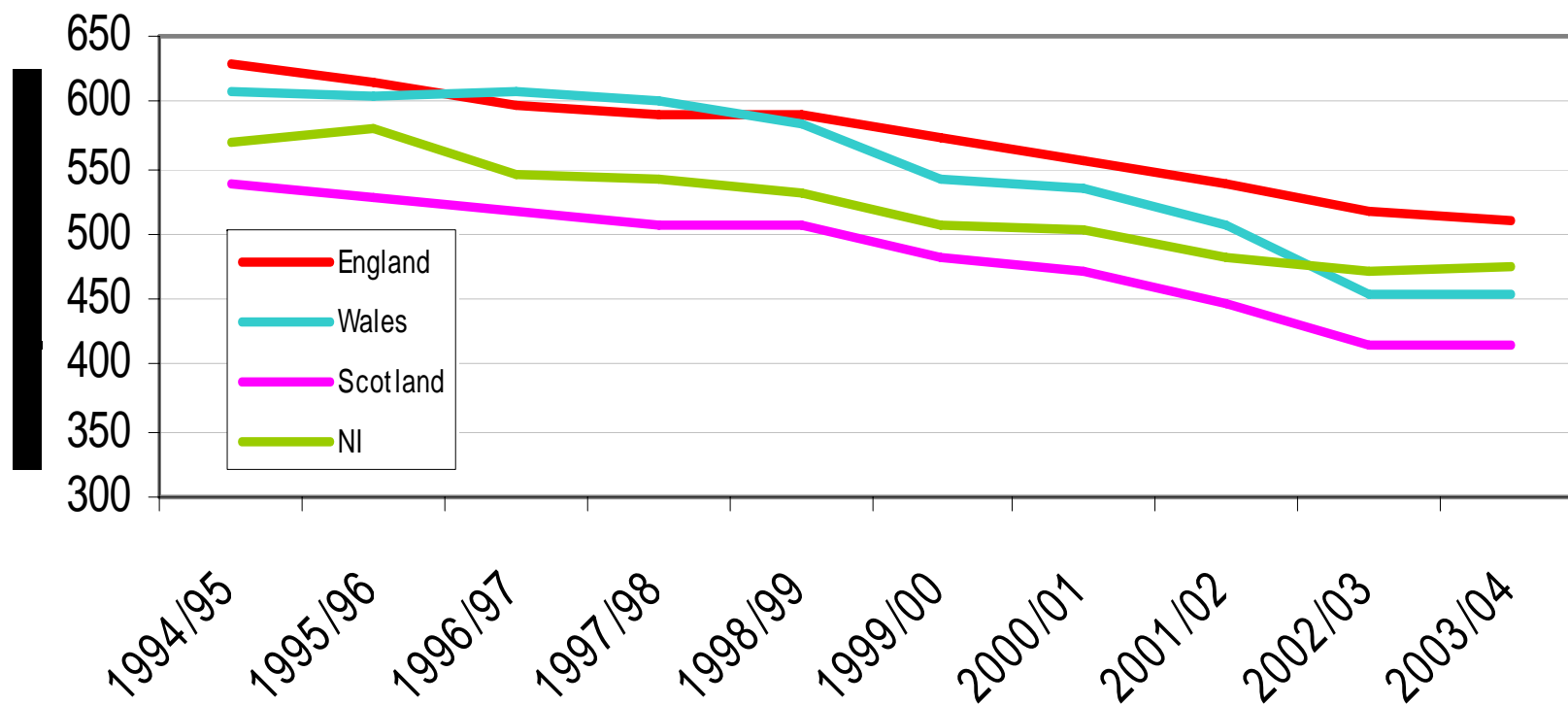


Source: Regional Trends

UK=100



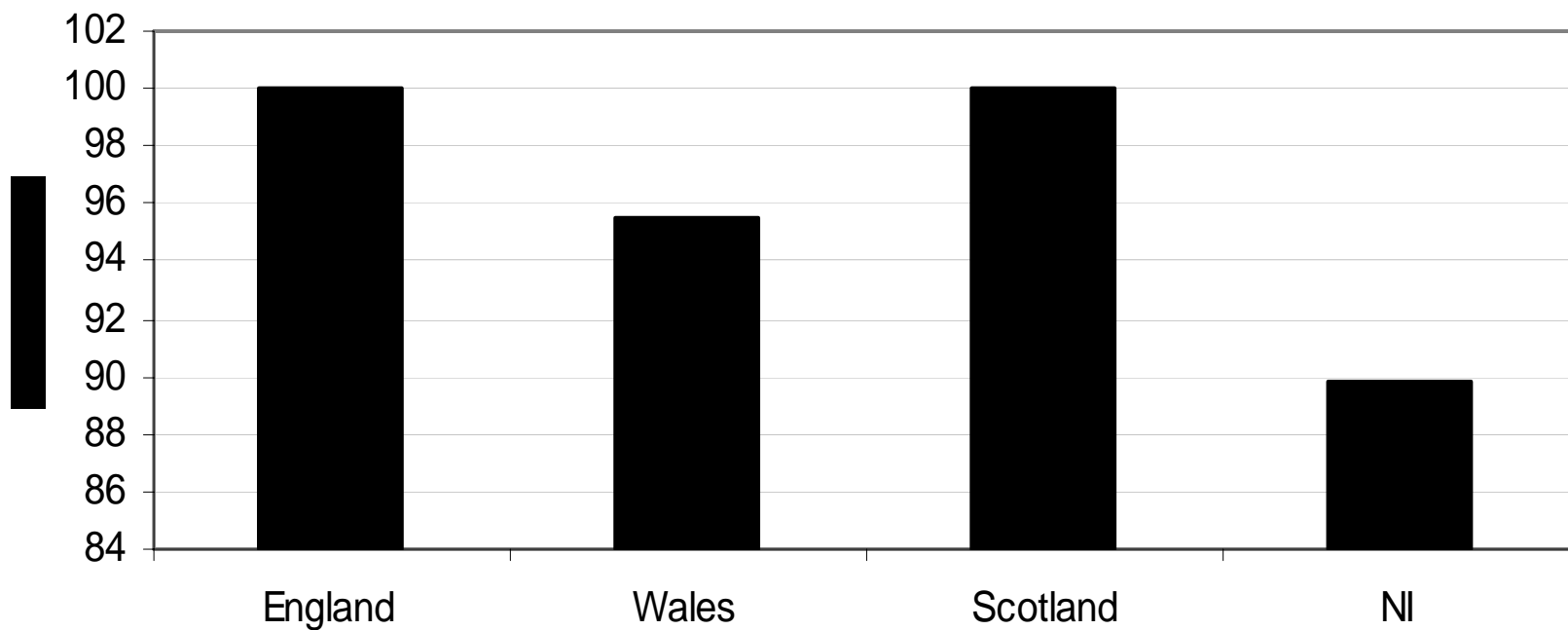
Finished Consultant Episodes (In-Patients and Day Cases) per Consultant



Source: National Statistics



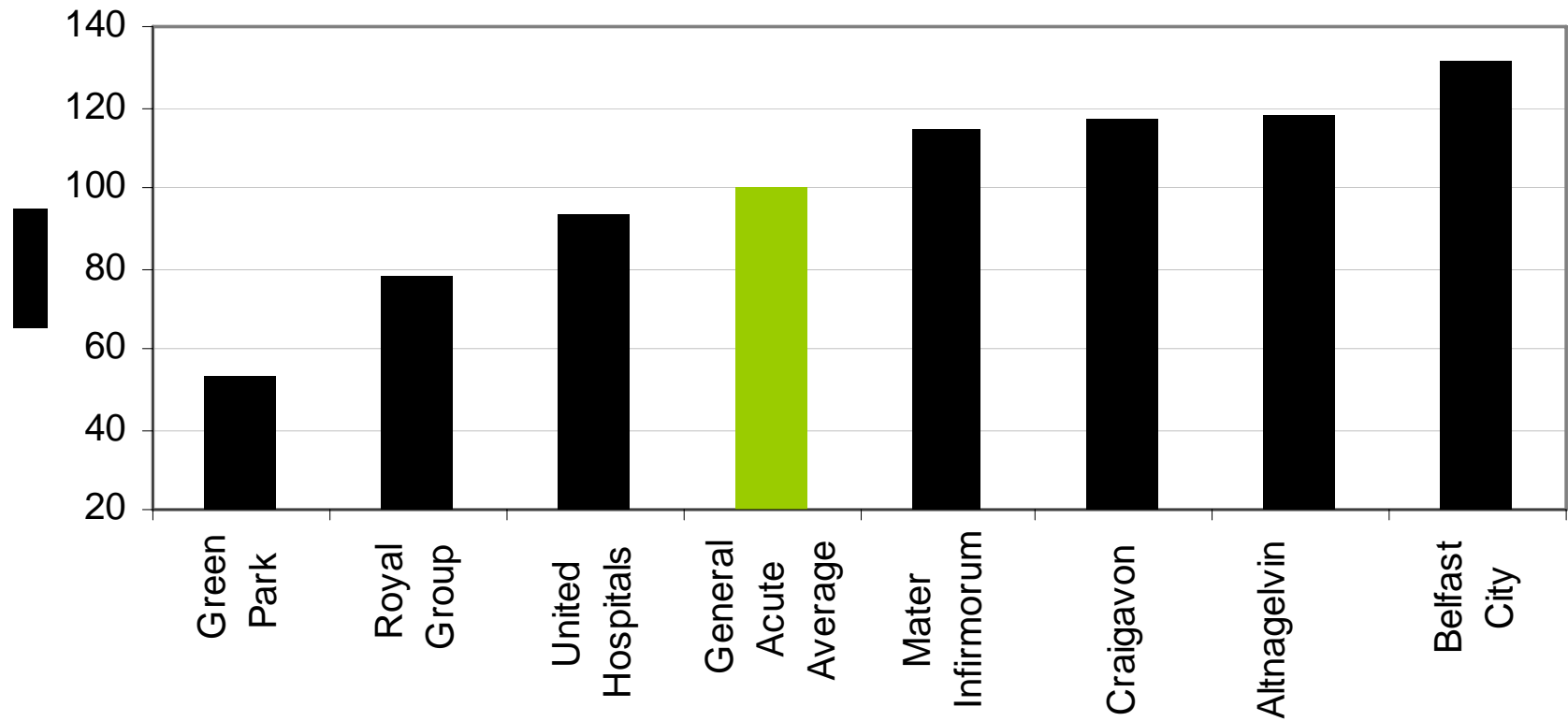
Weighted activity per HCHS employee (England =100), 2003/04



Source: National Statistics



Weighted activity per staff for NI acute trusts, 2003/04



Source: DHSSPS



Net ingredient cost of prescriptions per head of population, 2002



Source: Regional Trends



Summary

- Hospital activity per member of staff is 19% **lower** than the UK average
- Hospital activity per pound of health spend is 9% **lower** than the UK average
- Hospital activity per available bed is 26% **lower** than in England
- The unit cost of procedures is 9% **higher** in NI than England with day case unit costs 9% **lower** and elective inpatient unit costs 12.6% **higher**
- There are significant variations in unit costs between trusts
- Day case rates are **higher** than the UK average and have risen significantly since 1990/91
- Length of stay has remained broadly unchanged over the past five years
- Average unit prescribing costs are nearly 30% **higher** in Northern Ireland than in England

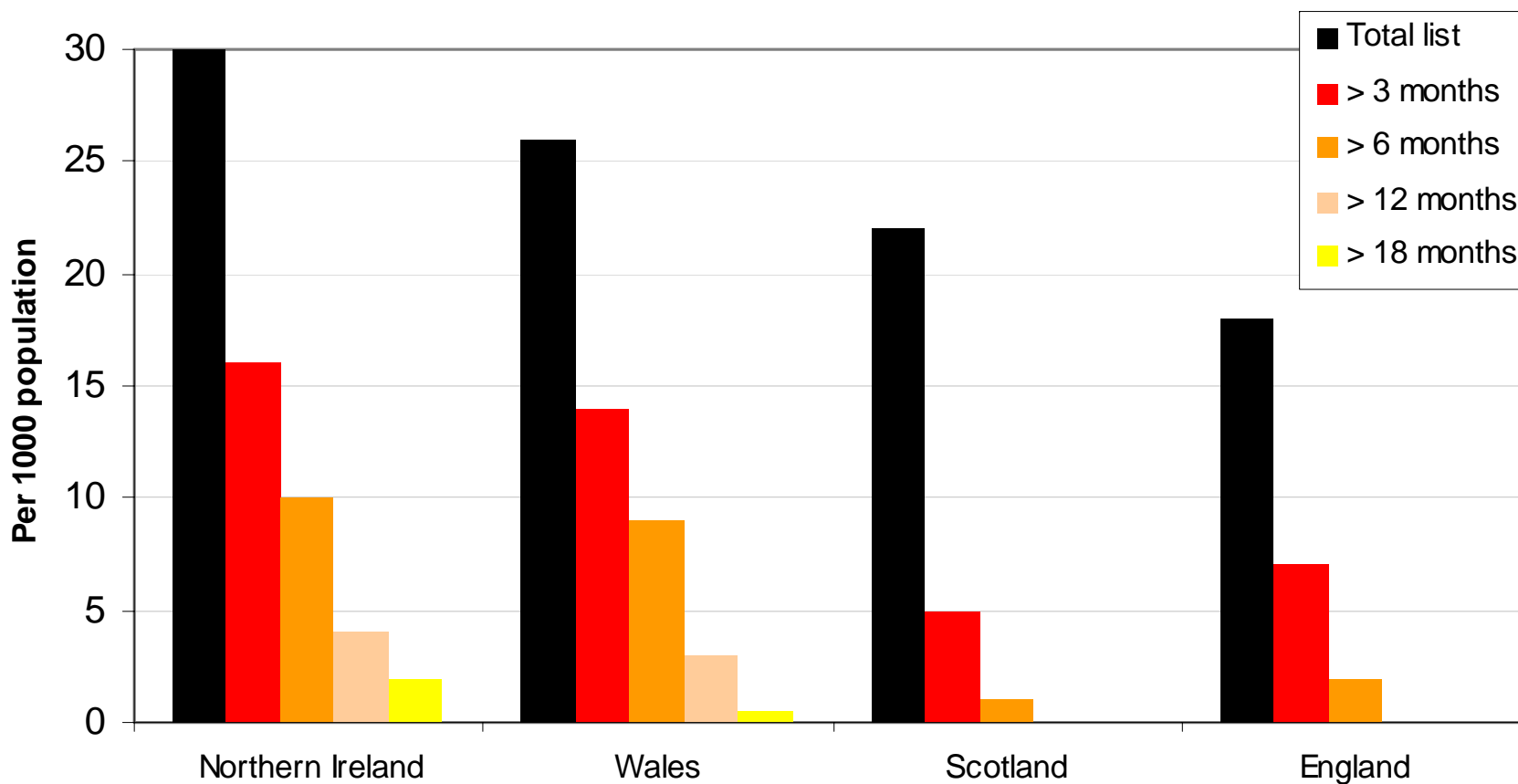


Waiting

- Waiting times for in and outpatients are the worst in the UK
- Considerable variation between trusts
- Some improvement lately, but a lot of frustration among GPs regarding access for their patients

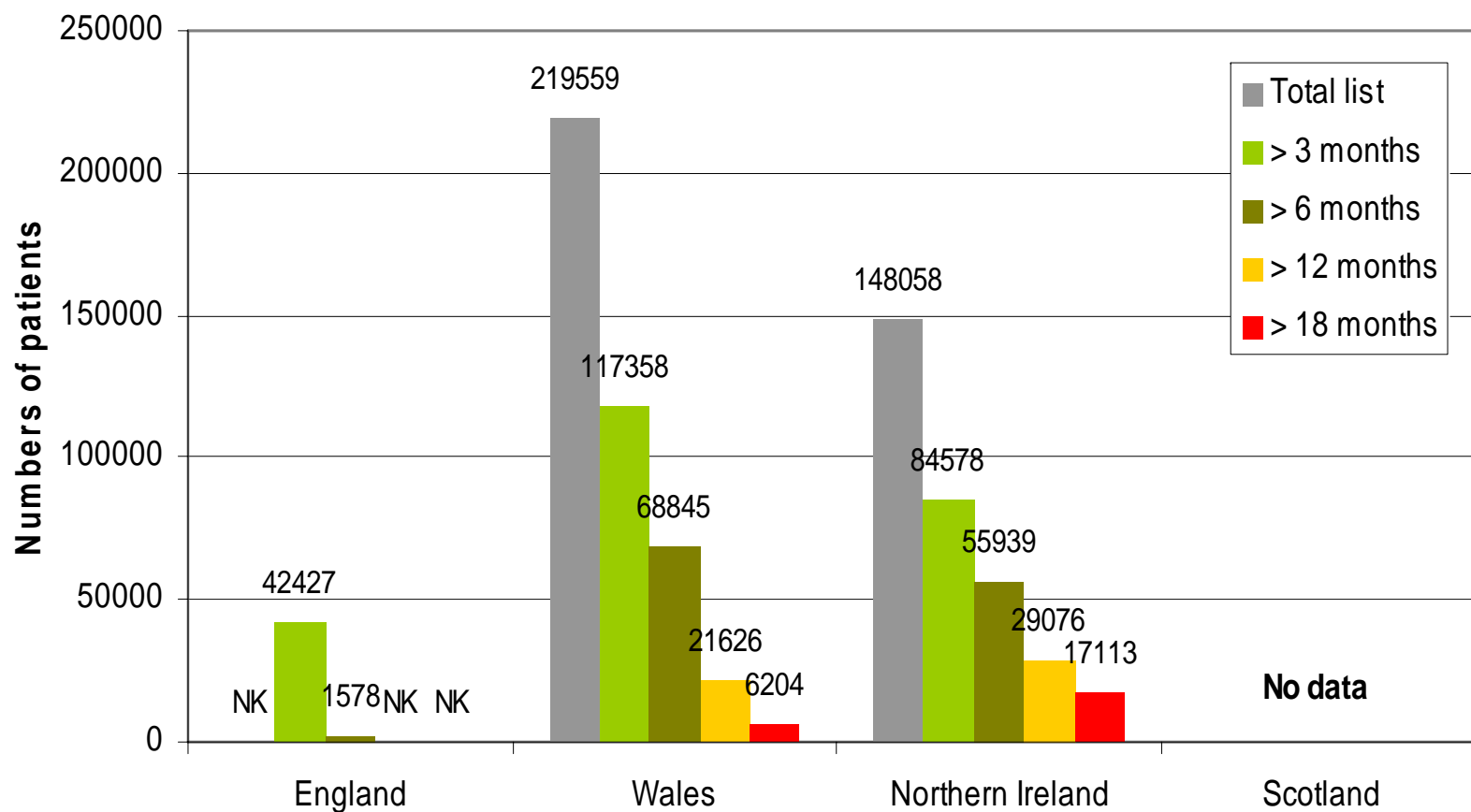


Inpatient/day case waiting time performance: UK comparisons: March 2004



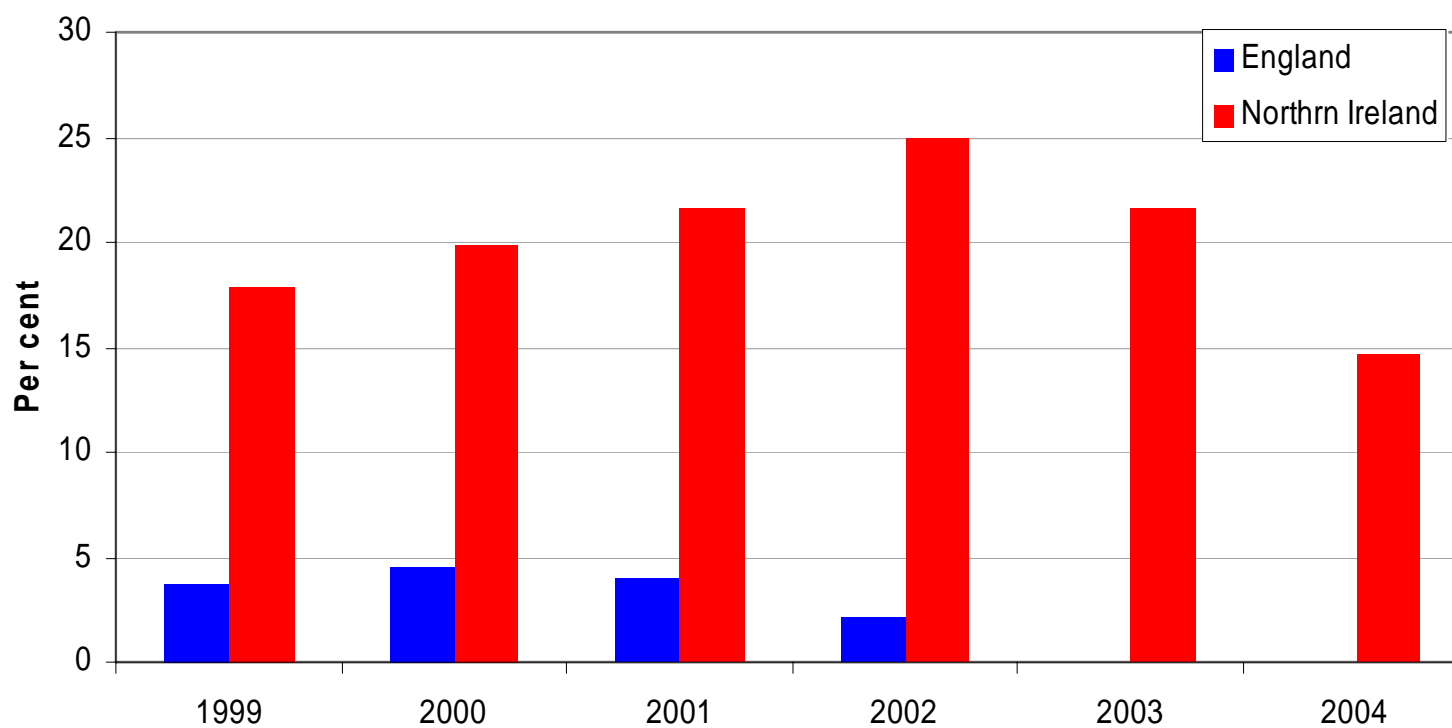


Outpatient waiting lists and times: UK: March 2004



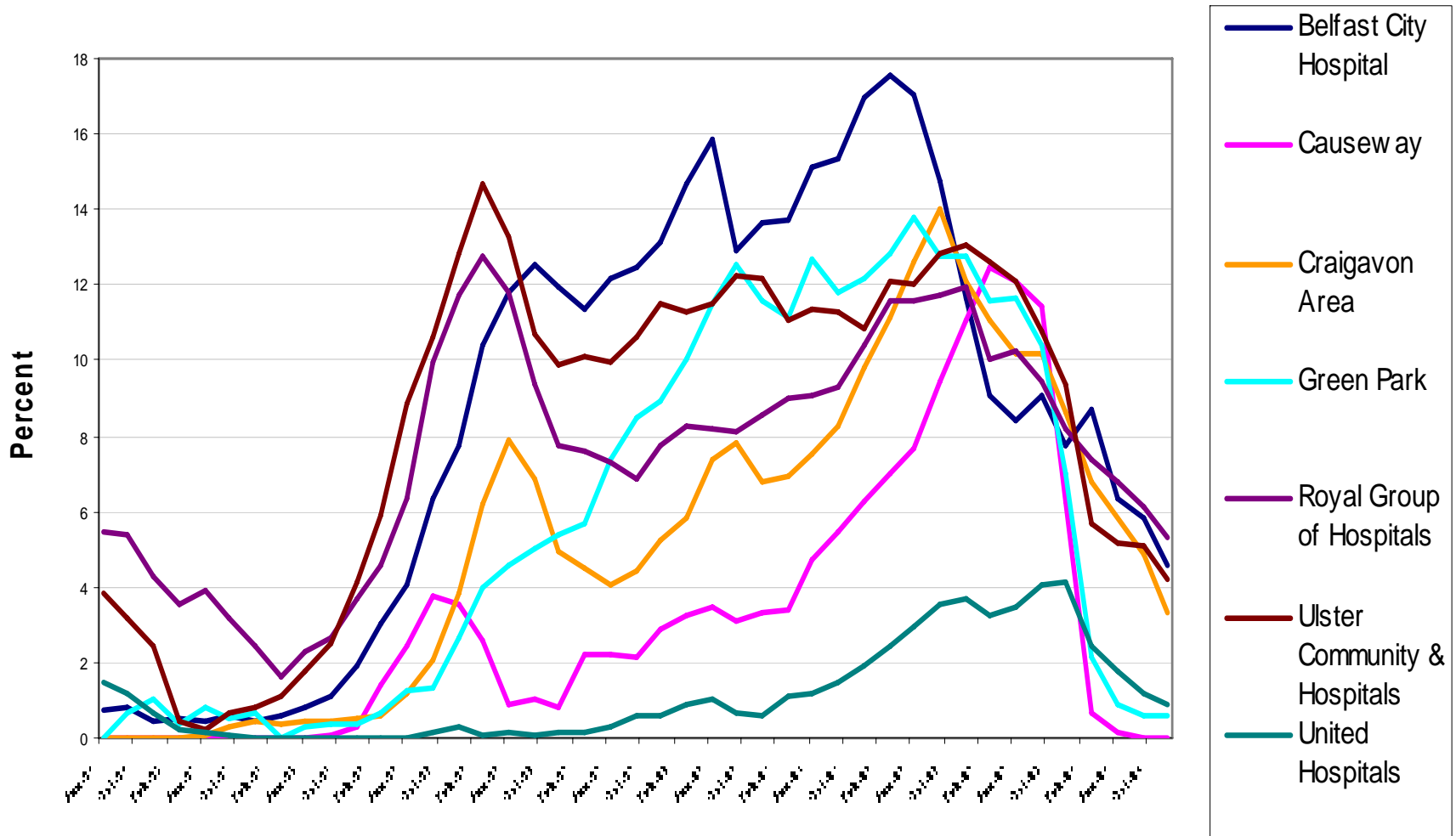


Proportion of patients still waiting over one year for admission to hospital: England and Northern Ireland (March figures)



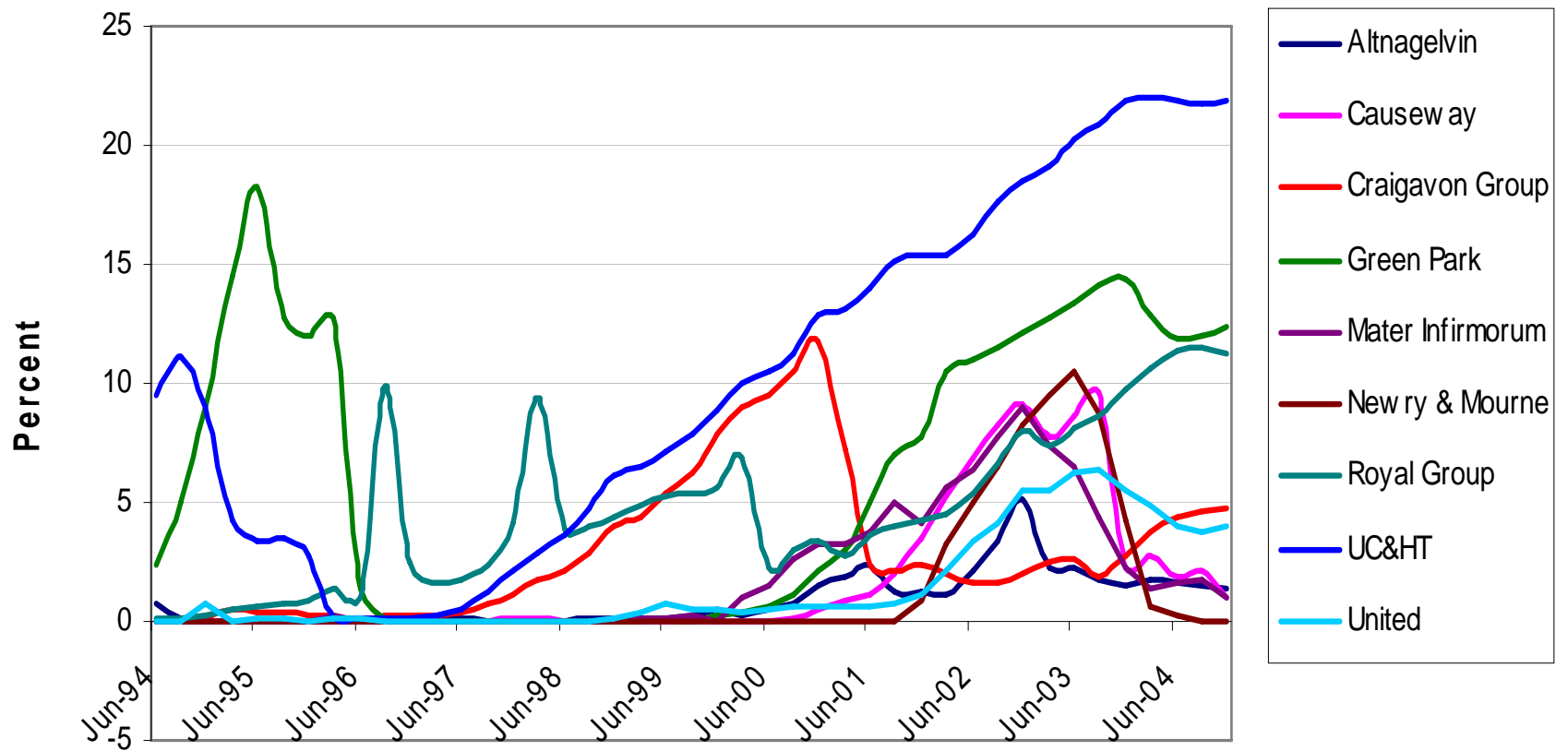


Changes in proportions of patients waiting over two years for admission: 1994-2004: Quartely data





Changes in proportions of patients waiting over two years for a first outpatient appointment: 1994-2004: quarterly data





Productivity: Recommendations

- Investigate high A&E use
- Multipronged strategy with targets and strong incentives to tackle waiting times
- Tariff-based reimbursement/budget setting to reduce unit costs
- Returns on GMS contract
- Incentives to reduce prescribing costs
- Further investigation of low labour productivity
- Greater pay flexibility



Performance management system

- Current system lacks urgency and 'bite'
- Incentives are weak
- Separate purchase and provision
- Explore possibilities for greater patient choice and more devolved commissioning by GPs
- More explicit 'business case' linking spending to outcome-based targets