Coping with Recession in the Irish Health Services

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Content

• Current Economic Context & the Irish Health Services
• Recent Trends in Pharmaceuticals
• Some Policy Responses
Irish Output

Source: CSO National Income & Expenditure Accounts, Department of Finance; Budget 2014
Irish Public Health Expenditure

Public Health Expenditure as % GDP

Source: DoHC Key Trends 2013, CSO National I&E Accounts., DoF Budget 2014.

OECD Average 9.3%

2009 9.6%

2013 8.5%

Percentage Change in Irish GNP &
Public Health Expenditure (Base 2004)

Source: DoHC Health In Ireland: Key Trends 2013. CSO National I&E Accounts, DoF Budget 2014.
Irish Health Services

- The health & social services of 4.6m people
- €13.1bn spend
- 97,000 employees (largest employer in country)
- Complex and varied services:
  - 550,000+ inpatient cases, 750,000 day cases
  - 10m + home help hours
  - 15m + GP consultations
- €619m planned savings in 2014
  (plus €400m+ deficit brought forward!)
2013 HSE Care Group Spend

- Acute Hospitals: 31%
- PCRS: 21%
- Other: 9%
- Mental Health: 4%
- Primary Care: 4%
- Children & Families: 5%
- Older Persons (incl. Fair Deal): 12%
- Disabilities: 12%
- Multicare Group: 2%

Source: HSE Management Data Report Dec 2013 p117
Government Net Funding to HSE

Source: HSE monthly performance reports. Available at: http://www.hse.ie/eng/services/Publications/corporate/performance/reports/MonthlyPRs.html

Note: All figures presented are net of income charges.
HSE Staff Levels

- WTEs
- 14% drop to date
- 97,000 end April ‘14
- 95,500 Estimate
- Dec-01 Dec-02 Dec-03 Dec-04 Dec-05 Dec-06 Dec-07 Dec-08 Dec-09 Dec-10 Dec-11 Dec-12 Dec-13 Dec-14 Dec-15
Current Environment since 2008

• Pop. up 8% since 2006 (65y+ up 14%)
• Budget reduction €4bn (€619m in ’14)
• Staff down 15,000+ (14%)
• Complex and varied services:
  – Medical cards up 590,000 (46%)
  – Day Cases up 200,000 (30%)
  – 30,000 new cancer cases pa
  – 61% adults overweight /obese
European Comparisons
Total Health Spend Per Capita US $

European Comparisons
Pharmaceuticals as % Total Health Spend

Total Pharmaceutical Spend
Per capita spend 2000 versus 2011

Numbers of Medical Cards

Source: HSE Monthly Performance Reports
Cost of Public Scheme Drugs

€

GMS
LTI
DPS
HTD

2005 2006 2007 2008 2009 2010 2011 2012 2013*
Policy Responses

1. Find additional revenue
   – Increase user charges: private beds, ED, long-stay, DPS deductible, prescription charges

2. Cut spending
   – Curtailment of services: over 70s automatic entitlement, dental services
   – Redundancies, non filling of posts

3. Get more from same resources
   – Price decrease: wages (5-15%), GP/Pharmacy fees
   – Efficiency savings: reduced agency/locums, admin cuts, service redesign
2011 Pharmaceutical Savings

1. Find additional revenue
   - Increase DPS patient copayment
   - Enhance probity & scheme verification

2. Cut Spending
   - DPS retail mark up reduced to 20%
   - Reduced pharmacy & patient care fees

3. Get more from same resources
   - 20-30% price cut on generics
   - 40% price cut on post-patent drugs

TOTAL SAVINGS

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<th>€</th>
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Medicines Management Programme

Aim: Sustained national leadership relating to Safe, Effective & Cost – Effective prescribing

Provides significant cost savings and increases patient safety without impacting front line services through:

- Changing prescribing practices
  - Identifying Preferred Drugs for different drug groups
  - Increasing generic prescribing
- Health Technology Assessments (HTAs)
  - Evidence base ensuring VFM from new / existing drugs
  - Support the delisting of drugs
• Preferred drugs are medicines that the MMP is recommending as the drugs of “first choice” to prescribers.

• Preferred drug initiative aims to ensure:
  – Quality of the medicine management process
  – Cost effectiveness of overall drug expenditure
  – Access to other essential (frequently high cost) medicines for all Irish citizens.
Prescribing preferred drugs can save a massive €17 million a year.

Statins: SIMVASTATIN
PPI: LANSOPRAZOLE
ACE inhibitor: RAMIPRIL
ARB: CANDESARTAN
SSRI: CITALOPRAM
SNRI: VENLAFAXINE
The Benefits

- The use of preferred drugs will enable us to optimise the use of healthcare resources
- It obtains savings without affecting frontline services whilst preserving health outcomes
- Ensuring affordability of new medicines for the benefits of patients
- Reducing out of pocket expenditure for those patients who pay for medicines
Health Technology Assessment

“is a multidisciplinary field of policy analysis. It studies the medical, social, ethical, and economic implications of development, diffusion and use of health technology”

INAHTA: 1998

Purpose:

• introduce technologies speedily with proven, significant health benefit
• prevent the introduction of some technologies and
• continuously monitor the effectiveness of technologies
Ivacaftor for cystic fibrosis

- Well above the accepted cost-effectiveness threshold
- €250,000 per patient per annum
- €28m+ annual cost (120 people)
- 1/3 entire annual new drug budget
- Significant opportunity cost
Conclusion

- Dual challenge of reducing costs while improving patient outcomes/safety
- Continued demographic pressures and increasing demand
- Structural Reform

Affordability of Irish Healthcare System?