

Centre for Policy Studies
Conference 2014
Coping with Recession – A National Perspective

Coping with Recession in the Irish Health Services

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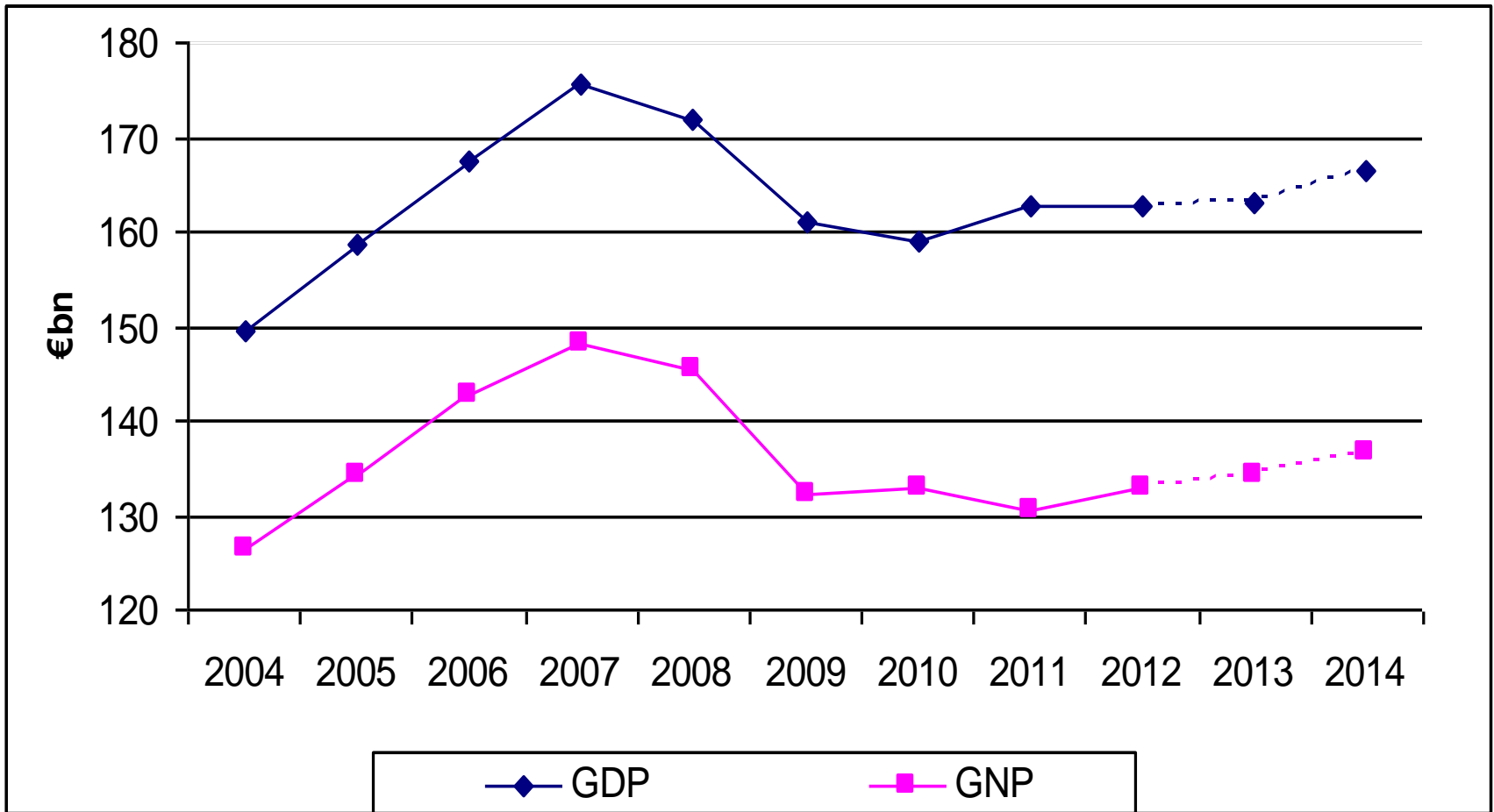


Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Content

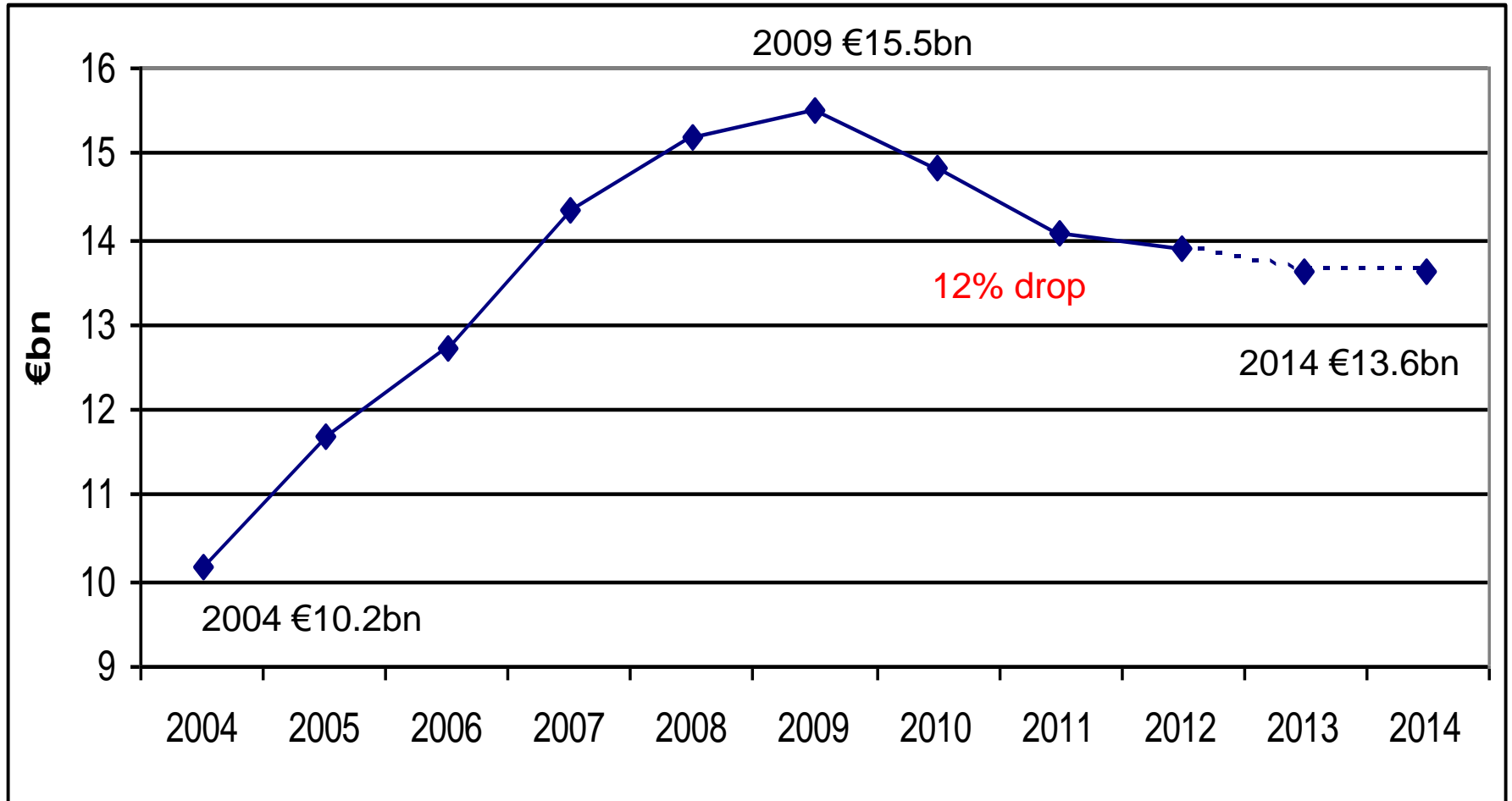
- Current Economic Context & the Irish Health Services
- Recent Trends in Pharmaceuticals
- Some Policy Responses

Irish Output



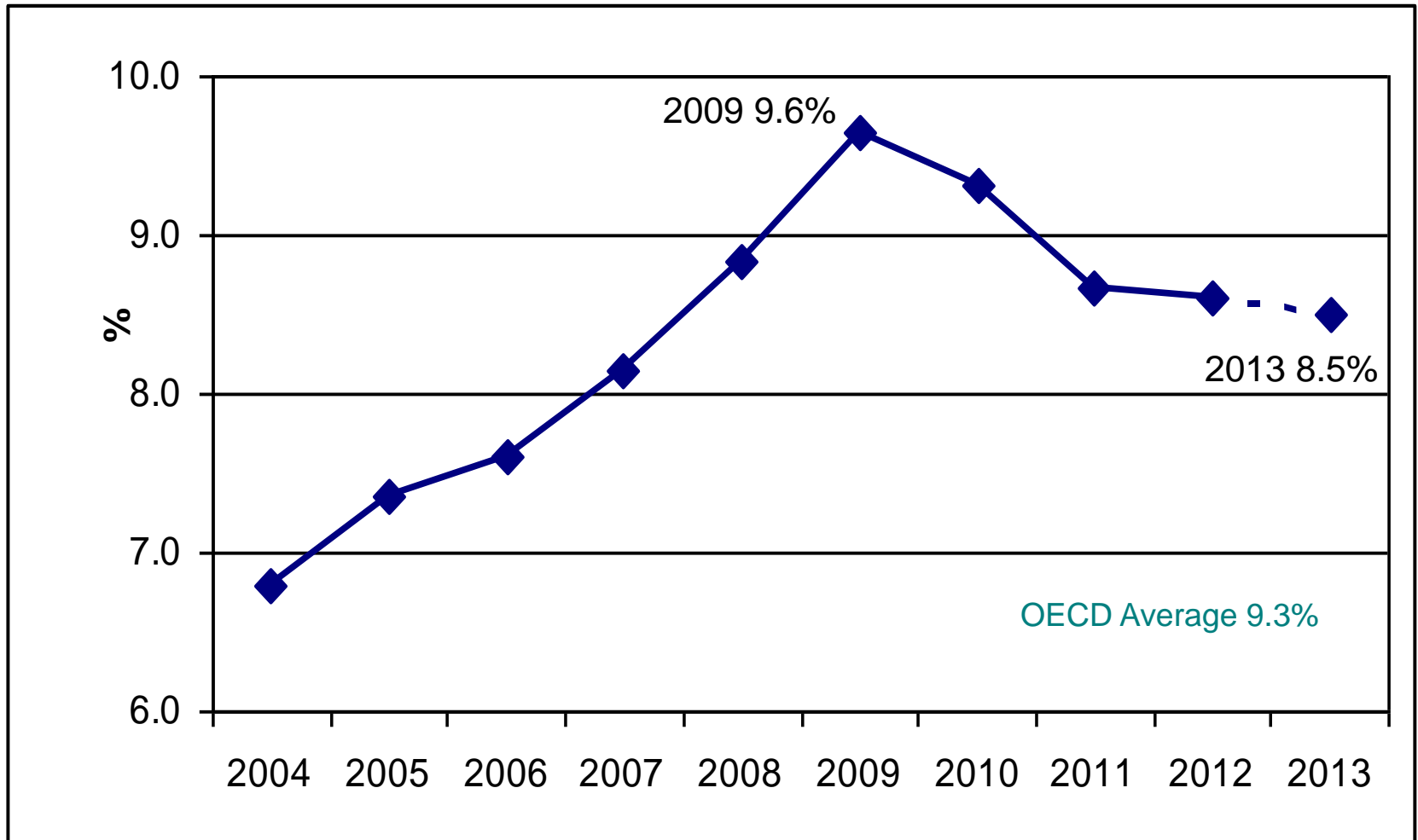
Source: CSO National Income & Expenditure Accounts, Department of Finance; Budget 2014

Irish Public Health Expenditure



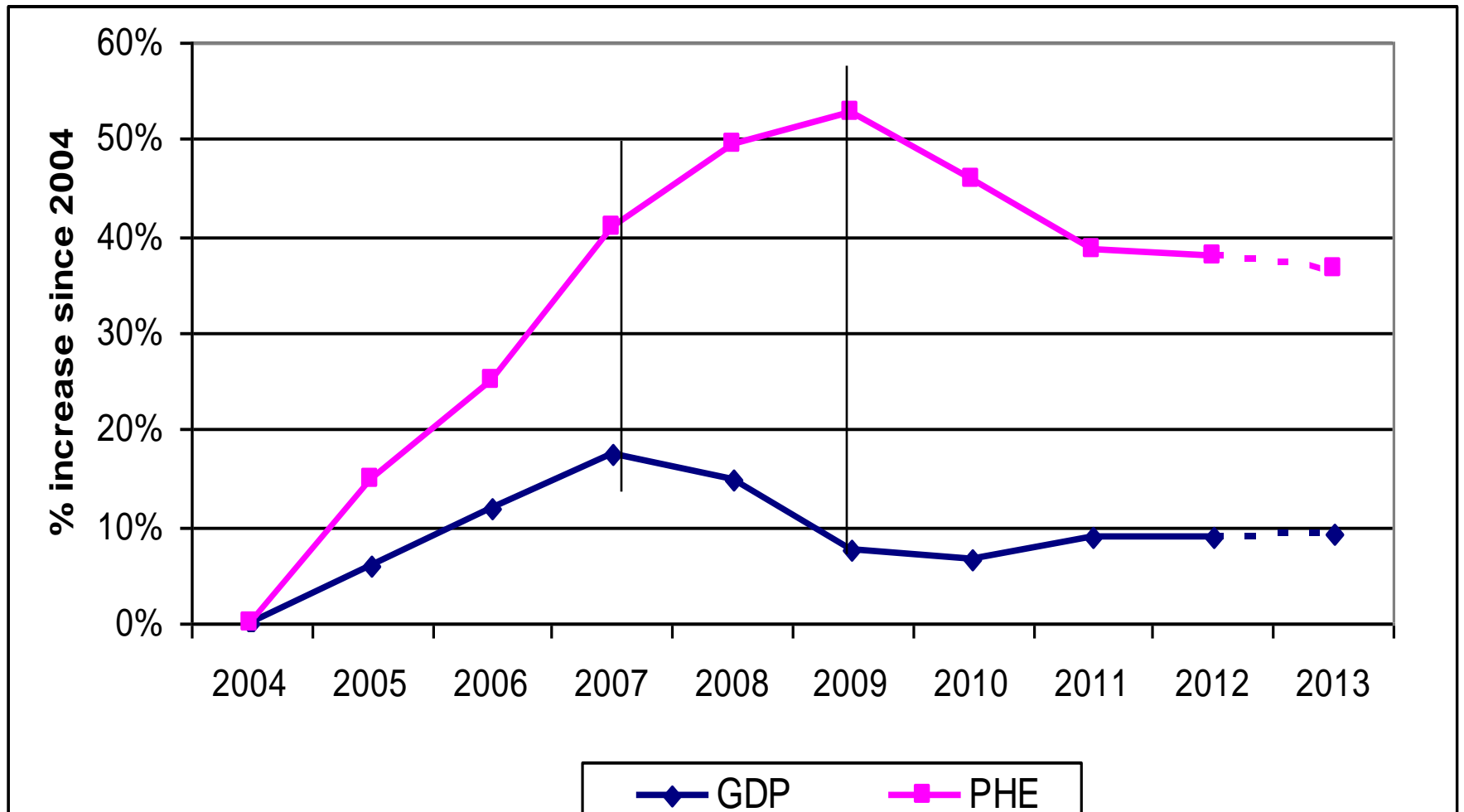
Source: Department of Health & Children. Health In Ireland: Key Trends 2013. DoF Budget 2014.

Public Health Expenditure as % GDP



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

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

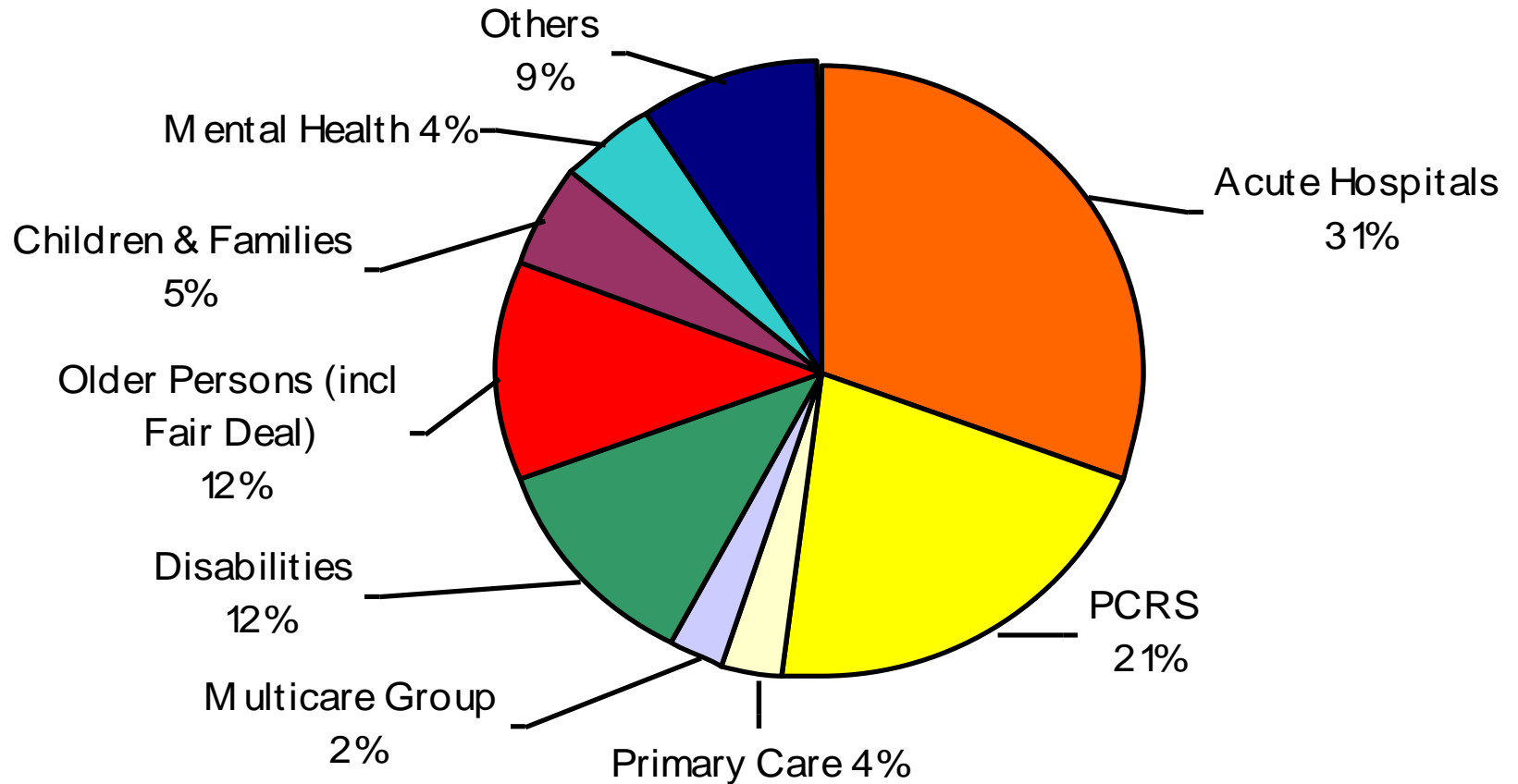


Source: DoHC Health In Ireland: Key Trends 2013. CSO National I&E Accounts, DoF Budget 2014.

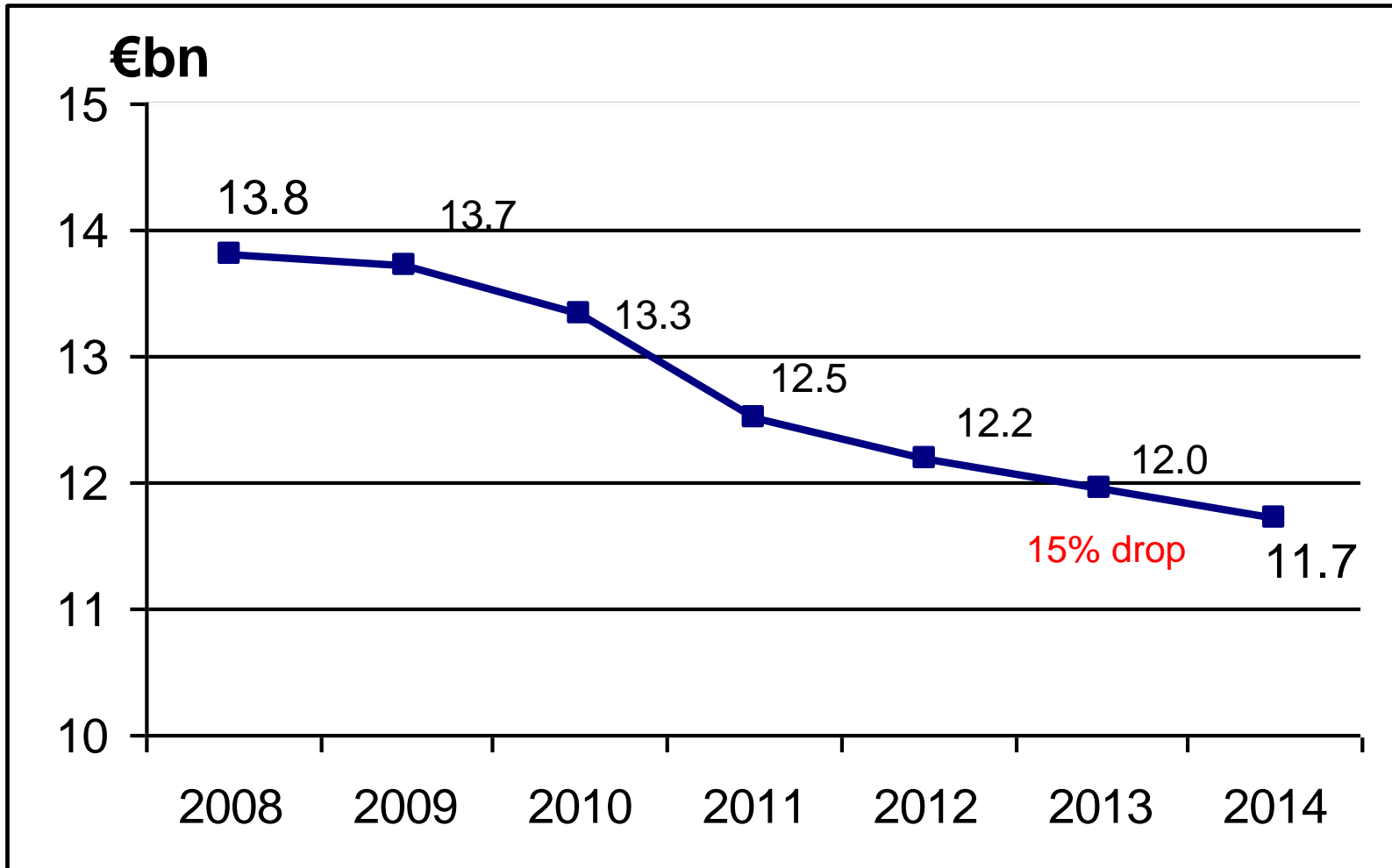
Irish Health Services

- 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



Government Net Funding to HSE

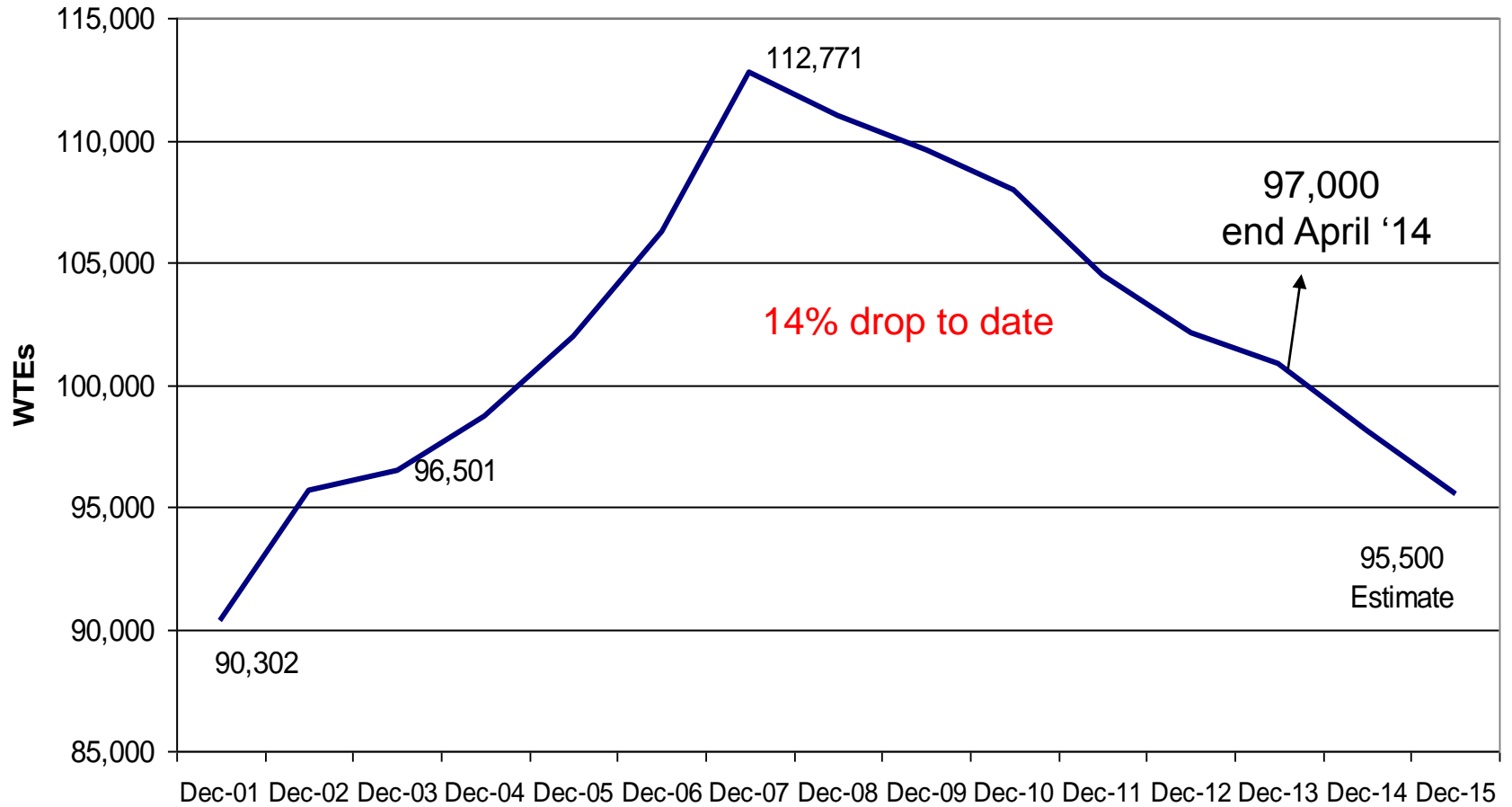


Source: HSE monthly performance reports. Available at:

<http://www.hse.ie/eng/services/Publications/corporate/performance/performancereports/MonthlyPRs.html>

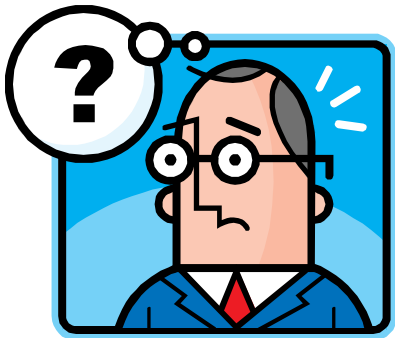
Note: All figures presented are net of income charges.

HSE Staff Levels



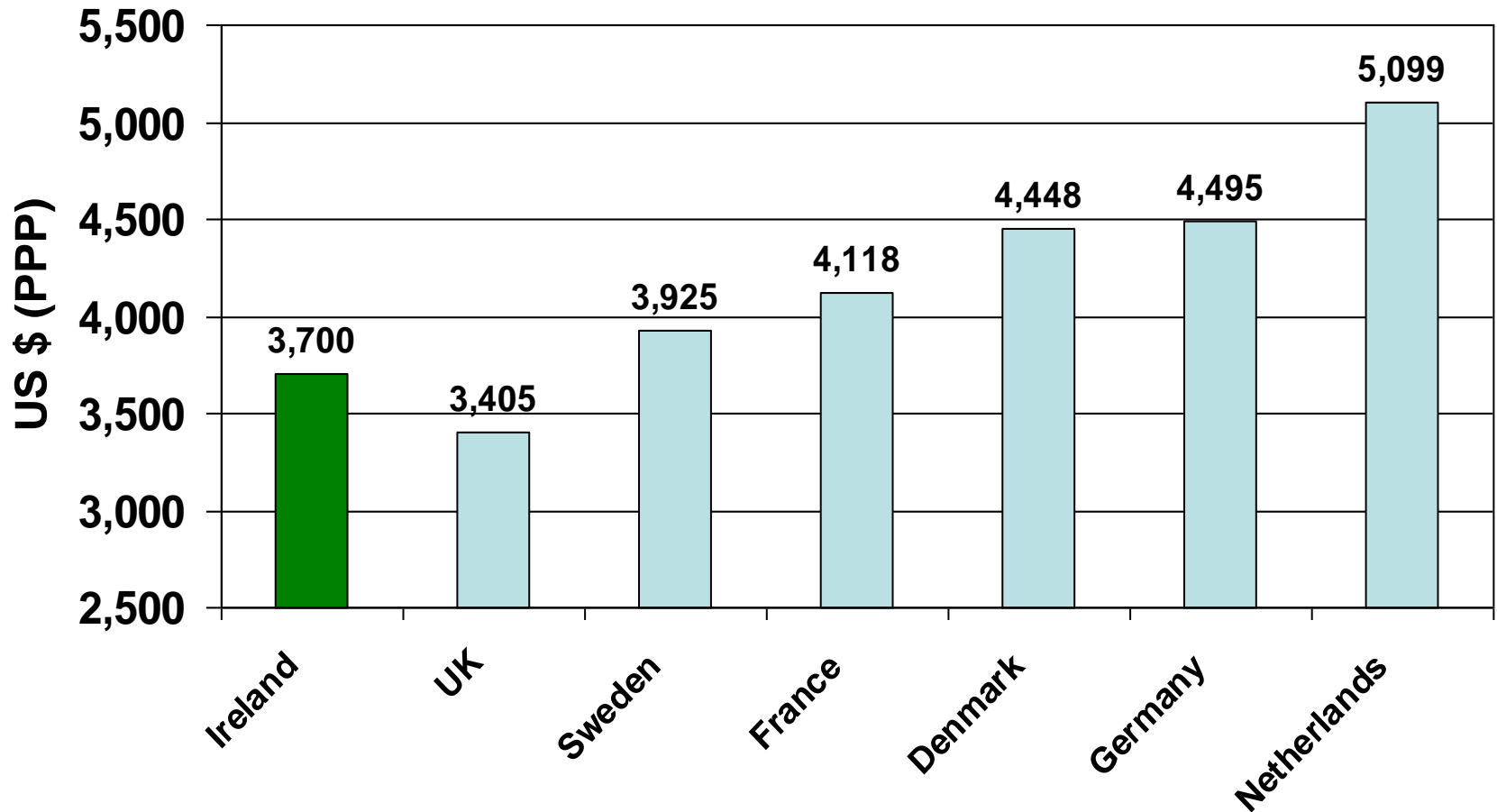
Current Environment since 2008

- 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

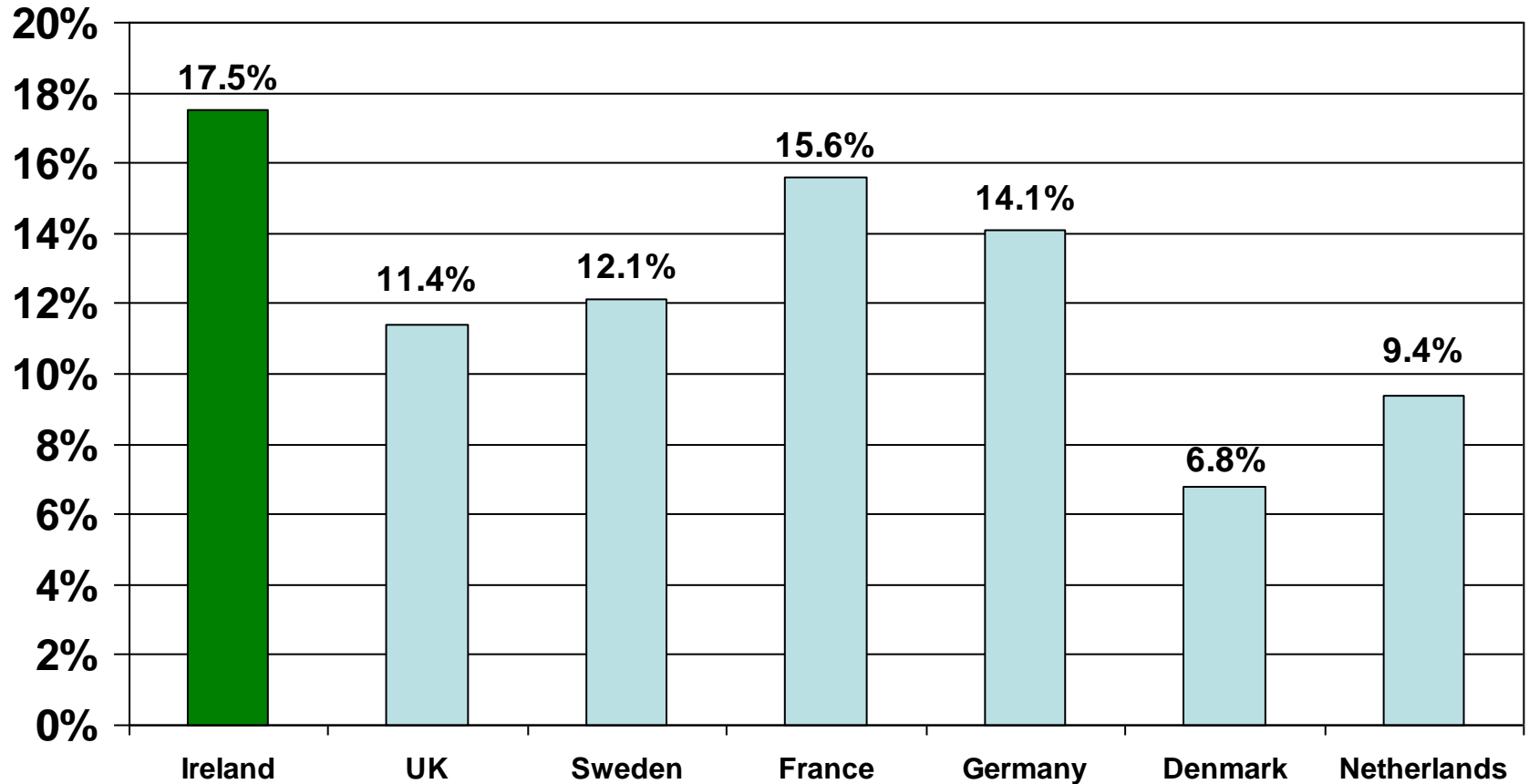
Total Health Spend Per Capita US \$



Source: OECD Health Data 2013. Available at: <http://www.oecd.org>., Accessed: 26.9.13

European Comparisons

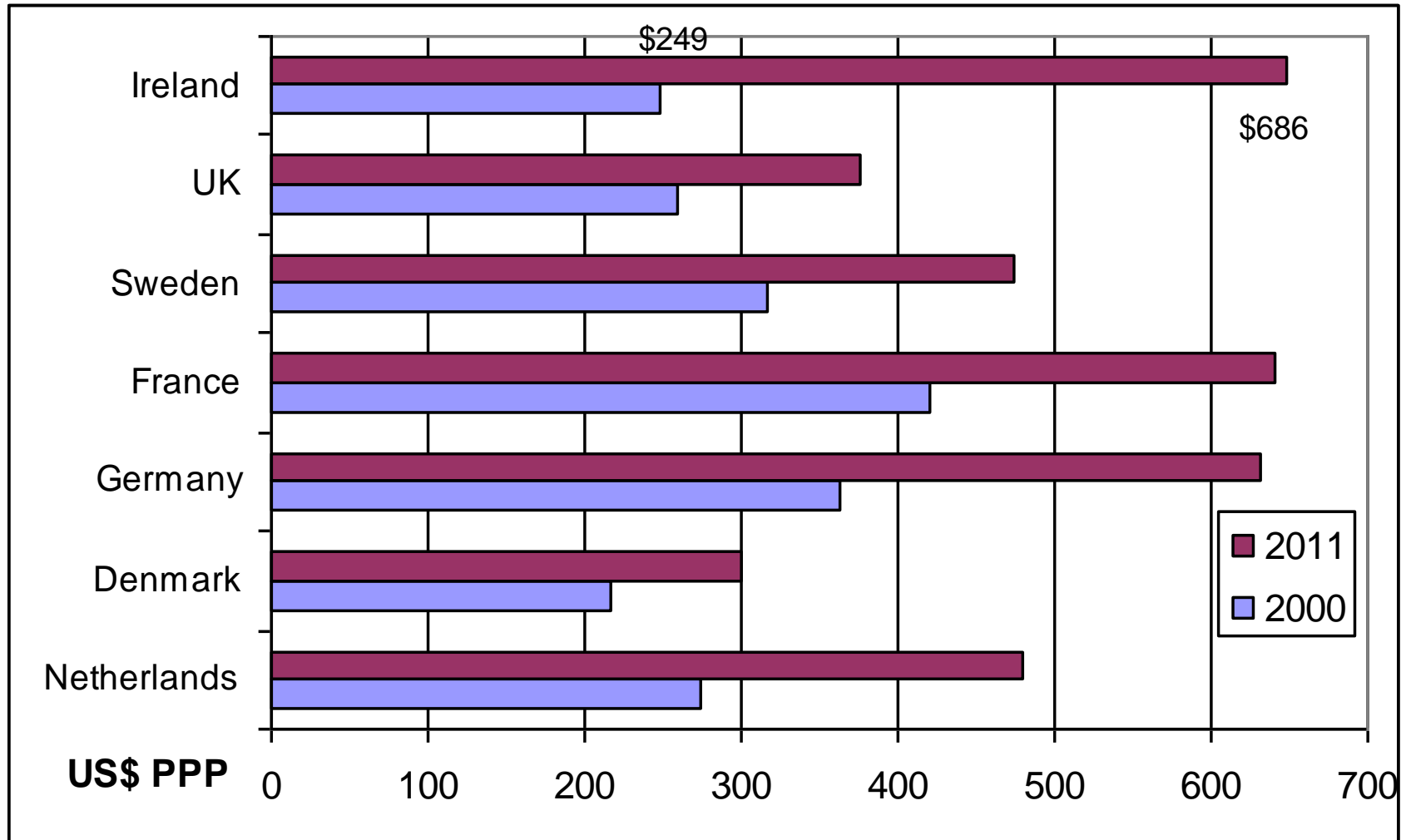
Pharmaceuticals as % Total Health Spend



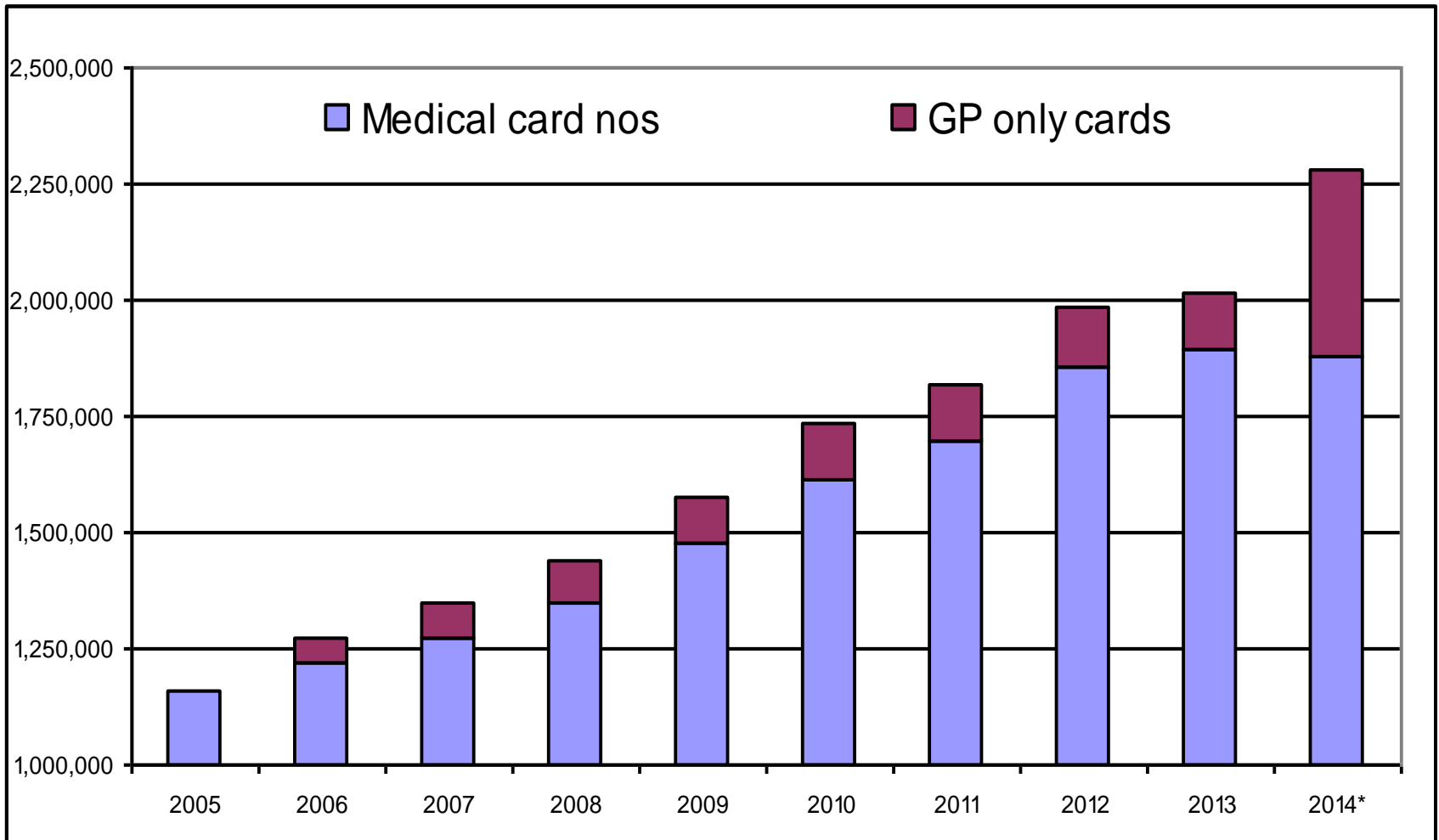
Source: OECD Health Data 2013. Accessed: 21.3.14

Total Pharmaceutical Spend

Per capita spend 2000 versus 2011

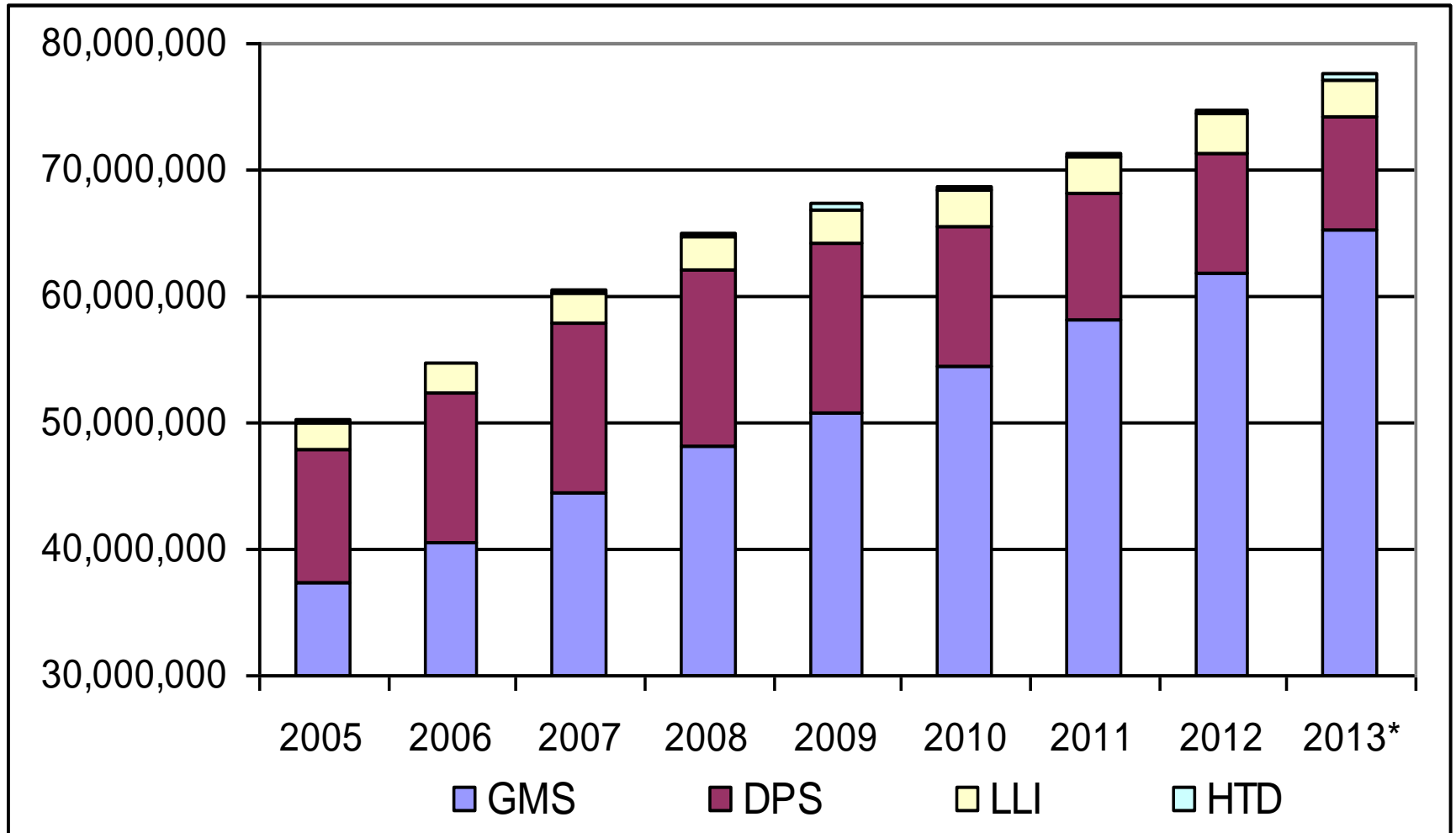


Numbers of Medical Cards

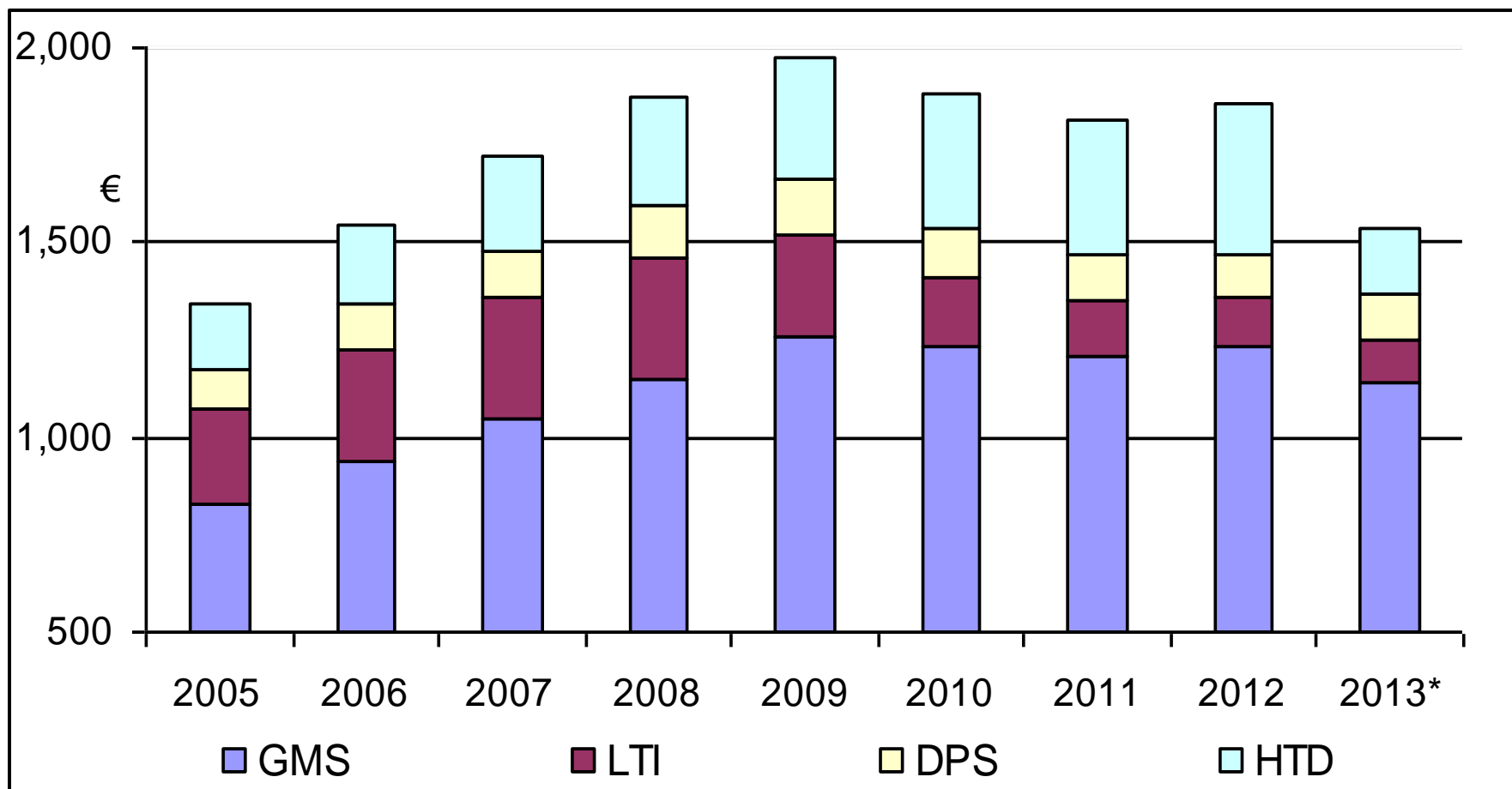


Source: HSE Monthly Performance Reports

Number of Items Dispensed



Cost of Public Scheme Drugs



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

Savings

1. *Find additional revenue*

€80m

- Increase DPS patient copayment
- Enhance probity & scheme verification

2. *Cut Spending*

€100m

- DPS retail mark up reduced to 20%
- Reduced pharmacy & patient care fees

3. *Get more from same resources*

€200m

- 20-30% price cut on generics
- 40% price cut on post-patent drugs

TOTAL SAVINGS

€380m

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
THE RIGHT CHOICE, RIGHT NOW.

MEDICINES MANAGEMENT PROGRAMME

A Key New Concept

- 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



Preferred Drugs

THE RIGHT CHOICE, RIGHT NOW.

MEDICINE MANAGEMENT PROGRAMME



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive



Preferred Drugs
THE RIGHT CHOICE, RIGHT NOW.

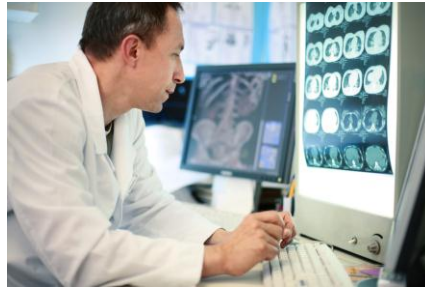
MEDICINES MANAGEMENT PROGRAMME

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?