

Efficiency reforms in the English NHS

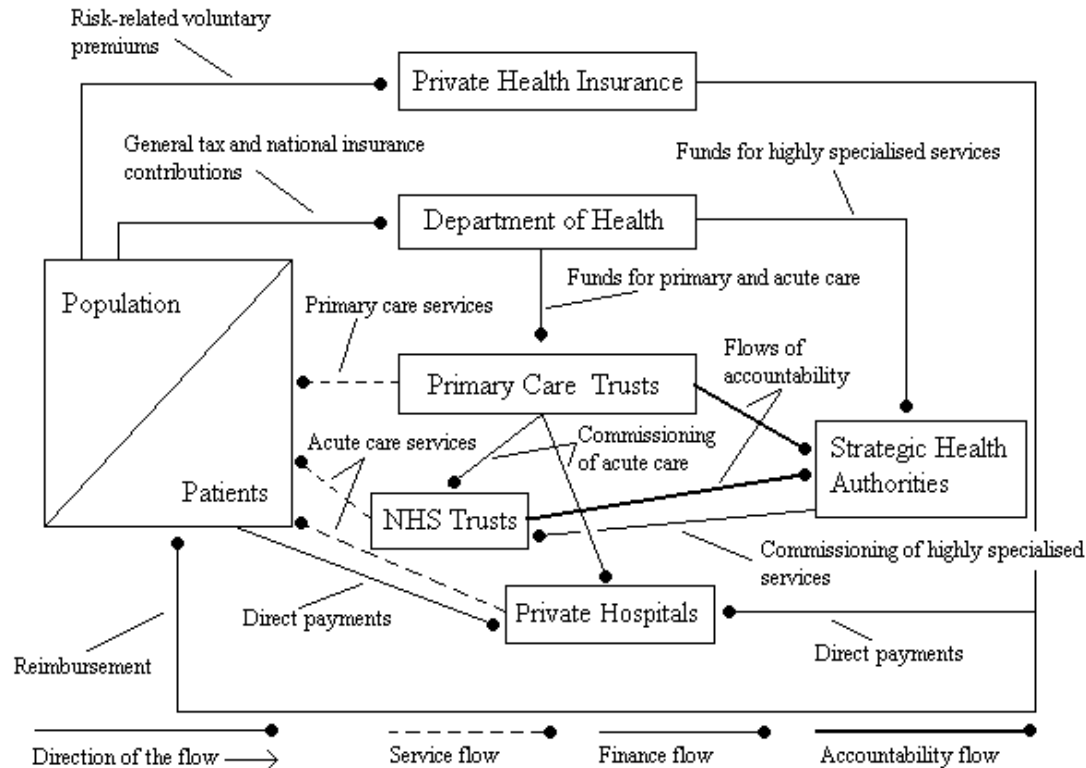
Adam Oliver

London School of Economics

Core objectives of the NHS

- Introduced in extraordinary circumstances in 1948
- But still holds true to its core objectives
 - Universal
 - Comprehensive
 - Free
 - = equal access for equal need

Structure of the NHS



Efficiency objectives

- Cost containment in the 1980s
- Replaced by efficiency initiatives
 - Internal market
 - NICE
 - Performance management
 - Patient choice

The internal market

- Introduced a 'purchaser-provider split'
 - Hospitals would compete for contracts
 - GPs and health authorities would hold funds
- Showed marginal, short time effect on efficiency
- Not a resounding success, but why?

Reasons for limited effect

- Hospital doctors are salaried
- GPs were too small to bargain effectively
- Hospital capacity was quickly exhausted
- Motivation was quickly exhausted
- NHS institutions are collegial and hierarchical
- The Labour Party proposed abolishing the market

NICE

(The National Institute for Health and Clinical Excellence)

- Assesses clinical and cost-effectiveness
- Thus focused on 'health outcomes efficiency'
- Guidance to PCTs is mandatory
 - May lead to a suboptimal focus on a few interventions
 - NICE's threshold criticized as too generous & too conservative
 - NICE does not account for equity considerations

Performance management

- Hospital star rating system
 - Targets on waiting times, cleanliness, financial management etc

Year	Trends in waiting times in England		
	<i>Months waiting (% of total)</i>		
	<3	<6	<12
March 2001	52	76	96
March 2003	50	76	98
March 2005	70	95	100
March 2007	85	100	100
Sept 2008	92	100	100

Patient choice

- A shift in emphasis from targets to markets
- GPs should offer a choice of hospital
- Hospitals compete on the basis of quality
 - Do people want choice?
 - Can they make ‘fully reasoned’ decisions?
 - Will choice lead to excessive financial pressures?
 - Will choice particularly benefit the advantaged?
 - Will some hospitals deteriorate?

Conclusion

- Core aim of the NHS is equal access for equal need
- Newer objectives have been introduced
 - Many of them efficiency-related
- Met with mixed success
- And may conflict with the core aim
 - Choice may raise costly expectations
 - Health outcomes maximisation potentially narrows beneficiaries