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How will we pay for the Sláintecare Reforms?

16th National Health Summit
Croke Park
6th February 2020

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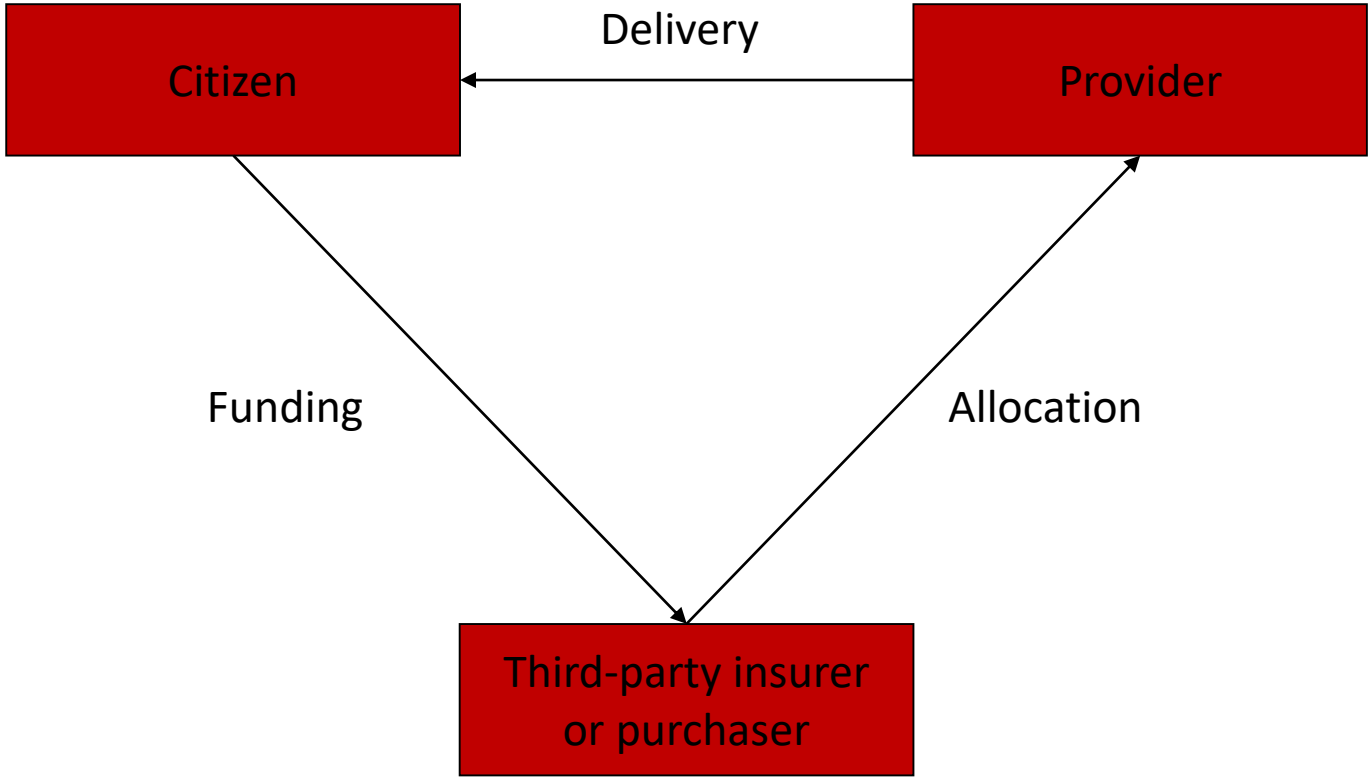
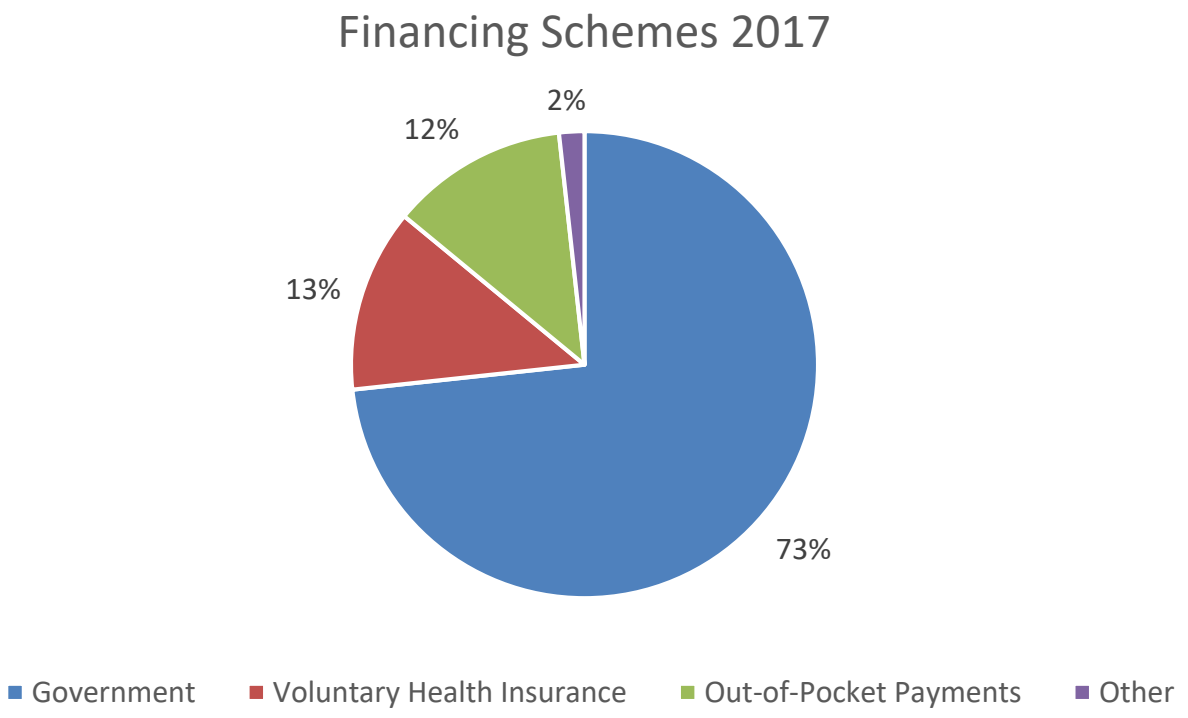
The Healthcare Triangle



Healthcare Funding Mechanisms

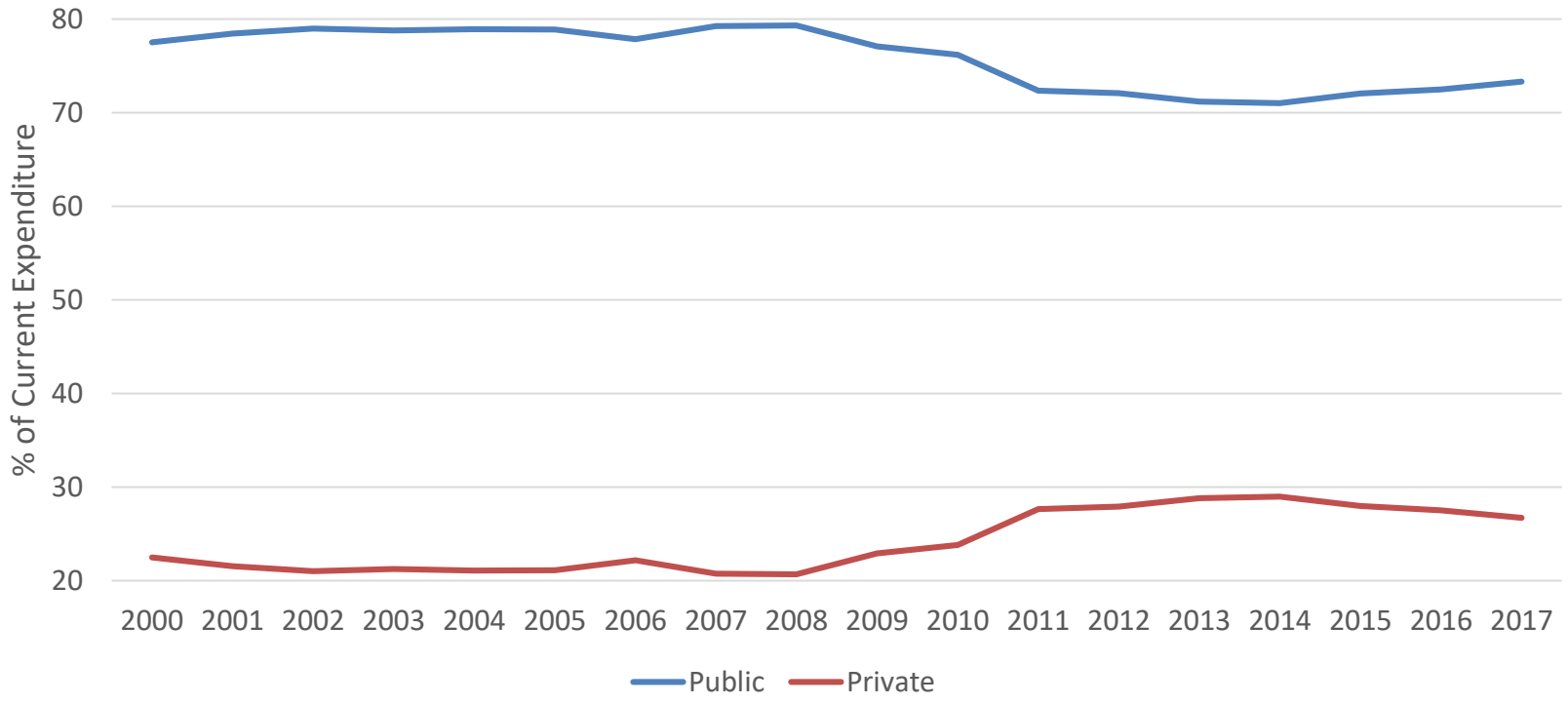
- Public
  - Taxation
  - Social health insurance
- Private
  - Private health insurance
  - Out-of-pocket payments
  - Medical savings accounts
- Progressivity
- Pooling

Contribution to Health Expenditure in Ireland



Source: Central Statistics Office

Public/Private Healthcare Expenditure



Source: Central Statistics Office

Public vs. Private Expenditure

Year	Public Expenditure €m	Private Expenditure €
2008	13,557	3,534
2009	13,748	4,090
2010	13,420	4,197
2011	13,233	5,059
2012	13,488	5,226
2013	13,173	5,332
2014	13,387	5,464
2015	13,868	5,386
2016	14,621	5,551
2017	15,487	5,643

Source: CSO

Private Health Insurance

Year	Premium Income €m	Number Insured (million at year-end)
2008	1,561	2.297
2009	1,745	2.260
2010	1,840	2.228
2011	1,938	2.163
2012	2,116	2.099
2013	2,262	2.049
2014	2,316	2.025
2015	2,331	2.122
2016	2,391	2.152
2017	2,509	2.174

Source: The Health Insurance Authority

User Charges – Cost-Shifting

Year	Prescription Charges	DPS Threshold	A&E Charge	Statutory Bed Charge
2007	N/A	€85	€60	€60
2008	N/A	€90	€66	€66
2009	N/A	€100	€100	€75
2010	€0.50 (€10)	€120	€100	€75
2011	€0.50 (€10)	€120	€100	€75
2012	€0.50 (€10)	€132	€100	€75
2013	€1.50 (€19.50)	€144	€100	€75
2014	€2.50 (€25)	€144	€100	€75
2015	€2.50 (€25)	€144	€100	€75
2016	€2.50 (€25)	€144	€100	€75
2017	€2.50 (€25) Reduced for over-70s to €2.00 (€20)	€144	€100	€80
2018	€2.00 (€20)	€134	€100	€80
2019	€2.00 (€20) Reduced for over-70s to €1.50 (€15)	€124	€100	€80

Healthcare Expenditure by Financing Scheme and Provider, 2017

Healthcare Provider	Government	Voluntary Health Insurance	Out-of-pocket Payments
Hospitals	36%	76%	5%
Long-Term Residential Facilities	19%	1%	25%
Ambulatory Health Care Providers	19%	5%	40%
Medical Practices	*4%*	*3%*	*11%*
Dental Practices	*1%*	*1%*	*14%*
Retailers of Medical Goods	14%	n/a	32%
Providers of Health Care System Administration & Financing	1%	16%	0%

Source: CSO

Private Health Insurance Returned Benefit Payments

Benefits (€m)	2016	2017	2018 H1
Public Hospitals	629 (33%)	541 (29%)	253 (27%)
Private Hospitals	905 (47%)	947 (50%)	480 (52%)
Consultants	394 (20%)	393 (21%)	192 (21%)
Total	1,929	1,881	925

Source: The Health Insurance Authority

How Much Will it Cost?

- Sláintecare report suggests removing private practice from public hospitals will cost €649m per annum by Year 10
  - €129.8m increase per year from Years 2-6
- However, this move will also be reliant on other Sláintecare measures being implemented
  - So cost needs to be taken in context

So How Much Will Sláintecare Cost?

- Full implementation would cost an additional €2.8bn per annum by Year 10
  - Over and above increases for medical inflation and demographic factors
  - Plus €3bn transition fund over Years 1-6

- But we are already falling behind on this funding

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Sláintecare Budget (€m)

Year	Natural Increase	Sláintecare Funding	Transition Fund	Total Budget	Annual Increase
2018	**16,360**			**16,360**	
2019	491	396	500	17,746	1,386
2020	506	459	(500)	18,711	964
2021	521	464	(500)	19,695	984
2022	536	409	(500)	20,640	945
2023	552	411	(500)	21,604	964
2024	569	384	(500)	22,557	953
2025	586	71	-	22,715	157
2026	604	90	-	23,408	694
2027	622	75	-	24,105	697
2028	640	77	-	24,823	717

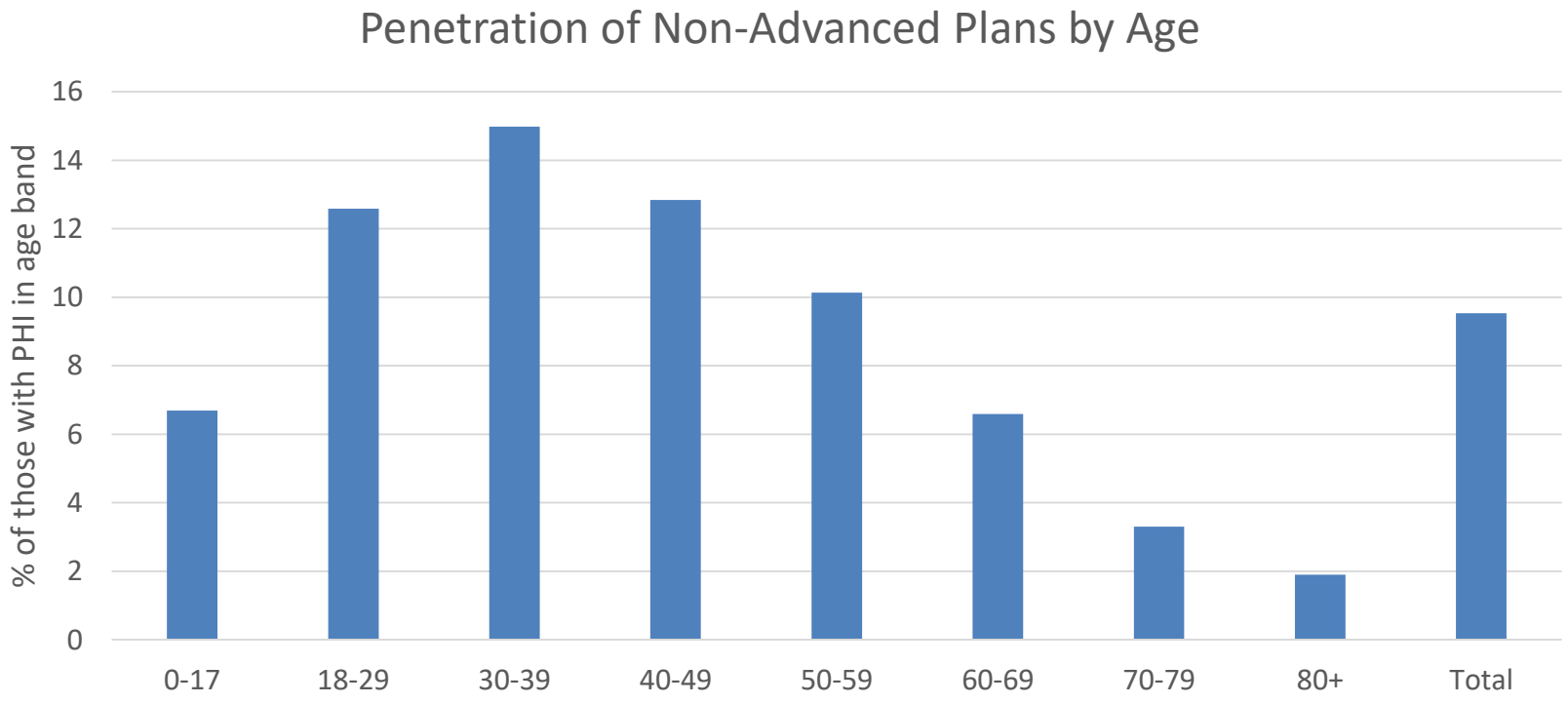
Shift from Private to Public Funding

- Private health insurance to Taxation
  - Replace income for private activity in public hospitals - €649m by Year 10
- Out-of-pocket payments to Taxation
  - Reduce and remove charges - €437.269m by Year 10
  - Universal GP care - €455m by Year 10
  - Universal primary care - €265.6m by Year 10
- Sláintecare envisages €1.482bn per annum less in direct personal health expenditure (€285-€294 per person)
  - Arising from reduced/removed charges and lower demand for private health insurance

But what about those left with PHI?

- Capacity of private hospital sector to cater for additional demand
  - Could waiting times increase, further reducing demand?
- Some subsidisation remains of private patients in public hospitals, whereas private hospitals will (presumably) charge full economic cost
- Who will discontinue PHI?
  - If the market retains a higher proportion of higher risk members, this will have an impact on premiums
- Non-advanced/Level 1 plans will cease to exist
  - As at 1st July 2018, 74% of those on non-advanced plans were under-50
- What about plans with restricted orthopaedic/ophthalmic benefits in private hospitals?

Non-Advanced Cover



Source: The Health Insurance Authority

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Known Unkowns

- Consultant contract
- GP Contract
- Capacity…

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Capacity - Workforce

- Sláintecare highlights need for an additional 593 (20%) consultants
  - Years 4-10 of the plan

- Health Service Capacity Review proposes (by 2031)
  - 48% increase in primary care workforce
  - 1,130 extra GP WTEs (+29%)
  - 1,200 extra practice nurse WTEs (+89%)
  - 1,100 extra public health nurse WTEs (+67%)
  - 19,000 extra home care packages (+122%)
  - 12.5m extra home help hours (+118%)

Global Competition for Medical Workforce

- Scheffler, Richard. & Daniel Arnold (2019): Projecting shortages and surpluses of doctors and nurses in the OECD: what looms ahead. *Health Economics, Policy and Law*, 14 (2): 274-290
  - Based on demand and supply data from 1995-2013
  - Model projections to 2030
  - Total shortage of 386,358 doctors across 32 OECD countries
  - Total shortage of nearly 2.5 million nurses across 23 OECD countries
  - But, surplus of 1,844 doctors in Ireland projected
  - No projection of nursing figures for Ireland, but significant shortages projected in Australia, Canada, UK and US

Additional Capital Investment

- Health Service Capacity Review predicts a need for:
- At least 2,590 additional pubic hospital beds
  - 5,360 if reforms are not put in place
  - 7,150 if reforms are not put in place and bed occupancy rates are reduced to safe levels
- An extra 13,000 residential care beds
- Primary care facilities to reflect the need for a 48% increase in the primary care workforce

National Development Plan 2018-2027

- €10.9bn allocated for Health
- Major investment projects to include:
  - National Children's Hospital
  - National Maternity Hospital
  - Primary care construction programme nationwide
  - Replacement and refurbishment of community nursing units, long-term residential care units and housing in the community
  - Acute hospital developments, including new hospital for Cork
  - Mental health projects

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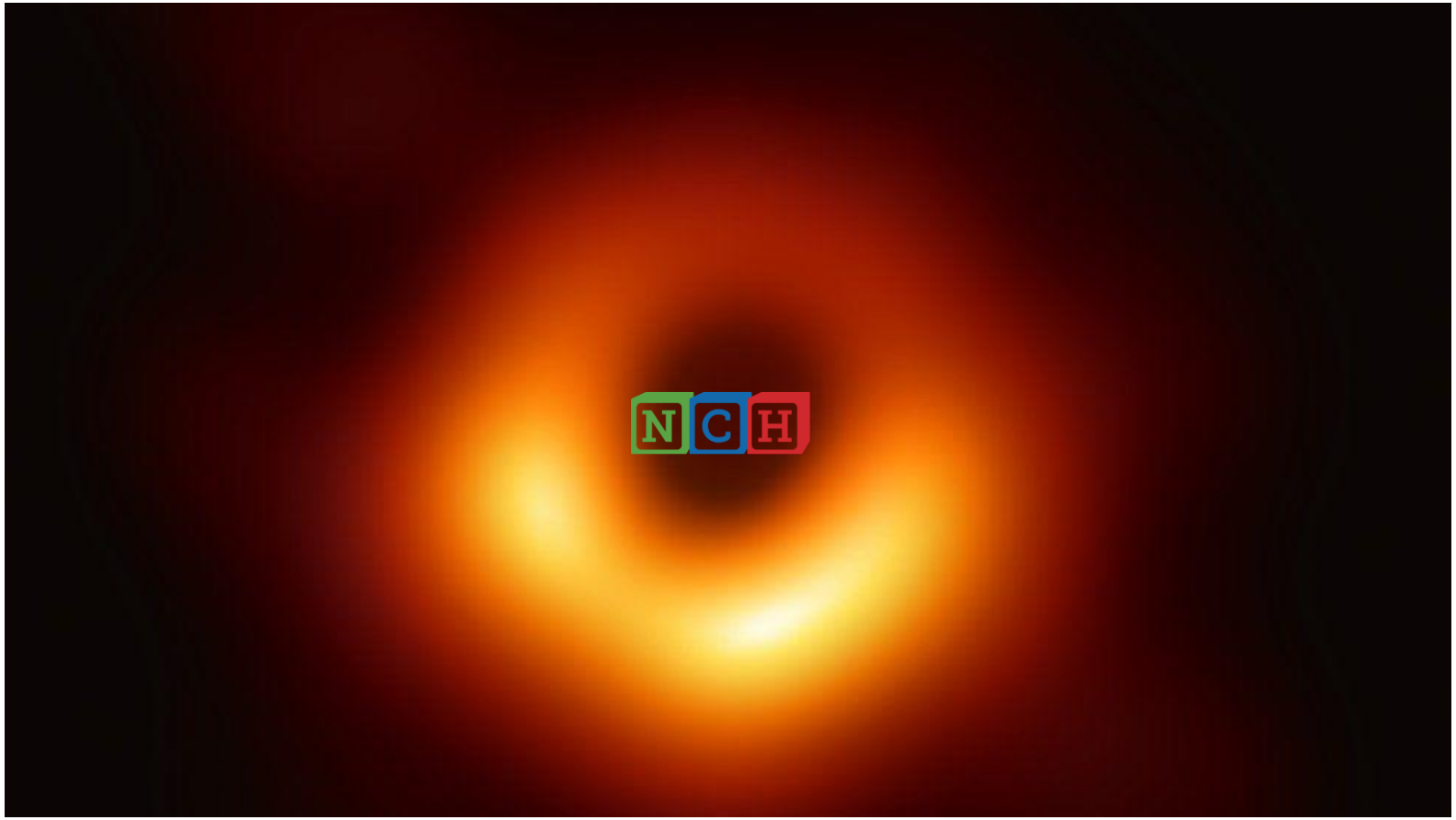

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So where is the money going to come from?

- "Under this model, a single-tier system is funded through a combination of general taxation revenues and earmarking of some taxes, levies or charges into a single National Health Fund (NHF)."
- Reduced private funding
  - Private health insurance
  - Out-of-pocket payments

- Not all about costs…need to consider benefits also
  - Better health system
  - Better value for money through earlier treatment

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Considerations

- Sláintecare proposals will lead to a better health system
  - Will re-balance between public and private
  - Burden of payment
- Significant extra funding required
  - Taxation
    - General vs. ring-fenced
    - Protection against cyclical fluctuations
- We need an honest discussion about funding services
- Process needs to start now – further delays will be costly

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QUESTIONS

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