Reflections on Health Systems Resilience: An Irish perspective

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Scope

Irish Context:

System

Resilience Project:

Boom and Bust

• Recession Severity

Resilience Types

• Financial
• Adaptive
• Transformatory
Irish Health Care System

“Beveridge” but... no entitlement

Long public sector waiting lists (for elective and allied professionals)

Two-tier acute (private insurance)

Market price GP care

Safety net system (not UHC)

- Medical Card
- Narrow

Unmet need
The Resilience project: Surviving and Utilising the Economic Contraction

Duration: Jan 2011 to end March 2014

Initial Collaboration:

– Centre for Health Policy and Management, TCD
– Economic & Social Research Institute
– WHO, Health Systems Strengthening, Barcelona

Broader Collaboration:

– Portugal, Greece (“Troika” countries)
– European Observatory
Project Aims

Overall Aim:

to identify best practice guidelines and strategies for how the Irish health system can

• withstand the current crisis (in terms of protecting resources for health and managing resource scarcity well)

• benefit from the opportunities that the recession brings to pursue reform and alleviate system bottlenecks.

• build the resilience of the Irish health system in anticipation of future crises
Irish Economy: Comparatively speaking

Mean GDP growth rate

Mean Debt Levels

Mean General Government Deficit

Mean Unemployment Rate
Recession severity: Methods and Data

Developing an Index

- Eurostat Data: EU27 Countries + Turkey and Norway
- 2006-2009
- Equation

\[ V_i = (GDP_i - UNP_i - DT_i) \quad \text{where } i=1\ldots28. \]

\( V_i \) = Severity Score, for each country \( i \)
\( GDP_i \) = Lowest annual GDP growth, for each country \( i \)
\( UNP_i \) = Change in unemployment rate from peak to trough for each country \( i \)
\( DT_i \) = Weighted Debt Score, for each country \( i \).
Recession Severity Results 2008-2009

Latvia, Estonia, Lithuania, Ireland, Italy, Finland, Sweden, Slovenia, Slovakia, Hungary, Denmark, Belgium, Romania, Greece, Bulgaria, France, Spain, Czech Republic, Austria, Netherlands, Portugal, Germany, Malta, Luxembourg, Cyprus, Turkey, Norway,
# Health Policy Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Details</th>
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<tbody>
<tr>
<td>2008</td>
<td><strong>Emergency Budget (Oct)</strong></td>
<td><em>Without Medical Cards:</em> Increased Charges for IP Beds; Increased ED Charges; Increased Long-Stay Charges; Increased deductibles for drug payment scheme</td>
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<td><strong>Supplementary Budget (April)</strong></td>
<td>Capital spending reduced by 26% Tax relief on nursing homes and hospitals ended</td>
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<td><strong>Supplementary Budget (November)</strong></td>
<td>Extra funds made available to cover extra medical cards needed (€230 million)</td>
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<td>2009</td>
<td><strong>Budget (Dec)</strong></td>
<td>Savings of over €1 billion (€4bn from total budget):</td>
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<td>- Wage Reductions (5-15%) and lower contract fees (-€659 million)</td>
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<td>- Introduction of 50c item charge on prescriptions for medical card holders</td>
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<td>- Cut of €30 million in spending on dentistry for those on medical cards</td>
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<td>- Increase drug reimbursement threshold to €120 per month</td>
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<td>2010</td>
<td><strong>Budget (Dec)</strong></td>
<td>Savings of €746 million (€2.2 billion from total budget). Cut of 6.6% to HSE:</td>
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<tr>
<td></td>
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<td>- Voluntary redundancy and early retirement (€123 million)</td>
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<td>- Cuts in drug spending and fees (€380 million)</td>
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<td>- Cuts in non-core pay costs, reduced agency and locum staffing (€200 million)</td>
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<td>- Administration Cuts (€43 million)</td>
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<td>2011</td>
<td><strong>New Programme for Government (Mar)</strong></td>
<td>Commitment to UHI single tier system</td>
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<td><strong>Budget (Dec)</strong></td>
<td>Savings of €543 million (€2.2 billion from total budget)</td>
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<td>- Pay cost containment (reduction in staffing, overtime, agency costs etc.) - €145m</td>
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<td>- Reduction in procurement costs - €50m</td>
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<td>- Increased generation and collection of private income- €143m</td>
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<td>- Demand led Schemes-pharmaceutical reductions, DPS increase from €120-132 per month etc. - (€124m)</td>
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<td>+ making good the hospital deficits (€200m)</td>
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Health System Resilience

1. **Financial resilience**: the protection of funds for health care, and particularly that of the vulnerable, in the face of economic contraction.

2. **Adaptive resilience**: the ability of government and providers to manage the system with fewer resources, through efficiencies, while not sacrificing key priorities, benefits, access or entitlements.

3. **Transformatory resilience**: the ability or capacity of government to design and implement desirable and realistic reform when the current organisation, structures and strategies are no longer feasible.
Interaction of Elements of Resilience

Overlap and tensions

Financial

Adaptive

Transformatory
Interaction of Elements of Resilience II

- Economic Crisis
- Financial
- Adaptive
- Transformatory
Public spending on health fell disproportionately in 18 countries – Financial Resilience

Change in public spending on health as % of general

Source: WHO NHA database, 2013
Financial resilience II

The protection of funds for health care, and particularly that of the vulnerable

Aggregate

- Some protection of funding initially and in 2012, otherwise general reduction in finances and human resources
Financial resilience III

The poor

600,000 more people given medical cards without any change in the thresholds.

Except for:

– the prescription charge + increase and

– removal of dentistry benefits
The old
Removal of automatic entitlement to medical card for over 70s ’09 and further clawback ‘13.

The sick
Lots of cost shifting on to this category – increased co-pays for IP, EDs, increase thresholds for Drug reimbursements
Adaptive Resilience

Managing the system with fewer resources (Resilience as Efficiency)

Quite good..to start with – lots of cost savings through reductions in unit costs (pharma costs down albeit late, salary costs down through Croke Park and Haddington Road, shifting of care to day-case, FEMPI)

More with less as system “fat” removed

But...

– ran out of easy cuts
– morale problems

Now less with less
Adaptive Resilience II - Cost of drugs under public health schemes 2005-2013
Adaptive Resilience III
Change in budget, staff & hospital cases 2005-14

- Index (=2008)

- Public health budget
- Staffing
- Inpatient discharges
- Day cases
- ED admissions
- Outpatient attendances
Where to cut now?

Who controls the scissors?
Governance and The Troika
## Topic: Pricing and reimbursement of pharmaceuticals

“we have recently negotiated a significant multi-year reduction in the price of pharmaceuticals”
(Letter of Intent, November 2012)

“we are seeking further durable savings, including through consideration of a range of structural reforms to further reduce drug costs, including by lowering the price of generic drugs and increasing the share of generics in prescriptions, dispensing and usage”
(Letter of Intent, November 2012)

“The authorities will conduct a study to compare the cost of drugs, prescription practices and the usage of generics in Ireland with comparable EU jurisdictions” (Point 38.)
(7th update MOU January 2013 and repeated in 8th and 9th update)

“We are in the process of implementing the remaining key pieces of the budget package: ... to mandate greater generic drug use (by end June)”
(Letter of Intent March 2013, Point 14)

Health 45. The authorities will set high level annual targets for increasing the share of generic drug usage in the medium-term. Enabling measures – such as compulsory prescription by International non-propriety name (INN) by Year end (in 8th update and end-October 2013 in 9th update), where appropriate – required for the achievement of these targets will be put in place and kept under further review.
(8th update MOU April 2013 and repeated in 9th update)

The implementation of generic substitution and reference pricing has been prioritised by the Department, the Health Service Executive and the Irish Medicines Board. Reference pricing is expected to deliver at least 50 million savings in 2014. The Health (Pricing and Supply of Medical Goods) Act 2013 also includes a process for the review of existing prices outside of reference pricing.
(Final Letter of Intent 2013)
Budget cuts vs patient care –
Quotes from Policy Makers

at a national level ... we have said the only thing that really matters in discussion is budget, money and head count... and this... is related to the austerity...

one of the real downsides of the whole austerity thing has been that over the last four years, the only measure that has been considered important in the health service is the budget and head count numbers

I really wish that finance and DPER could really truly look at the health services as an investment in our citizens rather than a money pit

that tension between the need for cash extraction and system reform, I don’t think we’ve actually hit the full clash of that yet. I think... that’s yet to come and I, and I don’t think that’s going to be pretty
Transformatory resilience

The ability or capacity of government to design and implement desirable and realistic reform when the current organisation, structures and strategies are no longer feasible.

Moving towards a new system?

- UHI policy (admiring the Dutch system) and free GP care
  - But capacity weaknesses
  - UHI design weaknesses
- Ultimately failed
  - Too expensive
Senior Managers’ Health Reform Priorities in Practice

![Graph showing health reform priorities]

- ED Waiting
- MFP
- Hospital Groups
- Free GP care
- Healthy Ireland
- UHI

Legend:
- Govt
- Ind
- Time
In Practice, What is Displacing Headline Priorities?

- Living within budget
- Managing change
- HSE reorganisation
- Other

- Govt
- Ind
- Time
Reflections

Depth and duration of crisis

– Safety net system held together... just... but expensive
– Cost shifting onto old and the sick
– Some useful efficiencies
  • but sapped morale, undermined reform and economic impact
  • Then arbitrary cuts

Transformation seemed like a good idea but

• Wrong policy
• Weak governance
• Insufficient capacity
Thank You

https://www.tcd.ie/medicine/health_policy_management/research/current/health_systems_research/resilience/