Tackling Wasteful Spending on Health

Learning from OECD countries' experience

National Health Summit

Dublin, February 8, 2018

Agnès Couffinhal
Senior Economist - OECD

OECD
BETTER POLICIES FOR BETTER LIVES

Outline

Why we need to talk about waste

- Conceptualize
- Contextualize
- Operationalize
    - Acknowledge
    - Inform
    - Pay
    - Persuade

Where do we start?

Why we need to talk about waste

- **Adverse events occur in 1/10 hospitalisations, add between 13 and 17% to hospital costs** and up to 70% could be avoided.
- **Geographic variations** in rates of **cardiac procedures** (x3) and **knee replacements** (x5) are for a large part **unwarranted**.
- Up to **50% of antimicrobial prescriptions are unnecessary**.
- 12% to 56% **of emergency department visits are inappropriate.**
- **Administrative expenditure** on health **varies more than six-fold**, with no obvious correlation with performance.
- **Loss to fraud and error** may average to **6% of payments** for health care services.

Up to a fifth of health spending in OECD countries is at best ineffective and at worst, wasteful

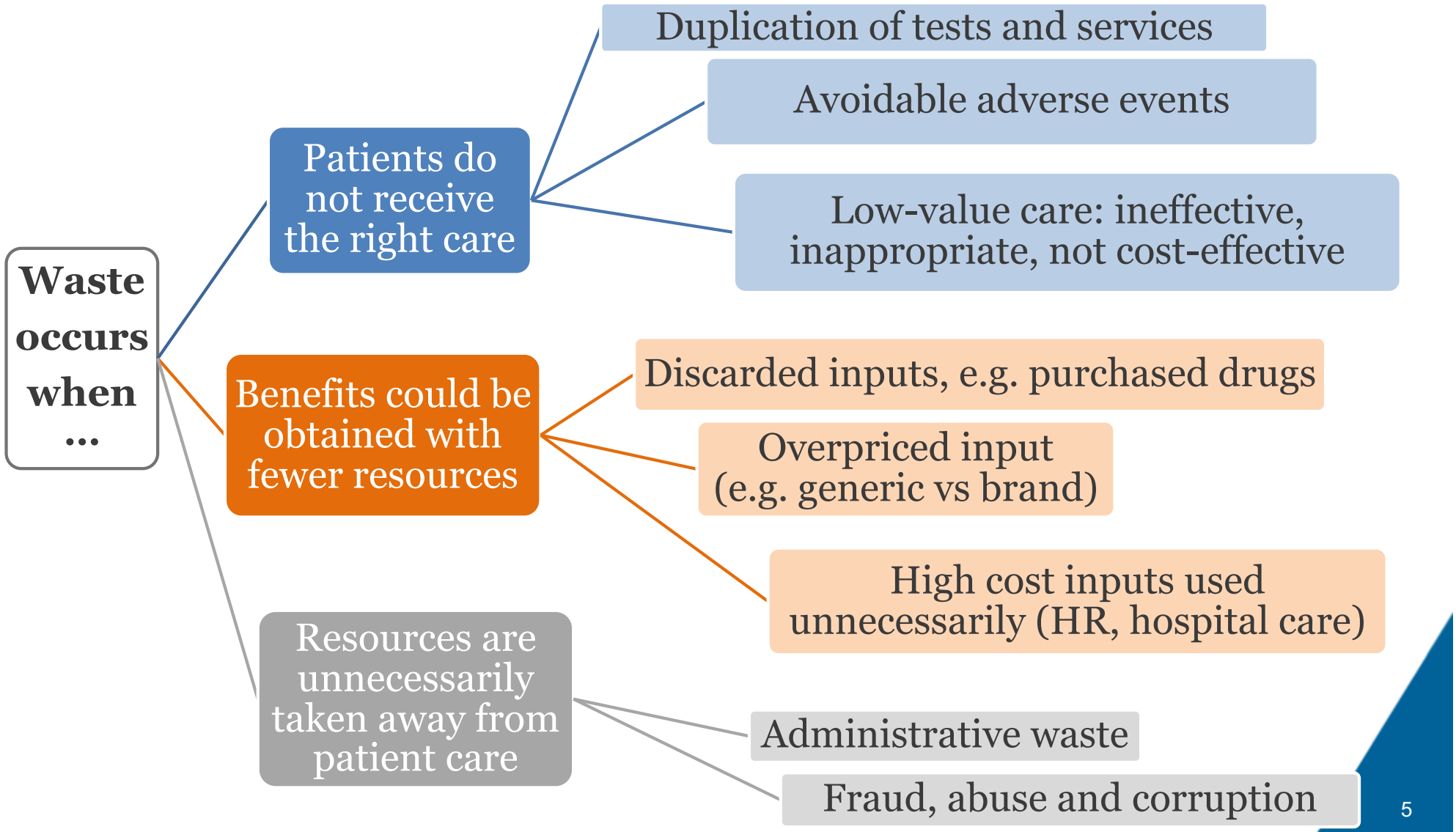
What exactly is wasteful spending?

A pragmatic definition

- Services and processes which are either harmful or do not deliver benefits;
- Excess costs which could be avoided by replacing them with cheaper alternatives with identical or better benefits.

What exactly is wasteful spending?

Wasteful clinical care, operational and governance-related waste

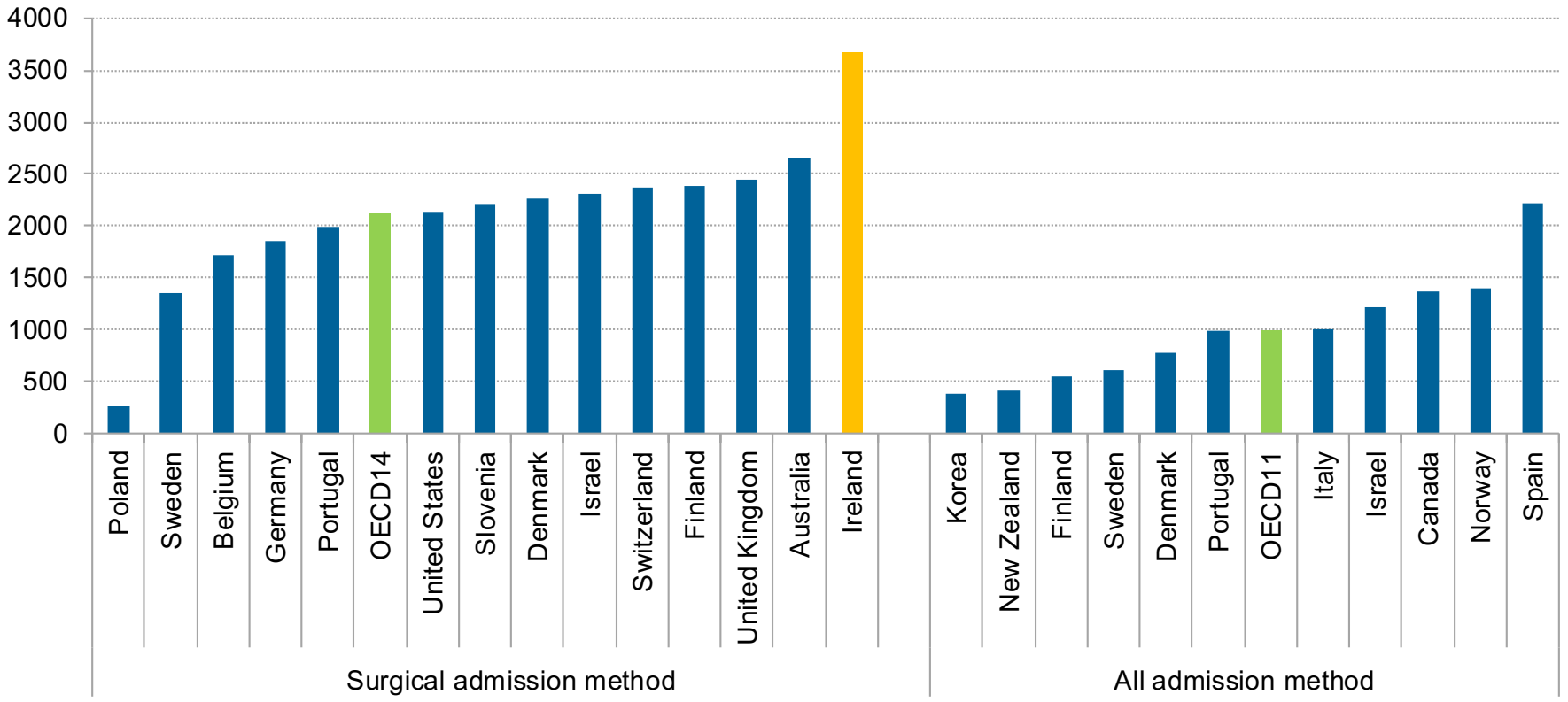


Wasteful spending occurs at all levels of the system for multiple reasons

Wasteful clinical care

Whether reported or not, adverse events are costly

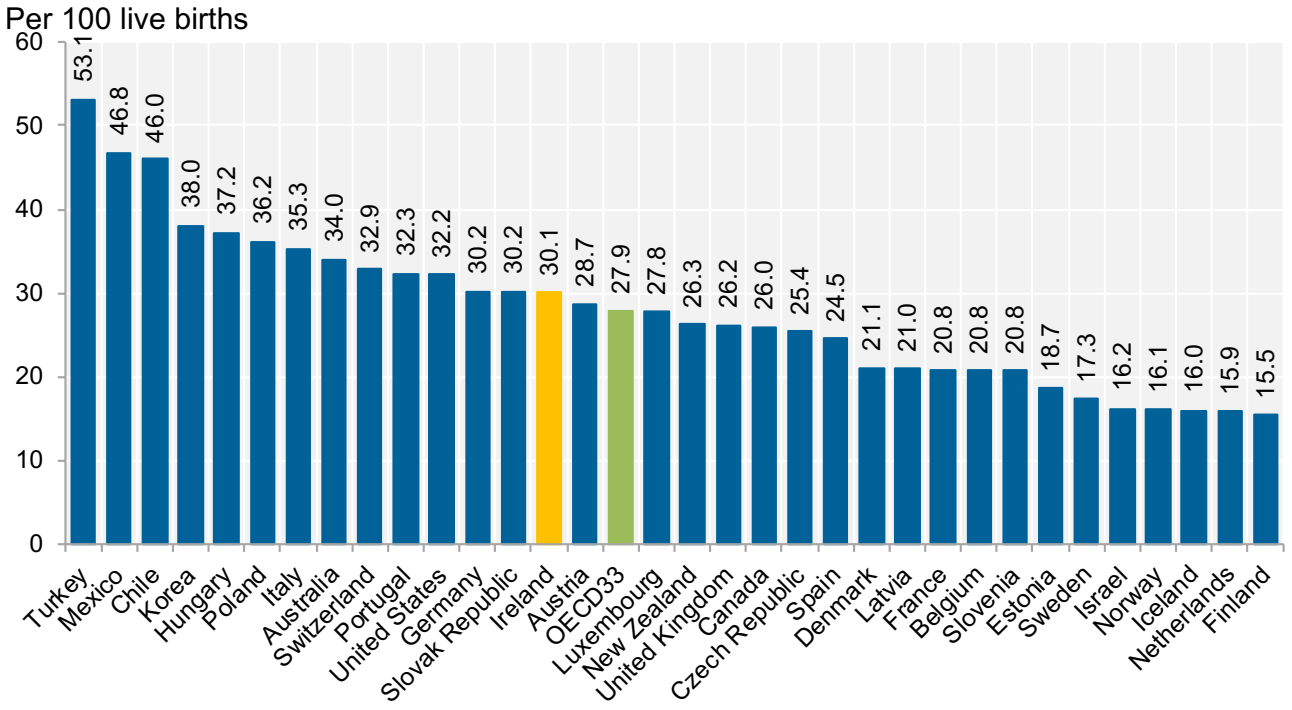
Postoperative sepsis in abdominal surgeries, 2015 (or nearest year)

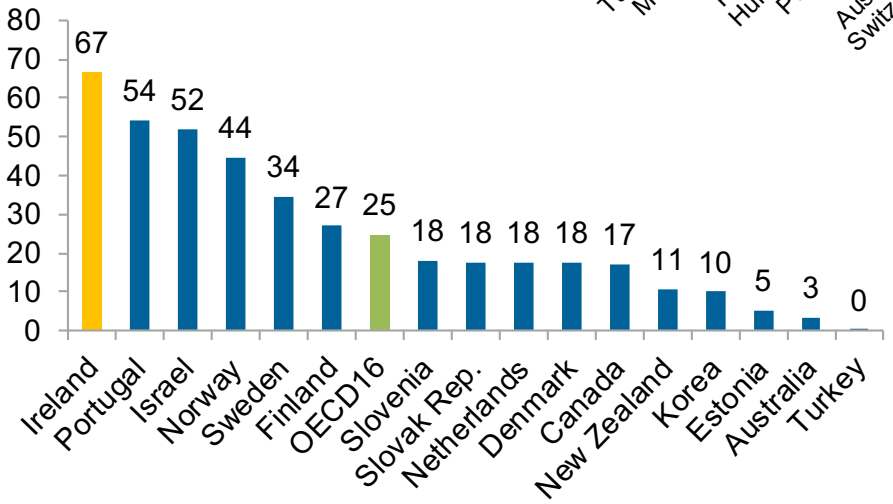


Wasteful clinical care

Mounting evidence of overuse

C-section rates, 2015



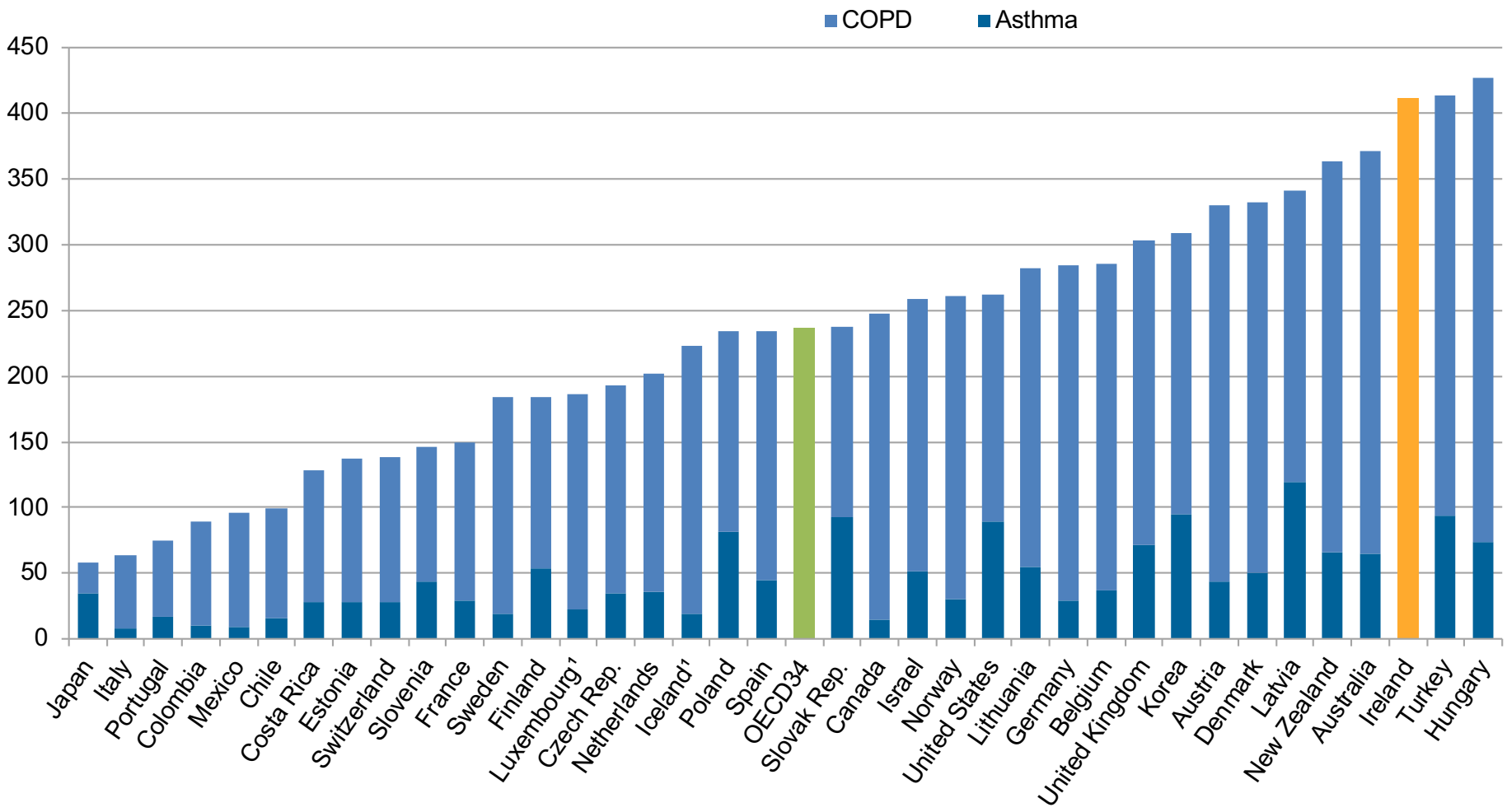


Chronic Benzodiazepine Use, 2015

Number of patients per 1000, aged 65 years and over who have prescriptions for benzodiazepines for more than 365 days, 2015 (or nearest year)

Operational waste

Hospital admissions for chronic conditions are often avoidable

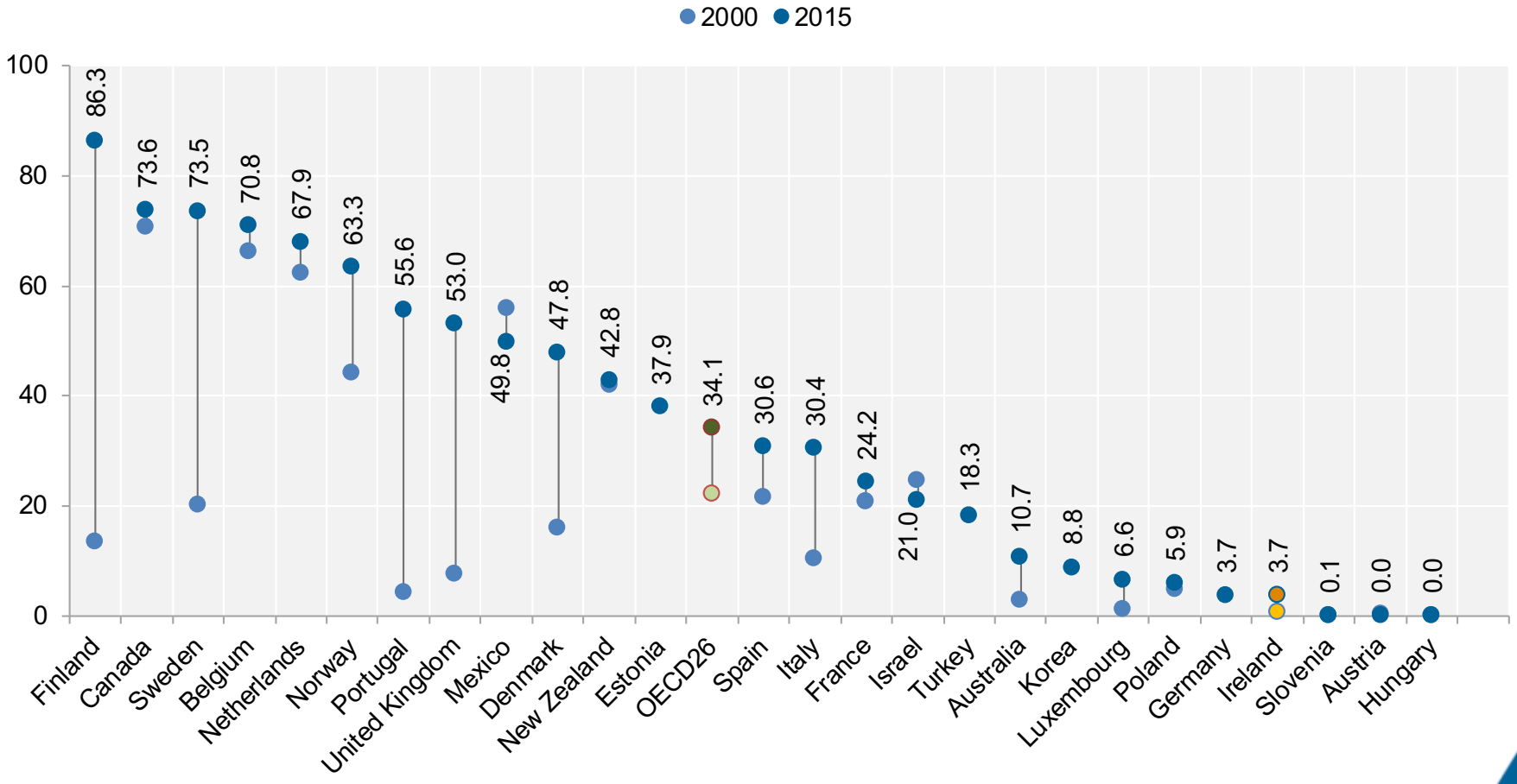


Diabetes hospital admission in adults, 2010 and 2015 (or nearest year)

Operational waste

Ambulatory surgery is developing at uneven pace

Share of tonsillectomy carried out as ambulatory cases
2000 and 2015 (or nearest year)

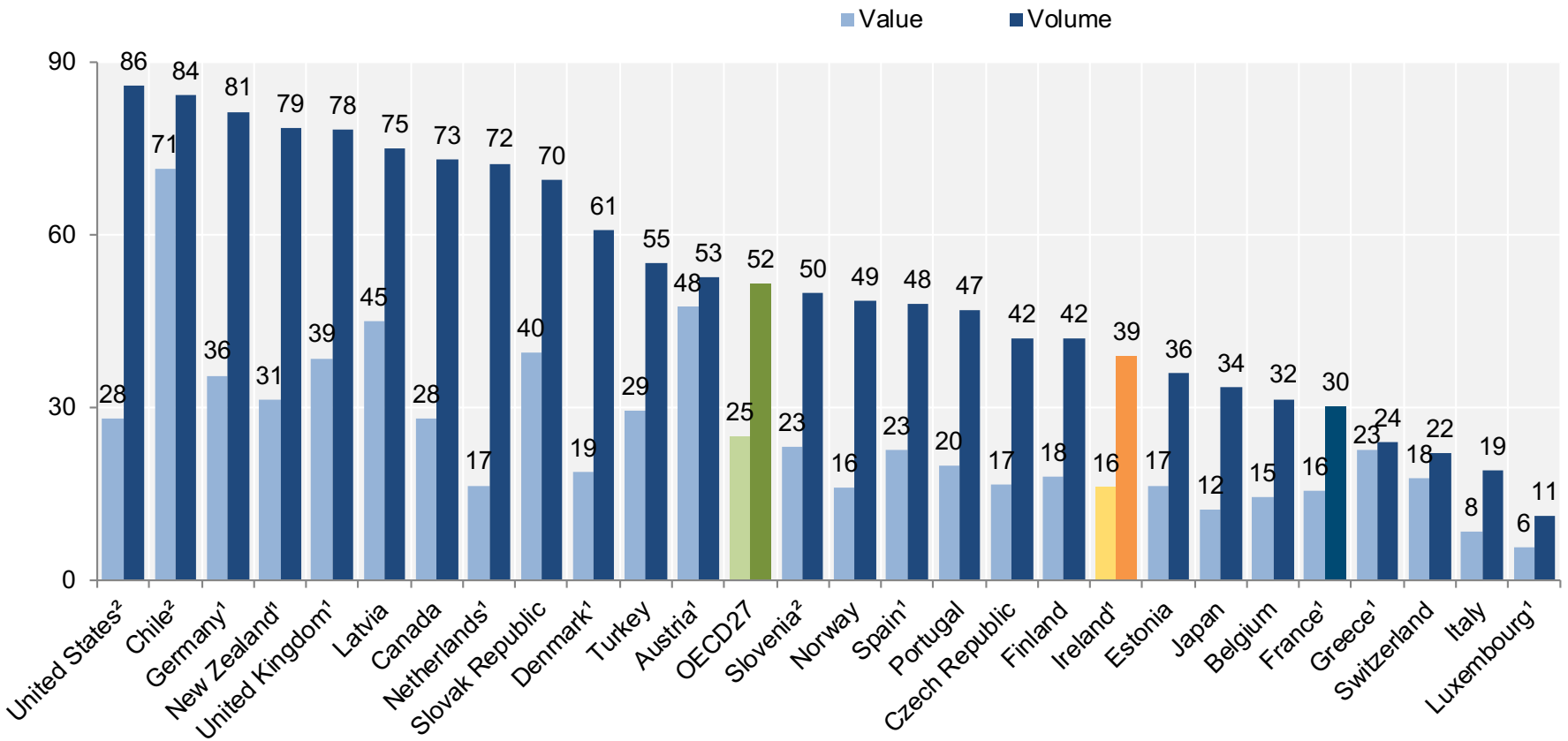


Cataract: 94% above the OECD average of 87%

Operational waste

The share of generic continues to be low

Share of generics in the total pharmaceutical market, 2015 (or nearest year)



1. Acknowledge

- All OECD countries are explicitly or not already engaged in activities which aim to tackle waste
- Netherlands (2013): created a hot-line and website where stakeholders could report anonymously instances of waste – this led to a series of measures in the area of drugs and medical devices, long term and curative care
- A difficult conversation but worthwhile conversation
- Learn from Fraud & Corruption

2. Inform

- Simple comparisons are a good starting point
  - Atlases variations in the volume of services (10 countries)
  - Atlases of price variation UK NHS Atlas (2014) identification wristband for hospital patients - two-fold, needles 47% variation
- Reporting and learning systems of adverse events
- More robust and rich information systems
  - Limitations of many administrative data systems
  - PROM-PREM: Value and safety from the perspective of care recipient
- Making information public can effectively support behaviour change

3. Pay

- Base coverage decisions on value
  - 19 countries use HTA – disinvestment -
  - Australia's on-going benefit schedule review
- Payment systems
  - Fee-for-service encourage volume irrespective of appropriateness and deter coordination
  - Bundled or population-based payments are increasingly used to incentivize delivery in the right setting.
  - Some promising results, but complex to administer
- Invest in alternative

4. Persuade

- Importance of behavior change
- Public campaigns
  - Choosing Wisely® campaign in a third of OECD countries
- Combined with individual-level interventions: clinical guidelines, audit, feedback
- Importance of engaging stakeholders
  - patients and encouraging self –management
  - Self-regulation
- Supporting tools (eg e-prescription, decision aids)

Tackling wasteful spending:
Where to start

- Reducing wasteful clinical care could release significant amounts of resources
  - patients and health care providers must be on board
- Administrative waste or loss to fraud and corruption is present in all systems and should not be tolerated
  - magnitude of potential savings is relatively modest
- Eliminating operational waste is most complex
  - less evidence on policies that work
  - can pave the way for efficiency-enhancing systemic changes, including hospital restructuring