



The Health Care System in Ireland: Controlling Growth in Expenditure and Making the Best Use of Resources.

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Outline of Presentation

- Healthcare expenditure in Ireland
- Reviewing the rôle of Government
- Demographic drivers of healthcare costs
- Efficiency and technology
- Access to care and entitlements
- Expectations
- System capacity
- Managing reform.



Healthcare Expenditure in Ireland

Table 1 Public Non Capital Spending on Health 2001-2010 (€millions)

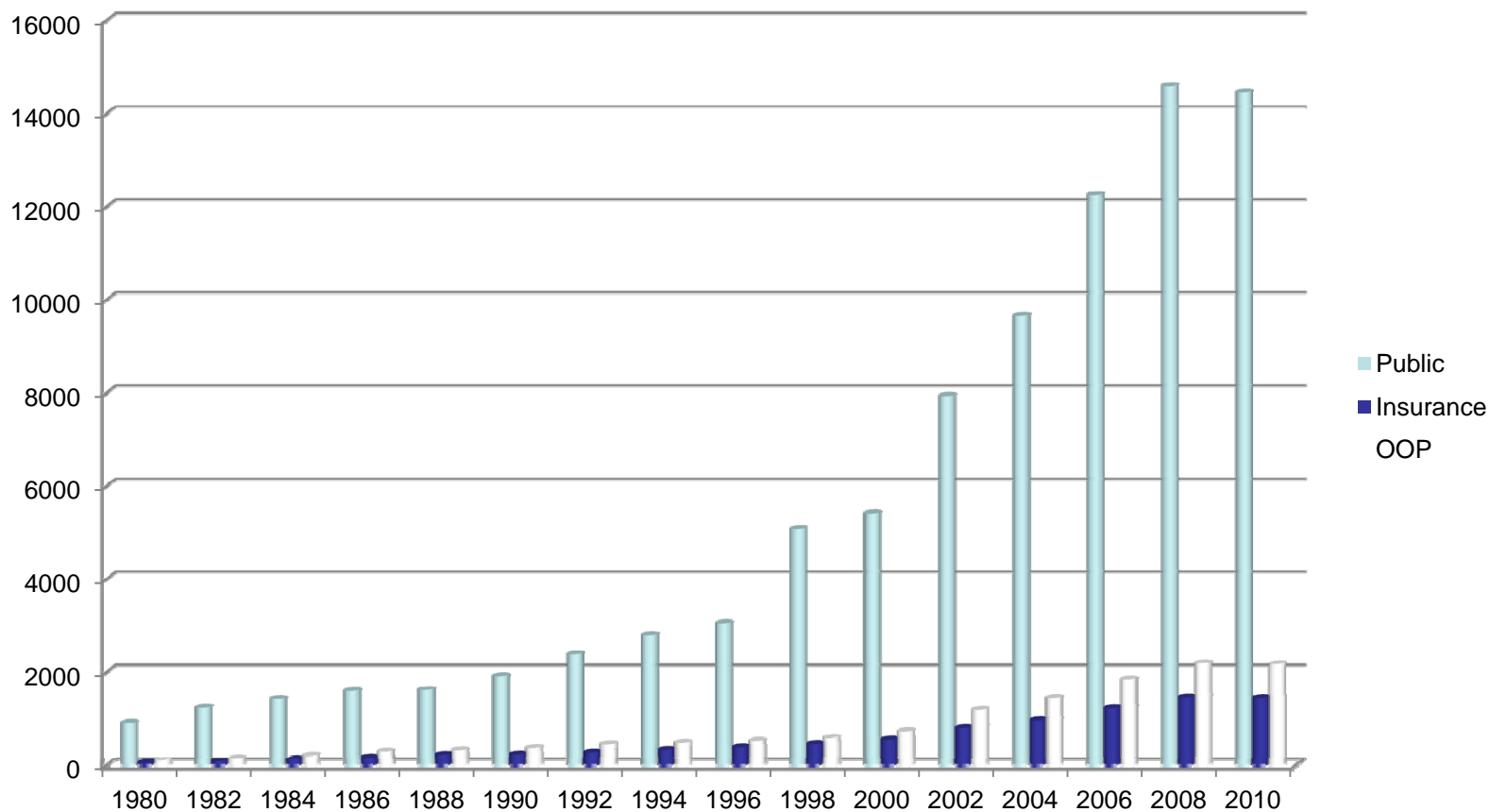
2001	2003	2005	2007	2009	2010
6802	8853	11160	13736	15073	14456

Source CSO 2011

Note that per capita spending has increased much more slowly



Breakdown of revenue funding





Reviewing the rôle of Government 1

1. Market failures from
 - Externalities, public goods
 - Information asymmetries
 - Natural monopolies
2. Issues of justice and fairness



Reviewing the rôle of Government 2

Healthcare financing mechanisms objectives:

- to manage risk and uncertainty about needs for care,
- to ensure that resources are available at the time when they are needed
- to redistribute resources to allow poorer people access to services they cannot afford.



Demographic drivers of healthcare costs 1

- Growing population – has grown and is growing – on CSO projection it will rise more than 30% between 2006 and 2026
- Demands are likely to rise approximately in line with total numbers.



Demographic drivers of healthcare costs 2

- Ageing *per se* has been shown to have at most modest effects on total costs since most of the apparent effect comes from proximity to death costs, which fall with age
- Reasonable estimates for ageing effects on acute care are around 0-2% per annum, and some models show small negative effect
- Primary, community and social care costs are likely to rise much more rapidly.



Demographic drivers of healthcare costs 3

- Recent work suggests that disability is falling at any age
- Converging life expectancy between men and women is slowing the growth in costs (see next)
- Ageing is increasing the supply of carers as well as the numbers needing care.



Increasing life expectancy by gender by decade

1970-1980 1980-1990 1990-2000 2000-2009

Males 2.09 2.29 2.57 2.67*

Females 2.6 2.29 1.98 1.92*



Efficiency and technology

- Technology reduces costs of any given achievement
- Technology is new techniques, equipment, drugs etc. but also understanding and ‘technology of ideas’
- Possible to increase efficiency from these sources by 2-3% per year
- *Per se* technology can never increase costs unless outcomes or processes are better.



Efficiency

- Efficiency gains of 10-15% are plausible given comparison of Irish performance and that in other countries
- Comparing best and worst performance in Ireland suggests scope for gains
- Some problems in achieving these from poor infrastructure and perverse incentives.



Increasing scope

- While technical progress can only lower cost of health gains, it also makes additional health gains possible
- These require rigorous evaluation and managed change in what is funded and by whom
- Some health gains come from substituting new possibilities for poor value existing interventions.



Access and Entitlements

- Fees and charges raise funds *and change behaviour*
- Who pays for what is in places arbitrary and unjust
- Current charges discourage use of primary and community services and good patterns of CDM
- Private medical insurance has leads to inequalities and makes relatively small contribution
- Removing PHC charges would cost around €900m, of which €700 would be offset by lower user fees.



Expectations

- Research has shown the rising expectations are more important than ageing as driver of costs
- Some increased expectations are legitimate in the sense of extending existing access
- Many innovations are largely pointless, but many offer much better experience or quality of life
- Managing rising expectations and opportunities needs good assessment and evaluation.



System Capacity

To an extent we have

- the wrong buildings in the wrong places
- the wrong mix of skills
- too little management
- poor IT

Some increased investment in skills, equipment and facilities is essential

To a significant extent we could spend to save.



Reform

- Current structures could be improved
- Current funding flows should be improved
- Major change brings major cost and dysfunction
- Major change needs very good preparation
- There is widespread experience of under-planned and poorly focussed changes leading to chaos.



Concluding comments

- There are some major drivers of higher costs, especially the growing population and higher expectations
- Much of the pressure could be accommodated by increased efficiency
- Current funding flows impede improved services and efficiency
- Current capacities are constraining and inefficient
- Changes are needed but great care is needed.



End

Thank you for your attention