

Institute of Economic Affairs and TaxPayers' Alliance

How do we future proof the NHS?

Speakers: Nerissa Chesterfield, Communications Officer, Institute of Economic Affairs (Chair); Alex Wild, Research Director, TaxPayers' Alliance; James Bartholomew, Author of *The Welfare of Nations*; Kate Andrews, News Editor, Institute of Economic Affairs

Alex Wild begins by saying that it is almost impossible to actually “future proof” the NHS – costs are forecast to rise hugely in the next 50 years and the amount of public funding which would have to be raised through tax would be politically unpalatable. The only taxes which would actually make a difference if raised would be the basic rate of income tax, national insurance and VAT - these are paid by everyone and rises are unpopular. He says that about 25% of healthcare spending comes in the last 3 months of people’s lives, and long term health care also takes up a huge amount of money. This calls for some kind of pre-funding model, but it’s politically very difficult to move towards these as we saw in general election with the dementia tax. He believes the dementia tax seemed fairer as tax payers would no longer be picking up the bill. He also says that if you look at efficiency across NHS trusts in terms of purchasing basic items then there’s huge variation in how much different trusts pay. He lists the steps he thinks could be taken to save costs elsewhere, such as reforming the tariff system and introducing charges for services, although again this will be unpopular politically. Wild says that NHS England recognises that there are too many hospitals across the UK – across the continent they have fewer numbers of hospitals. He cites evidence which suggests that outcomes are better for stroke victims in London after closure of stroke units. He finishes by saying that unless we get into a system which is pre-funded, the public won’t tolerate the level of tax raises needed to sustain the NHS.

Bartholomew says NHS is the worst performing healthcare system in the advanced world. Chances of dying of breast cancer more likely than elsewhere, so need to start from position that it needs to be brought up to standard. He describes looking for the best healthcare system he could for his book – went to Switzerland where insurance payments are equalised. Competition introduced between insurance companies which then drives down costs, and poor people have their insurance paid for them by the state. He also went to Holland where the system had been like NHS, but where there are now competing insurance companies and more advanced payment systems to hospitals than in Switzerland. He says the Australian healthcare system also has lots of positives, and about 40% is private, but there are also slow treatment times and over staffing. He describes going to Singapore where they have a compulsory health savings account – so you spend your money from your savings account wherever you want, which means you’re more careful about it and again there is competition between hospitals to gain your custom. He says he doesn’t know if it’s the best, but he does know it’s the cheapest. None of these are perfect, but taking elements of the Singapore savings system and Swiss insurance system would make the UK system far better.

Kate Andrews talks about the US health system and the fact that people are often very worried about falling into that type of system. She says that the health systems just mentioned are not necessarily just following a free market agenda, but are pragmatic in their approach to help people. Every country just listed looked at the principle of universal healthcare and agreed with the principle, but not the approach to implement it. She says we are going to have to move towards consumer choice – elderly people’s health care costs significantly more, so if you could propose a policy in which you start putting money into your own account from a young age, this can be used

when you're older. Once you start accepting that you start taking responsibility for your own health and funding it. Even when you compare the NHS with most similar systems for instance in Norway, it is still well below par. She finishes by saying that the emotions involved in the NHS means that those who need it to be reformed the most are often left without a voice.