

How to run a National Health Service

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Types of delivery model

Four models:

- Trust
- Mistrust.
- Voice
- Choice

Most reforms involve shifting the balance towards/away from one or more models

TRUST

NHS 1948-1991, 1997-2000

- Government sets budget. Professionals (doctors, nurses, managers) determine how budget is spent.

Advantages:

- No monitoring costs
- Professionals like it. High morale.

But:

- Makes crucial assumption about the motivation of professionals. Assumes they are knights rather than knaves.

Of Knaves and Knights

'In contriving any system of government, and fixing the several checks and controls of the constitution, every man ought to be supposed a knave and to have no other end, in all his actions, than private interest. By this interest, we must govern him and, by means of it, notwithstanding his insatiable avarice and ambition, co-operate to the public good'

David Hume

Of Knights and Knaves

'If it is accepted that man has a sociological and biological need to help then to deny him opportunities to express this need is to deny him the freedom to enter into gift relationships' Richard Titmuss.

Problems of relying upon knightly motivations

- Knights have weak incentives for efficiency (maximising benefit from given resources). ‘Doing some good’ sufficient motivation.
- Perception of wider needs limited. When faced with individual distress, knights find it difficult to recognise limits to others’ resources.
- Knights prefer passive recipients (pawns)
- What if knights are in fact (partly or wholly) knaves? Incentives not aligned. Leads either to under-provided and unresponsive services (government) or over-provided and wasteful services (fee-for-service).

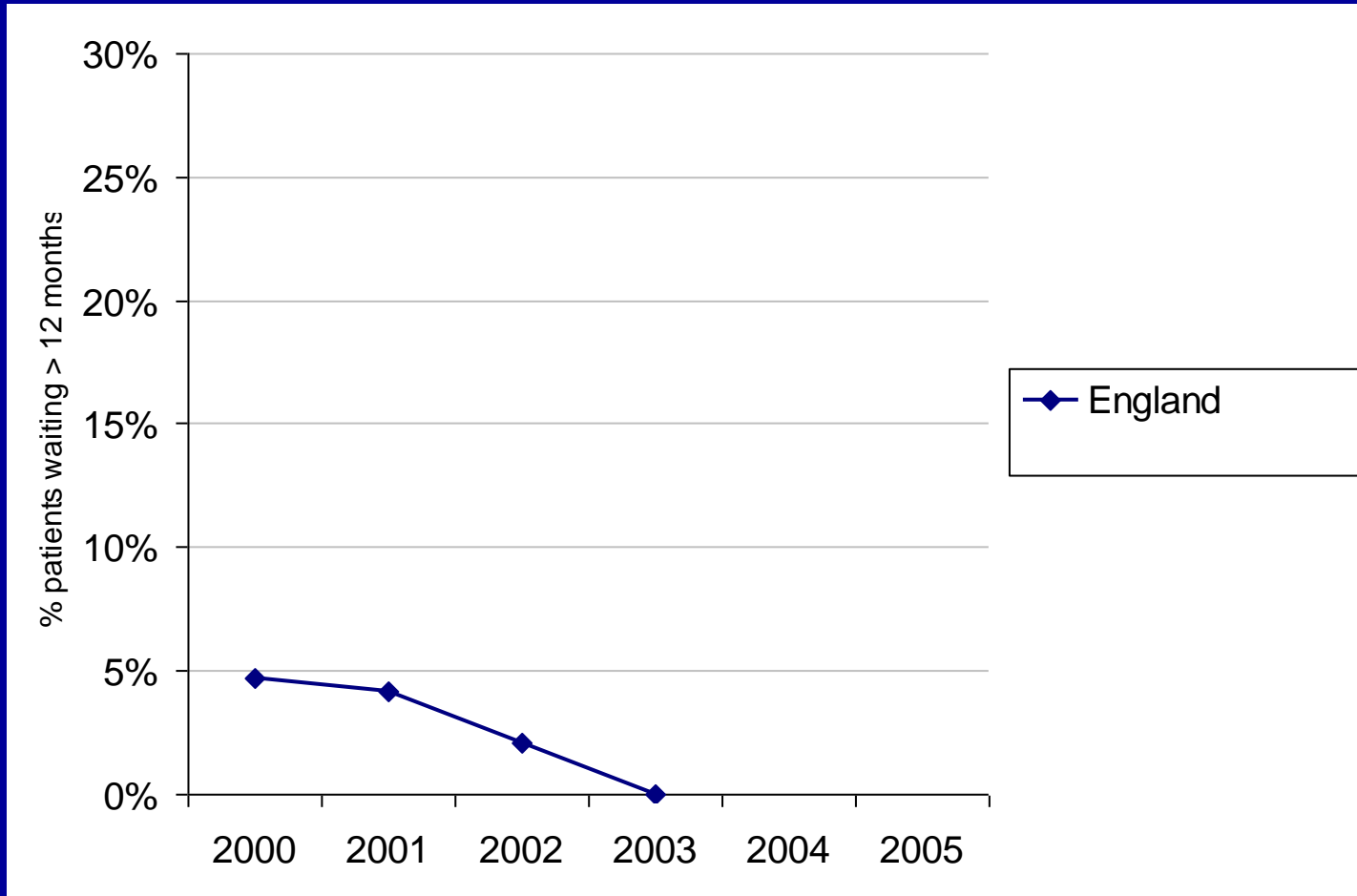
MISTRUST

NHS 2000 – present: Targets and performance management

- Set targets and monitor performance
- Provide sticks and carrots to staff for achieving or failing to achieve the target. Promotion /demotion/the sack. ‘Targets and terror@

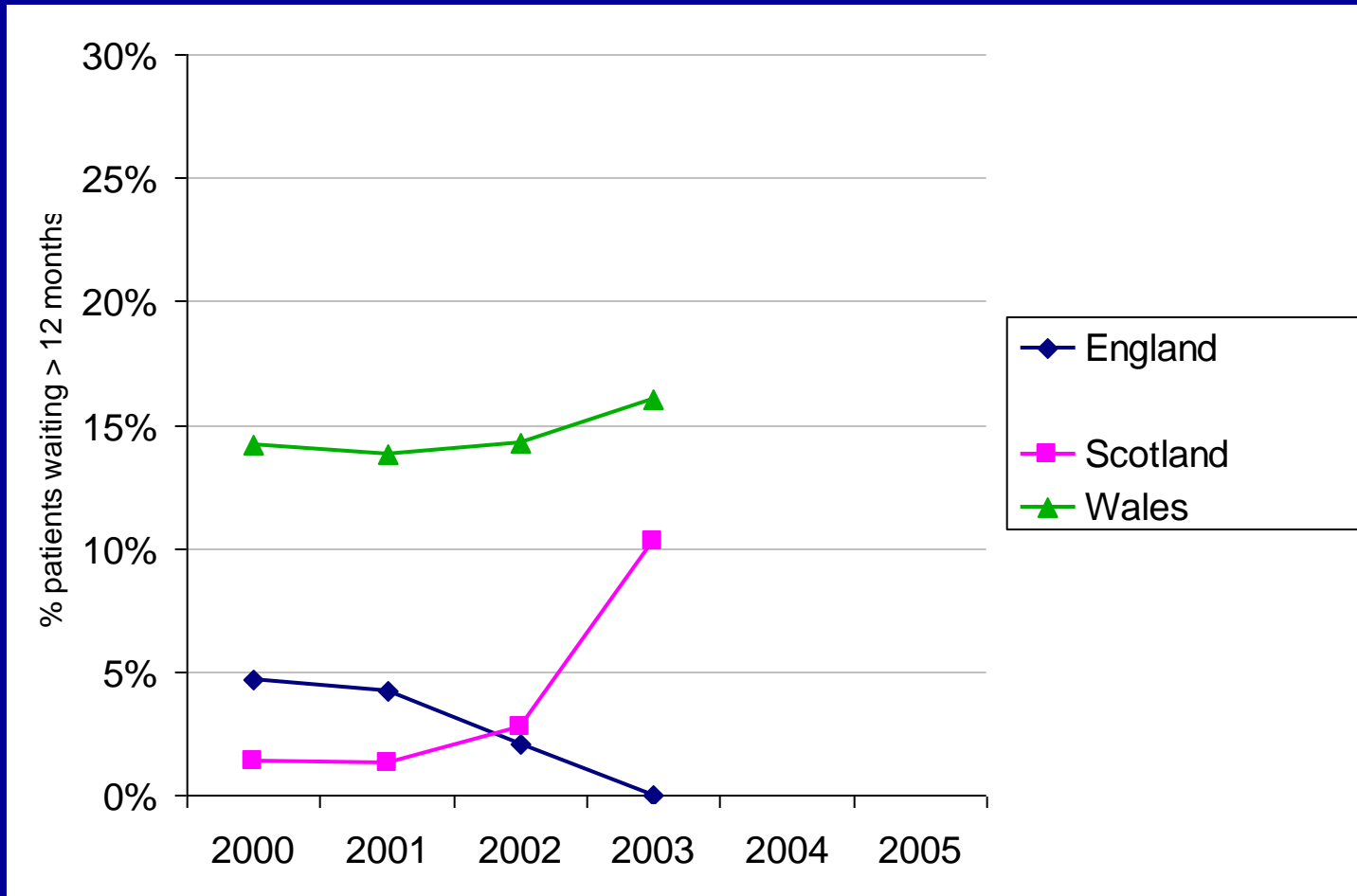
Advantage: can work, at least in short-term.

% patients waiting for hospital admission > 12 months



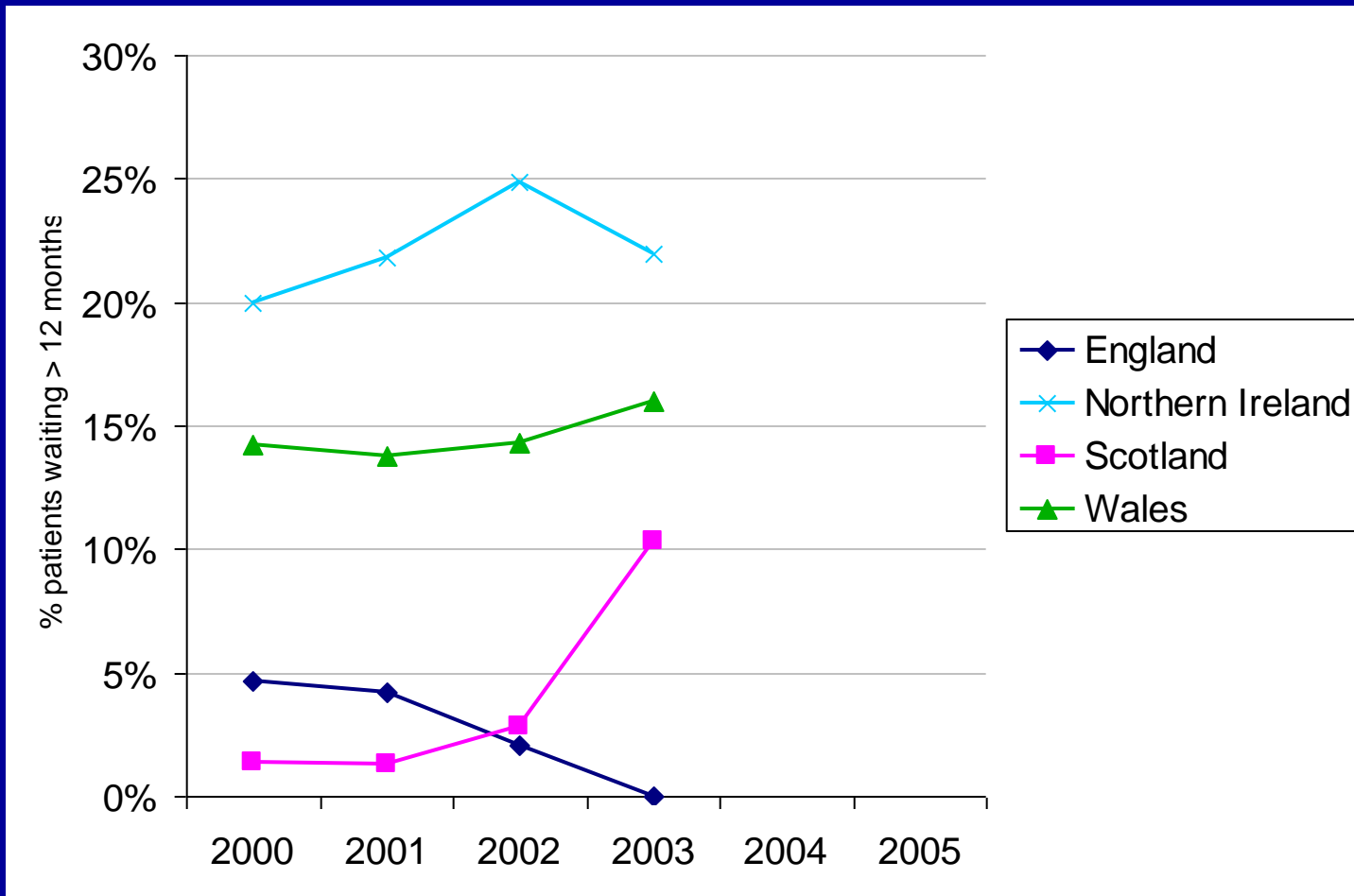
Source: Are improvements in targeted performance in the English NHS undermined by gaming: A case for new kinds of audit of performance data? Gwyn Bevan and Christopher Hood, British Medical Journal (forthcoming)

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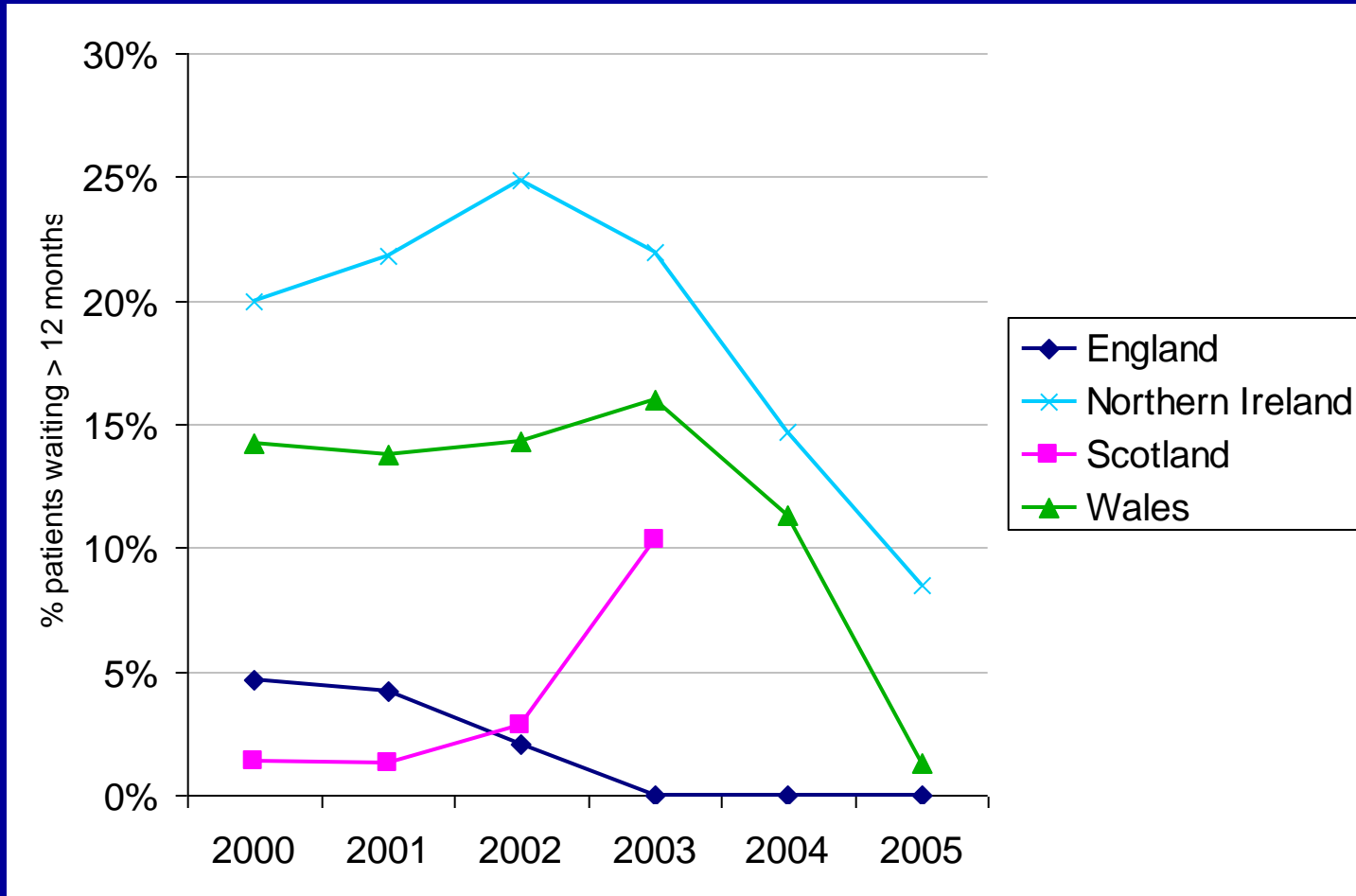
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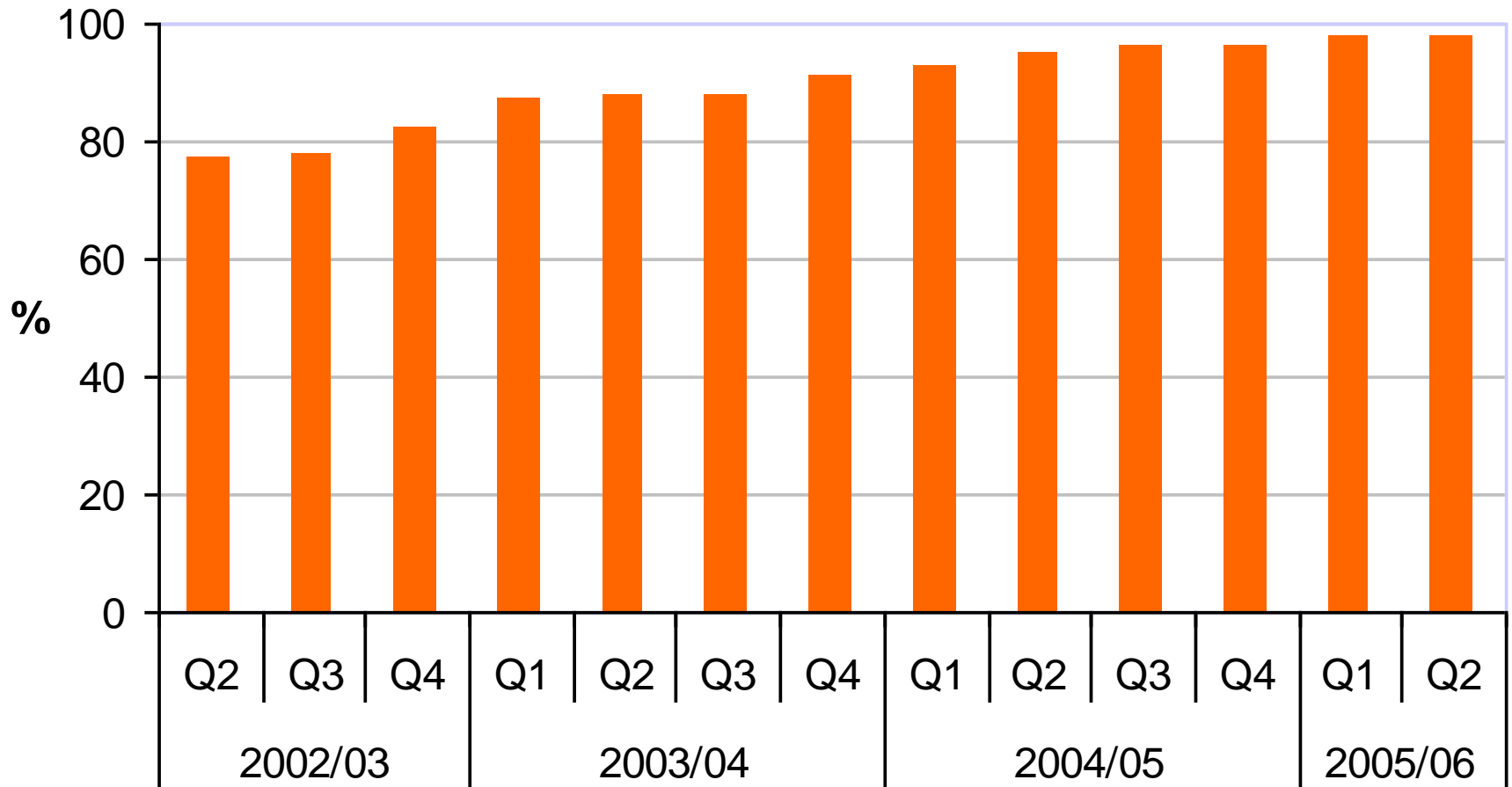
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% Patients spending less than 4 hours in major A+E Departments



+ 24% increase in A+E admittances

Problems with targets

- What is targeted is resourced; what is not is not. But is this true?
- Distortion: hit the target and miss the point. But who sets the target?
- Demotivating and demoralising - especially for professionals
- Stifles initiative and innovation.

VOICE

Mechanisms:

- Informal face to face talks with professionals and managers
- Board membership
- Consultative fora
- Complaints procedures
- Petitions
- Elected representatives

Voice: Advantages/Disadvantages

Advantages:

- Rich range of information about users find good and bad about service. Bottom-up
- Personal interaction

Disadvantages:

- Sometimes difficult to mobilise
- Lack of incentives without adding in other models
- Inequity

Inequity Problem with Voice

Favours better off:

- Through their greater confidence and ability to manipulate system.
- Choice of residence

NHS without choice

- Unemployed, and individuals with low income and poor educational qualifications use health services less relative to need than the employed, the rich and the better educated
- Intervention rates of coronary artery bypass grafts or angiography following heart attack were 30% lower in lowest group than the highest.
- Hip replacements 20% lower among lower income groups despite 30% higher need.
- A one point move down a seven point deprivation scale resulted in GPs spending 3.4% less time per consultation

Choice of Provider

- Providers are independent. Non-profit or for-profit. Keep any surplus they make on their budget
- Users choose provider. Money follows the choice. So hospitals get more resources through the number of patients they attract.

Choice and competition: advantages

- Provides strong incentives for responsiveness and efficiency. Evidence (chiefly from US) suggests that fixed price systems lower costs and increase quality.
- Promotes equity through diminishing the power of voice. But depends on payment system
- Can appeal to both the altruist (knight) and the self-interested (knave).

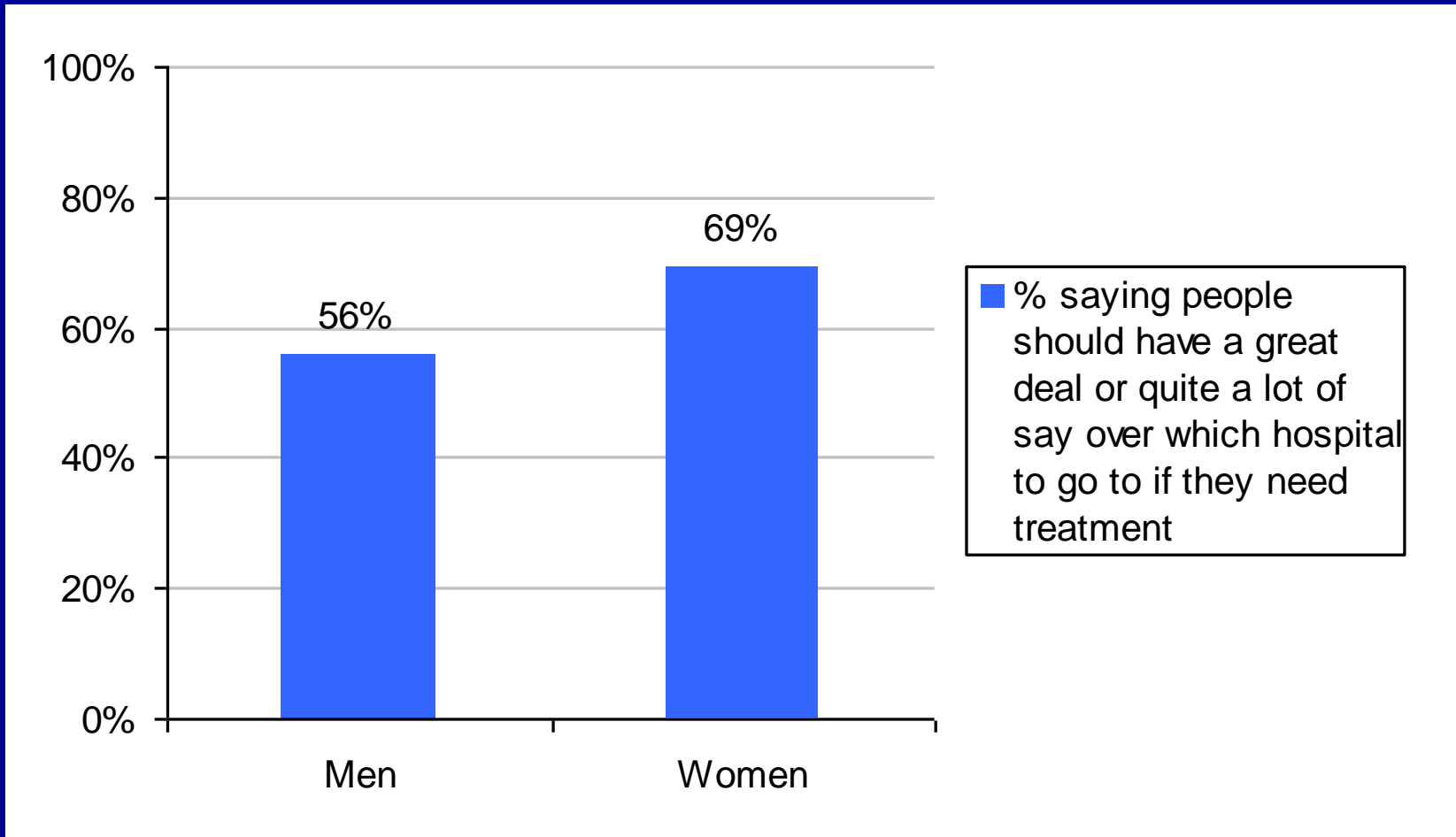
But:

- Alternatives must exist, so that competition is possible
- Users must be properly informed, or have an informed agent. Problems for less well off
- Transactions costs must be low. But are they?
- Opportunities for cream-skimming should be low. Cream-skimming: selecting easiest, least costly patients. Favours less needy and better off.

The Challenges to Choice and Competition Model

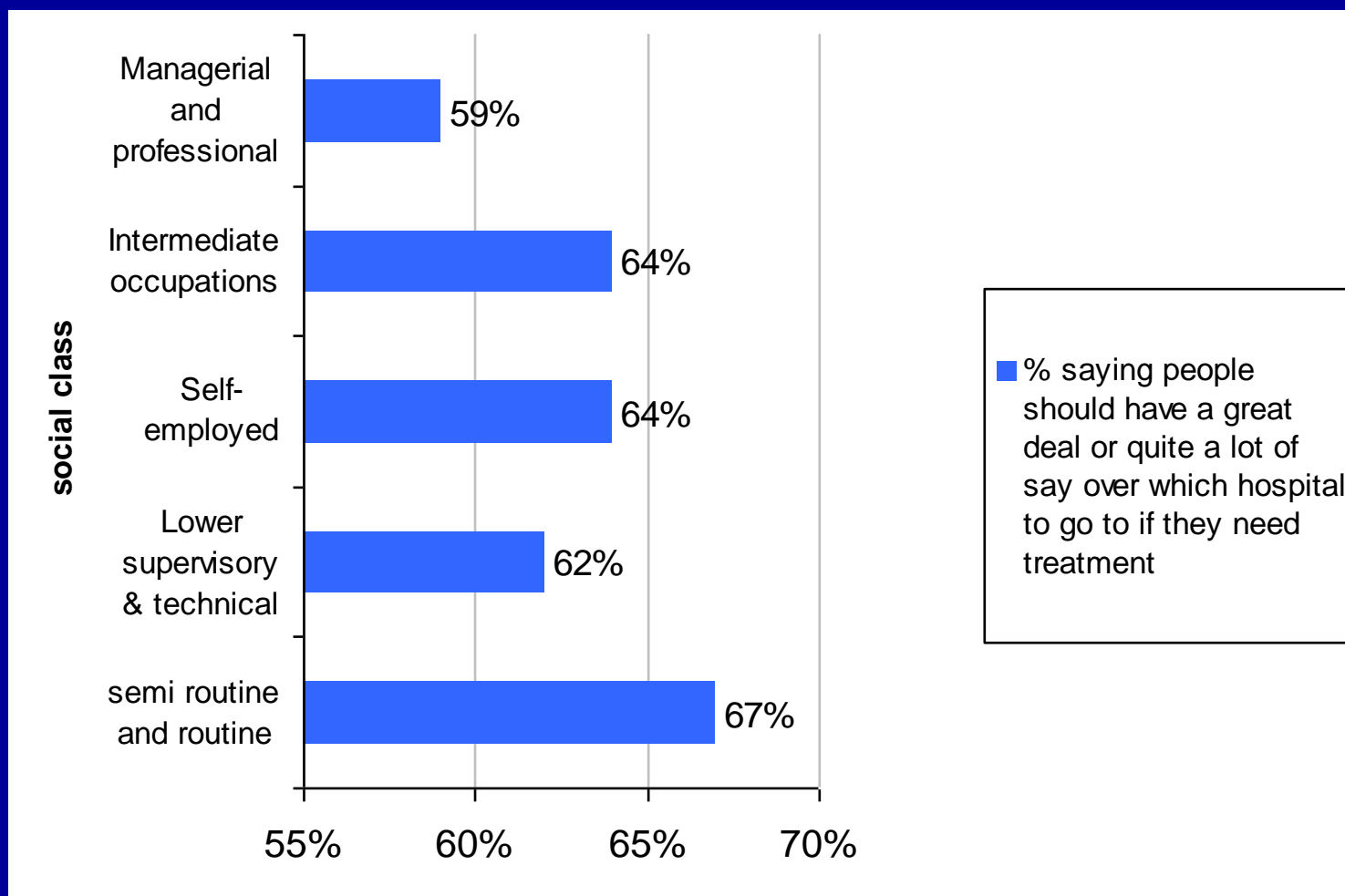
- People don't want choice; they want a good local service
- The better off will make good choices; the poor will be left with the 'sink' hospitals
- Choice and competition in public services – especially from the private sector- will undermine the public service ethos. More generally, choice threatens the public realm

Who wants choice: Gender

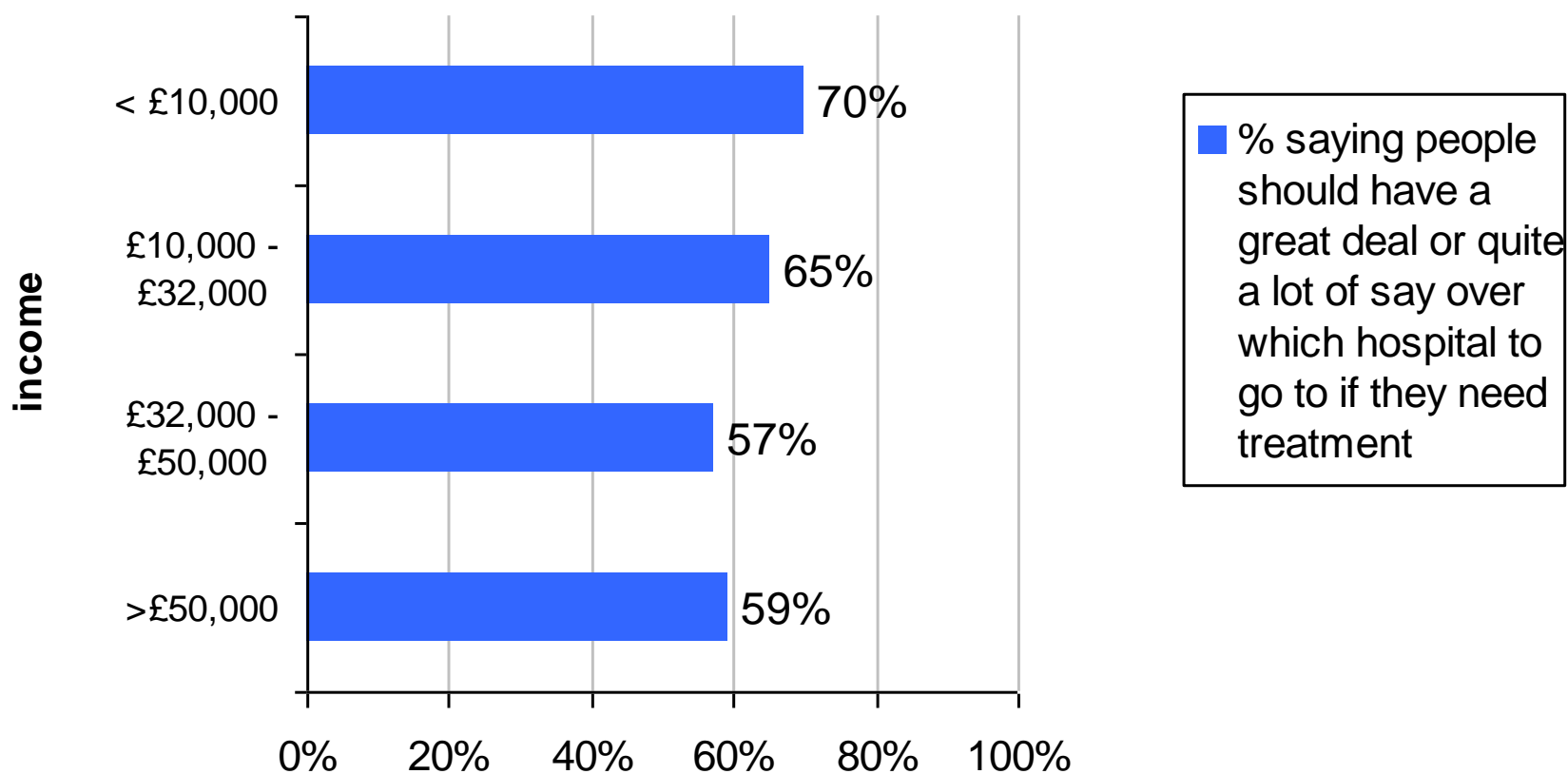


Source: Public Responses to NHS Reform, John Appleby + Arturo Alvarez, British Social Attitudes Survey 22nd Report (2005)

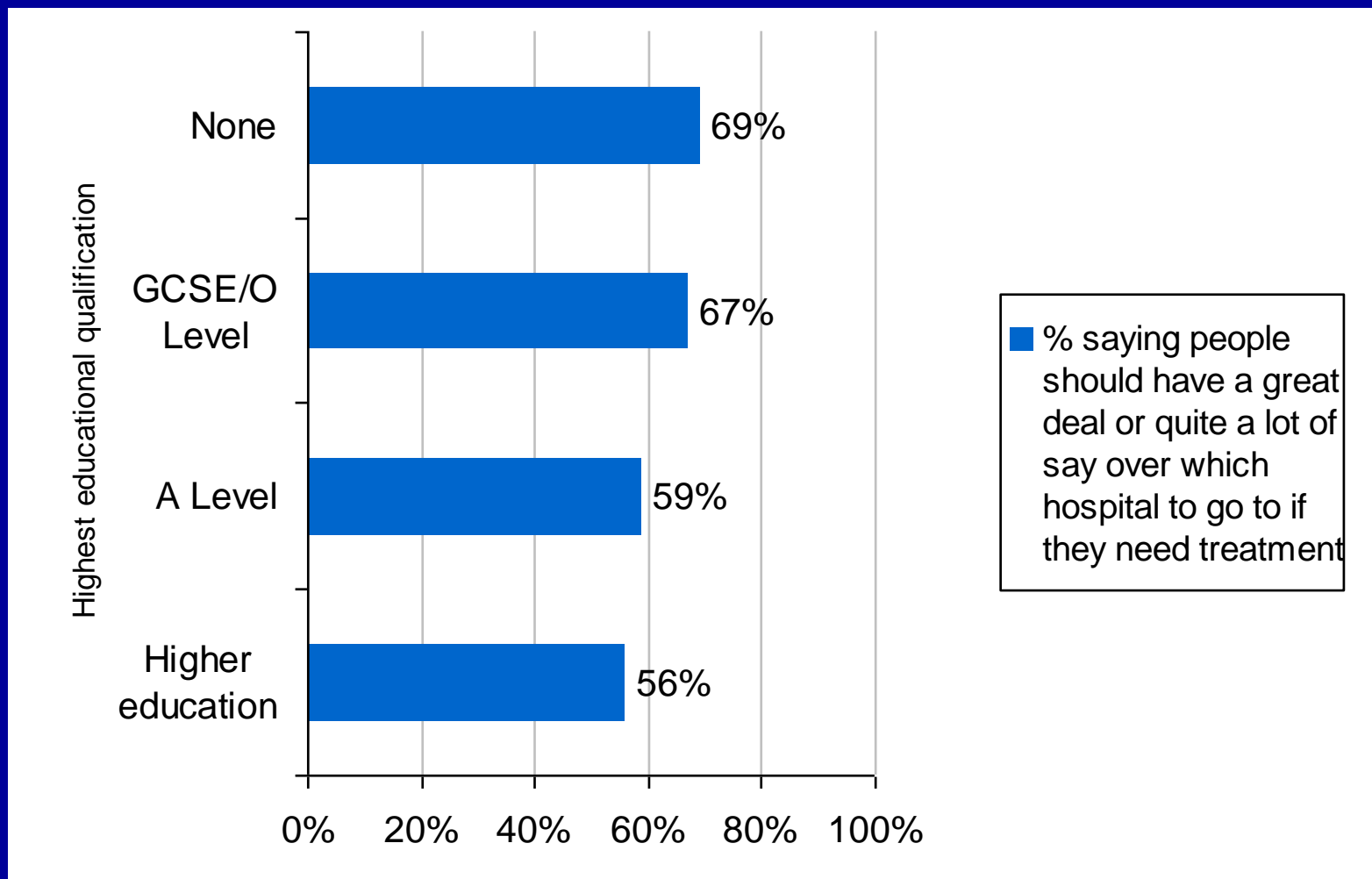
Who wants choice: Social Class



Who wants choice: Income



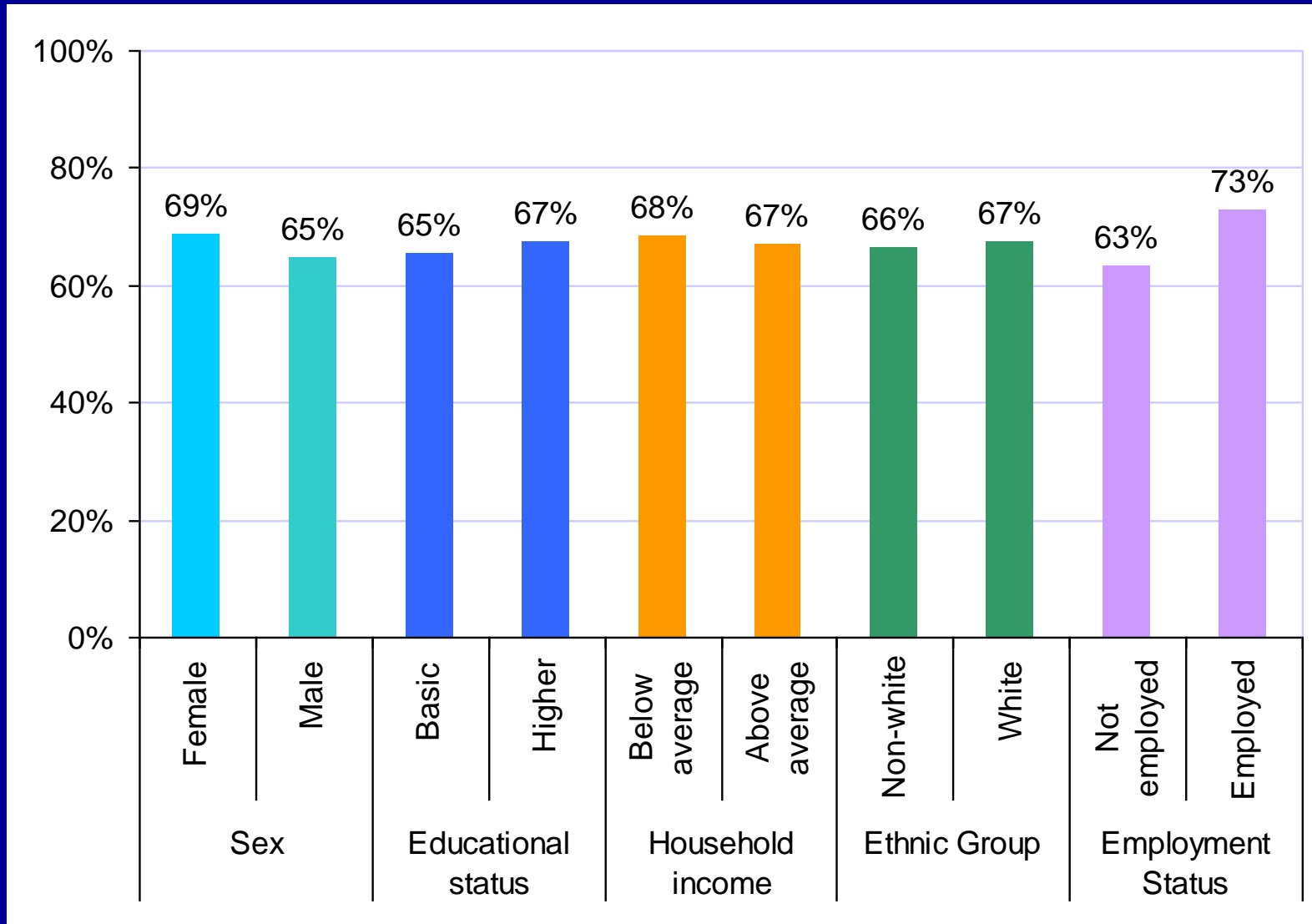
Who wants choice: Educational Achievement



The Challenges

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London Choice Pilot: % opting for an alternative hospital

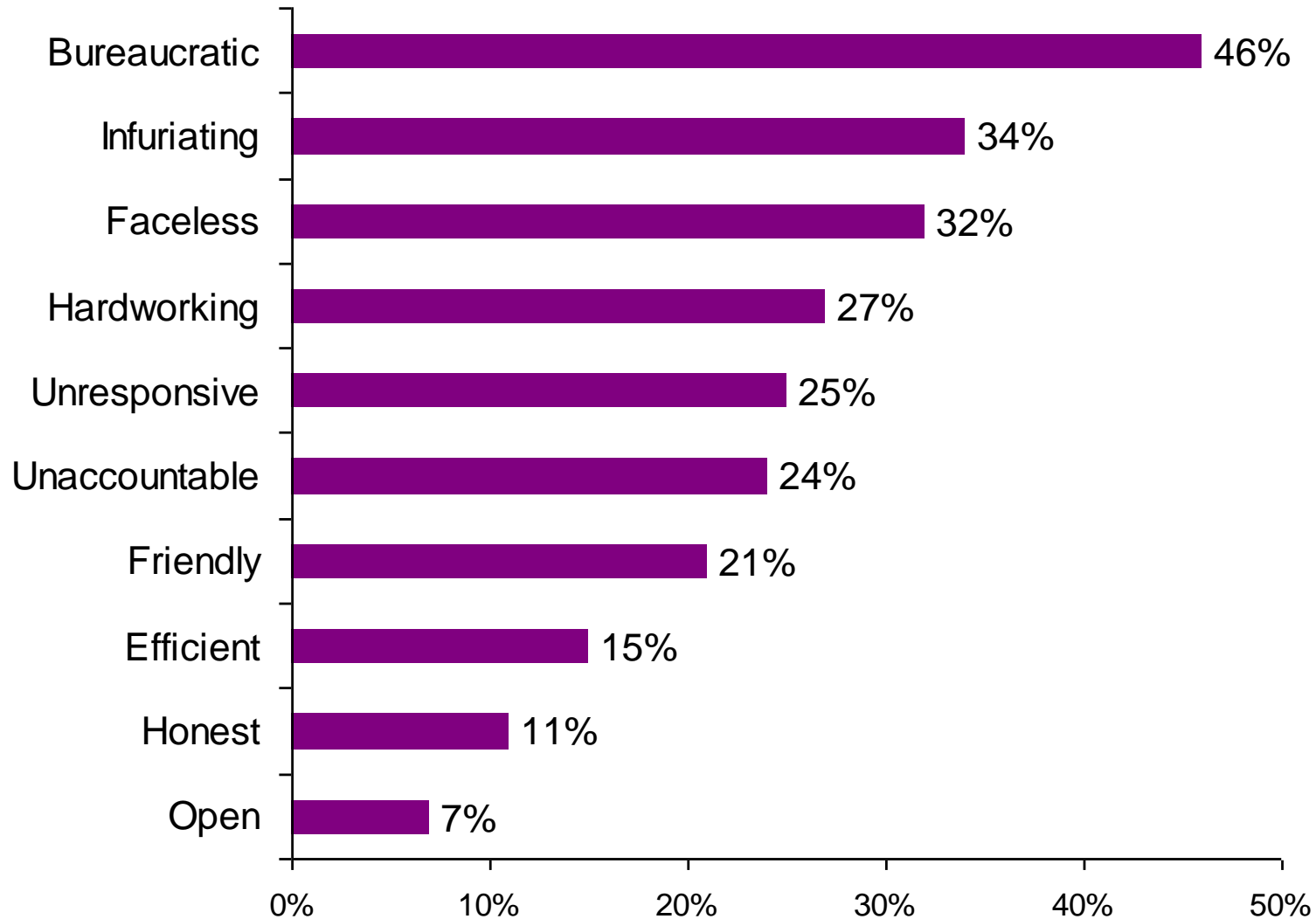


Source: Evaluation of the London Patient Choice Scheme, Picker Institute (July 2005)

The Challenges

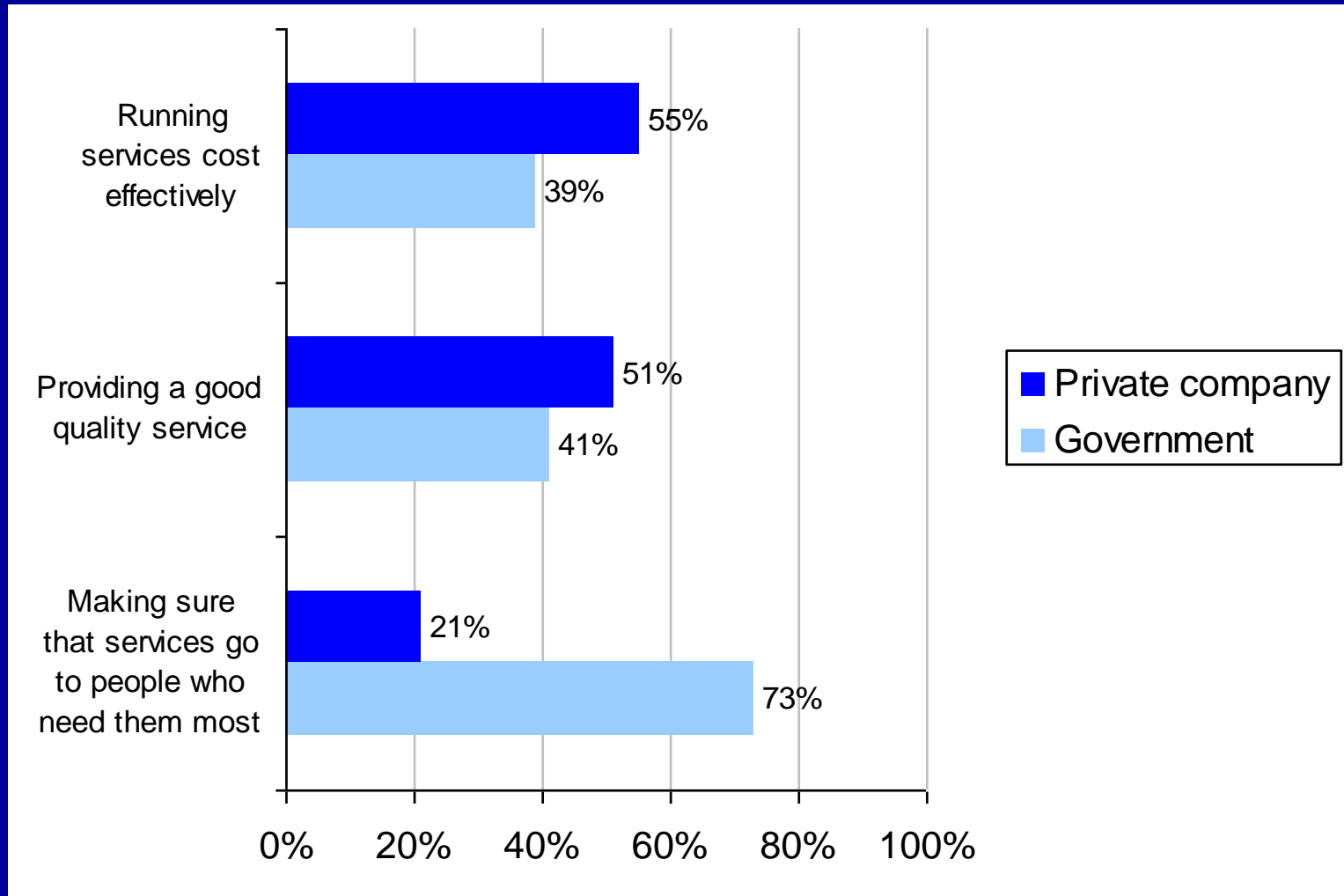
- People don't want choice; they want a good local service
- The better off will make good choices; the poor will be left with the sink schools/hospitals
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Which words do you think apply to public services in Britain these days?



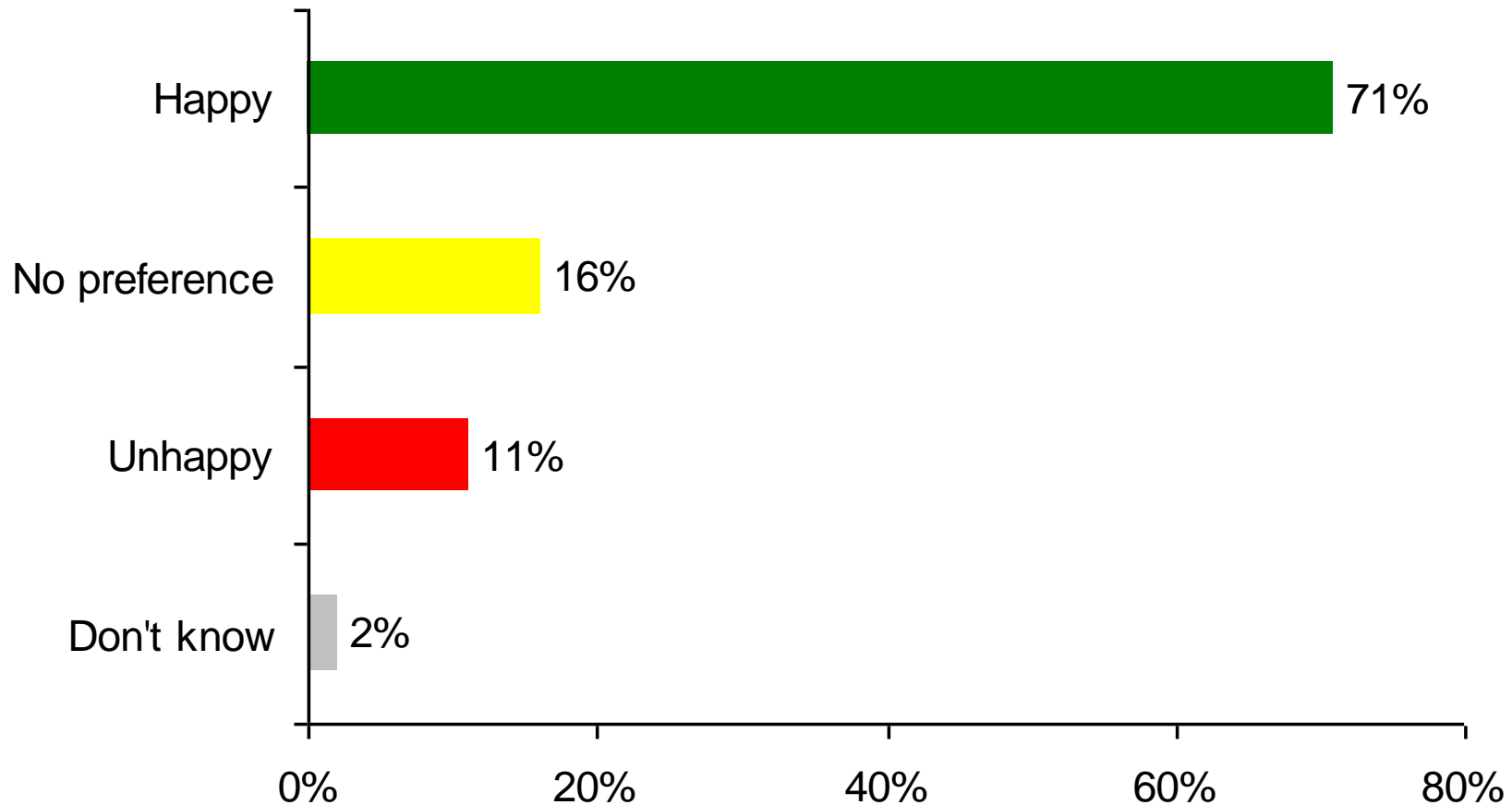
Source: MORI (2005) survey of 2000 GB aged 18+

Who is best at....



Source: Public Responses to NHS Reform, John Appleby + Arturo Alvarez, British Social Attitudes Survey 22nd Report (2005)

The NHS will now pay for patients to have their operations in private hospitals - how do you feel about this?



Source: MORI survey (April 2005) of 1,201 Birmingham and the Black Country residents 16+