



Lessons for Ireland from Health Reform Experience in Other Countries

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Views expressed are personal views

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Presentation Overview

Context for discussion

Some relevant background statistics

Objectives of health policy & reform

Some lessons for Ireland

Key conclusion

m2 Much of health reform debate has been ideological
We need to forget the rhetoric and stick to the facts



JOEL PETT
LEXINGTON HERALD-LEADER



Facts relevant for Ireland

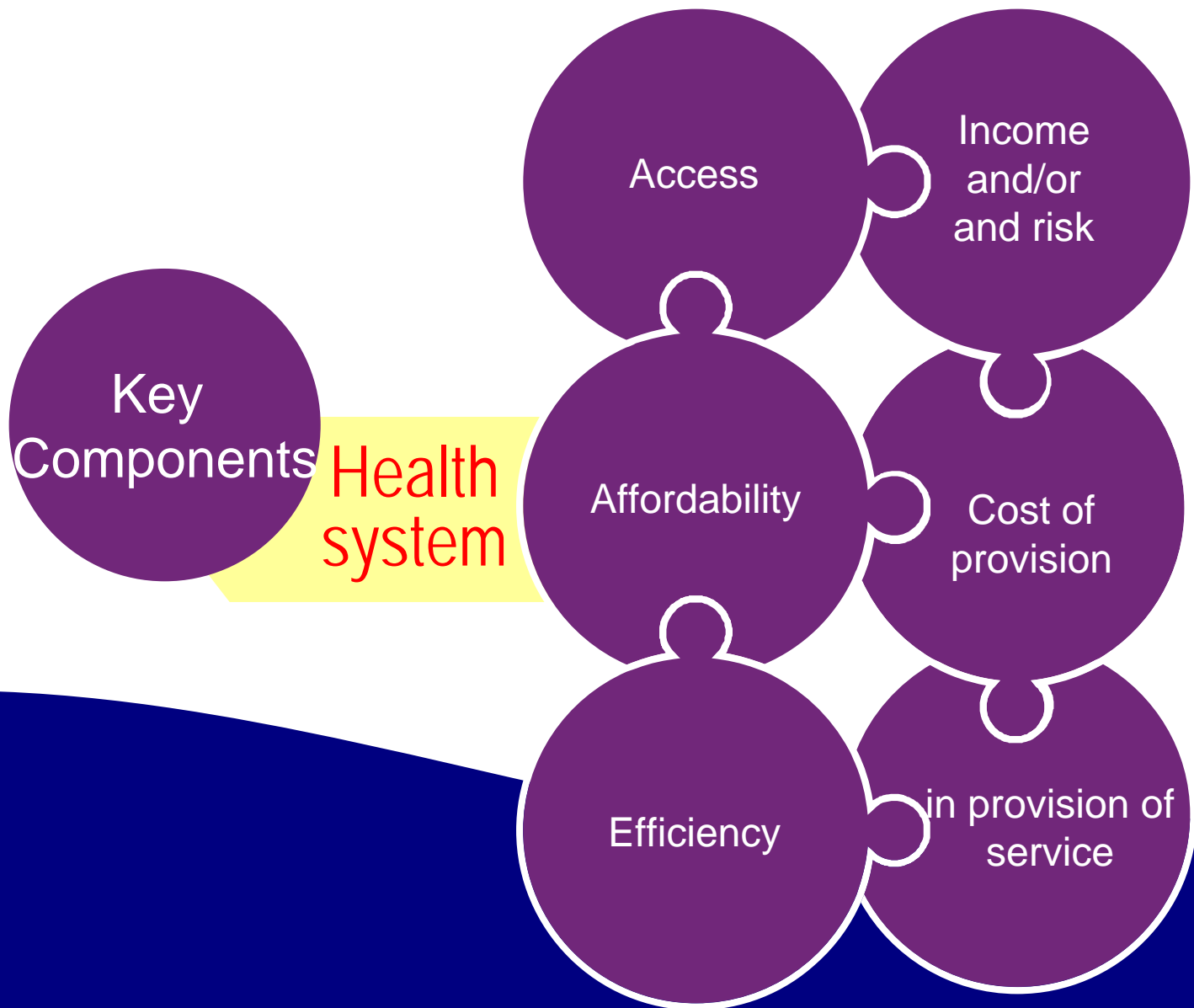
- Public share of total health expenditures (75%+)
- Increased cost demands on health system (ageing, medical technology)
- Current budgetary situation (health represents about 30% of total public expenditure)
- Recent health outcomes (mortality rates are now better than OECD average, infant mortality)
- Public dissatisfaction with health system (waiting times, access)

Implications

- Current model of funding for healthcare may not work going forward
- New sources of funding need to be found

Need for health reform beyond financing in order to control and improve public satisfaction

Key Components of Health Policy



Impact on Health Reform Agenda

Led to three waves of healthcare reforms

- Universal coverage and equal access
- Controls, rationing and expenditure caps
- Incentives and competition

Inter-dependence of these policy goals

- Lower efficiency in health provision, the higher the costs of provision
- The higher the costs, the more difficult it is to provide access for everyone

Do consumers feel reform is necessary?

Survey on Need for Health Reform

Reported	Australia	Canada	Germany	Netherlands	NZ	UK	US
Only minor	24%	26%	20%	42%	26%	26%	16%
Fundamental	55%	60%	51%	49%	57%	57%	48%
Rebuild completely	18%	12%	27%	9%	15%	15%	34%

Source: Schoen et al, Health Affairs 2007

These answers suggest that health reform is considered to be necessary in most countries.

Options for funding reforms

- Earmarked taxation
- Increased use of private funding
- Universal health insurance

These answers suggest that health reform is considered to be necessary in most countries.

Some lessons from Health Reform Initiatives

4 key lessons:

1. General
2. Quality, Efficiency and Cost Control
3. Financing and Access
4. Institutional Issues

Lesson 1: Social Objectives Must be Clear

Society and most particularly politicians need to articulate what are our social objectives

- Appropriate level of subsidies (risk, income)
- Benefit package
- Attitude to cost sharing / copayments/ deductibles

Lesson 2: Quality must be the cornerstone of any reforms

- Agencies to improve quality and value for money important (e.g. Australia, France, Germany, the Netherlands, UK)
- Economic evaluations (HTA) increasingly used
- Ensure that the services provided within the system are appropriate on the grounds of cost and expected outcomes
- Services provided within the system are monitored to ensure they are being provided to appropriate standards
- In Ireland, the development of the Health Information and Quality Authority has been an important milestone in meeting this objective
- Evidence from other countries is that the role of such agencies should be expanded as they are pivotal.

Lesson 3: Choice and competition

- Evidence is that choice incentivises efficiencies. For example:
 - ✓ Under an insurance based system giving consumers free choice empowers consumers and encourages insurers to provide better services
 - ✓ The choice of doctor or medical provider for consumers allows them to choose the provider most appropriate to their needs; and
 - ✓ Free choice of hospital encourages hospitals to compete with each other
- Choice means need for quality review to assist consumers

Lesson 4: Reimbursement

- Effective reimbursements systems need to be introduced that incentivise providers to provide appropriate care
- What does this mean?
 - ✓ FFS encourages medical practitioners to over-consume services while salary related payments causes difficulties for quality
 - ✓ **Pay-for-performance** type arrangements becoming more common where doctors with the better outcomes are rewarded
 - ✓ As part of the reimbursement system **cost sharing** is commonplace in reformed systems

Lesson 5: Risk Pooling

- Effective risk pooling is an important aspect of health policy and health reform
- Competitive insurance systems use open enrolment, guaranteed renewability and risk equalisation
 - ✓ Aim is to improve affordability for high risk groups
- Tax-based systems use single pools but leads to lack of competition
 - ✓ Implications for the cost control and quality of services provided

Lesson 5: Risk Pooling cond.

- Risk pooling among providers also important
- Under competitive selective contracting system providers will have an incentive to target the better patients
- Mechanisms are in place to deal with these perverse incentives
- Very relevant in countries with mixed system of provision
- Clear implications for co-location debate

Lesson 6: Universal Coverage

- Extending insurance coverage comes at a cost initially
- Experience is that adequate resources must be provided once a universal health insurance system is put in place
- Two examples here worth noting: South Africa, Massachusetts
- These examples are relevant for Ireland when the cost of universal health insurance is considered.

Lesson 7: Institutional & Governance

- The evidence is that important in any health reform to organise the system correctly from the start so that:
 - ✓ Various responsibilities within the system are clear and there is no duplication
 - ✓ Inefficient regulation is reduced and incentives are firmly established
- Not an insignificant issue
- Much of the contentious political debates are about who does what and how much resources are required
- Being clear about it leads to a more integrated system

Lesson 8: Local Factors

- Local factors should always be considered in considering reform of the system
- This manifests itself in a number of ways
 - ✓ Provision of services
 - ✓ Delivery of services
 - ✓ Different political landscapes
 - ✓ Different histories

Conclusion

- Many of these concepts are present within the Irish system
- Better integration required
- Bringing health reform is a key part of being able to in relatively reduce the cost of provision of health services

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Thank You