

Simply Prudent Healthcare – achieving better care and value for money in Wales – discussion paper

Mansel Aylward, Ceri Phillips, Helen Howson

“In a system with limited resources, health professionals have a duty to establish not only that they are doing good, but that they are doing more good than anything else that could be done with the same resources” (Williams, 2003)

Introduction

The Minister for Health and Social Care has asked the Bevan Commission to consider how Wales makes the most effective use of available resources to ensure high quality and consistent care across Wales. It is evident that the status quo is unsustainable and change is essential. This paper sets out the key issues and actions needed to achieve the necessary performance and results required to improve the health of the population of Wales.

Background

The challenge to drive forward the quality and safety agenda in an era of severe financial restraint continues to exercise Welsh Government, health boards and Trusts, not only in Wales, but in other health systems within the UK and internationally. The situation in Wales is particularly acute because of the progressive underfunding gap for NHS Wales, relative to other nations in the UK and a real term revenue deficit against all of the budget indices of the other three nations. The decline, in real terms, in Welsh Government funding for virtually all health budgets for the next two years will only serve to exacerbate the pressures on health boards to balance budgets when the cost pressures they face continue to increase.

There is good reason to believe that structural and other changes within NHS Wales to improve quality, reduce variation and increase productivity will eventually deliver additional resources. However, the translation of potential savings into increased availability of resources is unlikely to be fully realised in the foreseeable future. Furthermore, the drive for integration has been hamstrung by, for example, an unwillingness to pool fragmented budgets, an absence of evidence of cost-effectiveness, cultural resistance to change and the existence of perverse incentives facing policy and decision makers.

The current situation is clearly unsustainable and Wales needs to quickly find new, brave, radical solutions best fitting the health needs of Wales to address the increasing challenges and parlous state which confronts us.

Key Challenges

Transformational change as a whole system will be necessary to address the challenges we face. Although they have been well rehearsed by many before, the most formidable challenges confronting NHS Wales need to be re-emphasised. In a less than exhaustive summary these are:

- Increasing demand – population growth, ageing
- Growing major public health challenges such as obesity
- Technological and medical advances
- Increasingly high expectations among patients, professionals and the public
- Financial stringencies – zero growth, or even net reduction, in budgets
- Lack of urgency within certain constituencies that fundamental system change is unavoidably necessary
- Need to communicate and engage support for change from politicians, professionals and the public
- Imperatives to reduce health inequalities and inequalities
- Fragmentation - a need for practical integration and simplification of systems
- Public service reform
- Contractual and workforce constraints

These challenges cannot be solved by one person, one system or one government. Urgent action is needed by everyone to ensure that the NHS in Wales is able to meet these challenges in a united and integrated way. We must all take responsibility for health and well being and the system and services designed to support it. In particular;

- We need to stem demand, preventing ill health in the first instance; intervene early, preventing unnecessary deterioration and; managing illness, disease and end of life effectively with patients, carers and families.
- We must avoid continuing to fragment the system into separate elements but look at how they relate to and impact upon each other whilst fundamentally supporting better integrated care as ‘one system with one budget’.
- There is a need to take radical steps to simplify an overcomplicated array of services and support at all levels - macro, meso and micro levels, including entry and exit points from hospitals, referral mechanisms, reducing duplication of effort, inefficiencies and opportunities to improve services by providing the ‘right care for right patient at right time in right place by right professional’.
- We must understand how to introduce necessary and appropriate changes. How to change culture and motivate change, streamlining and delivering customer focused care and identifying alternative ways of delivering and providing quality and safe healthcare more consistently and at scale. We need to learn from other healthcare systems, if indeed there are lessons to be learned, which fit the context and financial difficulties now so evident in Wales.
- We must also generate greater business insight, ideas, innovation and practices and learn from industries which have faced similar problems. In the current financial context effecting transformational change (fundamental, profound and irreversible) needs to be closely examined. The transformation must not only be innovative in doing things better, but doing things better with less money.

The people of Wales have been promised “a modern NHS delivering high quality care – able to meet the challenges ahead with ambition and confidence.”(MacArthur H, Phillips C, Simpson H, 2011) However, this has not materialised and the impact of poor quality healthcare is witnessed by a catalogue of spiralling costs, overspending, wasted resources and poor management and investment.

There is clear evidence that poor quality increases costs through inadequate management and clinical capacity, harm, waste and variation. At the very least, a collaborative approach between clinical decision makers, managers and finance teams is urgently required to ensure that resources are used most effectively to deliver the highest quality of care and that these worrying failings are remedied.

Furthermore there is an urgent need to stop or delay people from becoming ill in the first instance, giving them the skills and incentives to take greater responsibility for their own health and well being and that of others. We need to embed public health improvement across the NHS and beyond, recognising the need to move from an illness dominated service to one where good health and well being is central and is everyone's responsibility.

We need everyone to take responsibility for improving their own ways of working as well as working in partnership with others, to achieve better outcomes and value for money.

This paper builds on contemporary evidence, knowledge, informed opinion and expertise to manage and deliver a more prudent and cost-effective health service and offers some solutions within a proposed framework to assist in reducing demands, enhancing quality, limiting risk, improving overall care and driving down costs.

What is Prudent Healthcare?

By Prudent Healthcare we mean healthcare which is conceived, managed and delivered in a cautious and wise way characterised by forethought, vigilance and careful budgeting which achieves tangible benefits and quality outcomes for patients.

The stance we are taking in our approach to 'Prudent Healthcare' rests firmly on the prerequisite that the ethics of this approach are not the ethics of rationing. Clearly ethical questions abound when considering rationing of health care and there is an unavoidable and profound concern and tension in making the best of available financial resources that may take the place of professional judgement and individual patient choice. But there is a compelling argument that government, physicians and healthcare professionals should use resources prudently in a system that demonstrates wasteful allocation of scarce resources and injustices. Initiatives in the USA have demonstrated that around 20% of mainstream clinical practices bring no tangible benefits to the delivery and outcomes of healthcare – which closely resonates with the findings from the 1000 Lives + White Paper (MacArthur et al, 2011).

There are some common-sense principles for avoiding waste, harm and variation which can be practically applied to the healthcare context in Wales. The approach taken by Public Health Wales, for example, in reviewing Health Improvement Programmes (Public Health Wales, Health Improvement Review 2013) is just one limited example of how the application of a set of principles and a validated methodology (Programme Budgeting and Marginal Analysis, PBMA) identifies interventions and initiatives that are modestly effective, or indeed ineffective, and expensive compared with others. This constitutes both a barrier to distributive justice and to gaining the best outcomes for citizens, especially in the context of public funding. The objectives for prudent healthcare however, in the Welsh context, must therefore ensure that;

- healthcare fits the needs and circumstances of the citizen,
- actively avoids waste and harm,

- abandons care that brings little or no benefit and
- fully exploits the limited financial resources which can be drawn upon.

Although it is undoubtedly incumbent on physicians and healthcare professionals to deploy available resources judiciously, it is imperative for all those involved in the delivery, management and oversight of healthcare and population health to embrace the prudent healthcare paradigm and embrace its basic principles. Not least, the message for society as a whole must be strongly articulated to ensure that it is properly perceived as an essential mechanism which maximises benefit within available resources.

What is the financial challenge for the NHS in Wales?

The challenge to drive forward a best in class healthcare system for NHS Wales needs to be re-examined in this era of severe financial restraint which continues to frustrate Welsh Government, Health Boards and NHS Trusts in their desire to achieve this aim for the people of Wales. Despite priority being given to health in recent budget announcements, the situation in Wales is made more difficult by the progressive underfunding gap experienced by NHS Wales, relative to the three other nations in the UK and the real term revenue deficit against all the budget indices of the other three nations.

The expected decline in real terms in Welsh Government funding for all health budgets in coming years will substantially exacerbate the mounting pressures particularly on health boards, to balance budgets when the cost pressures they face will inevitably increase. Although there is good reason to expect that additional resource will eventually be delivered by structural and transformational changes and a quality driven approach that may well reduce unacceptable variations in practice, enhance quality, reduce waste and increase levels of productivity, the expectation and evidence-base upon which it is based is often misplaced and, indeed, misunderstood. To date forlorn attempts at collaborative working and a drive for the persisting chimera of integration have been handicapped by a cluster of well-rehearsed obstacles to their achievement.

The scale of the financial challenge now facing NHS Wales which poses a growing risk to safe and effective patient care must be viewed in the context of funding of the NHS since its advent in 1948. In the UK, on average NHS costs have increased by 4 % per annum whereas funding had increased by 3 % per annum, representing an annual 1 % increased productivity. Between 2000 and 2010 NHS funding increased by 7.1 % annually. The increasing costs of delivering healthcare are also well understood and will not be restated here. Thus level funding for the NHS in the UK will now require annual efficiency gains of at least 4 % (£15-20 bn in England). It is generally accepted that the magnitude of the necessary efficiency gains can only be achieved, at the very least, by major revision and reconfiguration of healthcare services requiring a brave look at the way primary care and hospital services can be transformed and by the aggressive pursuit of delivering an increasing proportion of healthcare outside of hospitals.

At a time of financial stringency, the required major investment in primary and community services, shared protocols of healthcare management, common ICT systems and much more effective focus on managing and handling demand through prevention and early intervention, may not be achievable in the short term. Without a meaningful investment to meet the scale of the major changes needed, such changes are severely threatened. In these circumstances serious thought must be given to introducing a more prudent approach to ensure that resource we have is focussed to support this, increasing quality of healthcare for those in need rather than pursuing unattainable aspirations, desires and wants.

This is particularly so when the financial challenges confronting NHS Wales are greater than those for the other three nations in the UK. In the period 2009-2010 to 2014-2015 if NHS Wales were to have been allocated the same cash settlement as the other three nations, NHS Wales would have been around £800m better off. Moreover in cash terms, additional demands on service provision and inflationary pressures, based on 2009-2010 figures, are likely to bring about a cumulative funding gap of around £1.5bn relative to the other nations. The annual cost savings required to meet this funding gap are most formidable and could reach 5 % of annual budgets. To secure savings of this magnitude the sustainability of health services would be seriously compromised. Even were NHS Wales to receive a similar settlement to that of the other three nations, the financial challenge would only be reduced by around 50 %. Though that would be welcome, NHS Wales would still need to meet the projected costs brought by NHS inflation and anticipated demand upon its services. Furthermore, there are likely to be the expected cost pressures that have been estimated against the services supported by the hospital and community health services allocation, which would intensify the financial pressures on health boards and NHS trusts.

There are clear indications of detrimental effects on the delivery of unscheduled care within current capacity levels (WAO 203). Planning of care services may well be compromised by the need to address the extra demand and the desired focus on primary and community care services may remain wanting.

It is of considerable concern and some anxiety that Wales could well be left with a National Health Service which does not compare favourably with the other three UK nations. That would be regrettable for Wales, the birthplace of the NHS; indeed, a financially compromised NHS in Wales might no longer be recognisable to its architect, Aneurin Bevan. It is unfortunately readily evident that the stringent cash settlement imposed on NHS Wales has provided ammunition for those who would argue that whilst additional resources have been made available to the Welsh Government for healthcare via the constituent component of the Barnett Formula, there is a perceived decline in the state of the NHS in Wales.

The Bevan Commission is fearful that even with additional funding a substantial change in policy direction and more radical reform is required if the health needs of the people in Wales, particularly among disadvantaged communities, are not to be left unmet. The achievement of best in class services may well turn out to be a forlorn hope.

Though the emphasis on gaining integration of health and social care and developing localities of care must continue, the time may well have come to rethink and rebalance the current model of the NHS in Wales. This is essential not only in our attempts to reverse the inverse care law but to address urgently some incoherent policies and practices which are major obstacles to progress.

Against this background, the potential benefits which would be brought to NHS Wales by the adoption of a prudent and cost-effective approach to healthcare, needs to be thoroughly explored and assessed. As a first step in that direction it is necessary to formulate a set of basic principles which would soundly and transparently underpin the acceptance of a prudent healthcare model that would be unique to Wales and not deviate from precepts articulated by Aneurin Bevan.

There had been a growing feeling of confidence in NHS Wales following the introduction of the structural reforms (2009) with evidence that NHS Wales had shown improvements in performance and enhanced services when resources were limited. However, the current financial stringency that is being experienced presents a much more formidable challenge which will strangle the once promising context for advancement and sap the morale of a workforce committed to delivering quality health services.

A Framework for Prudent Healthcare

In light of the challenges described urgent action and change is necessary. The following framework in Table 1, based on the work of Harvey Fineberg, MD, (Lynch T, Wolfson D, 2011) provides a basis to help us do this. It is based upon 4 key elements; prevention, efficiency, substitution and elimination, with necessary actions and enablers required. Table 1 illustrates how this may be developed and sets out some examples of enablers together with references to relevant achievements from within NHS Wales, as a starting point from which to build:

Table 1 – An Outline Framework for Prudent Healthcare

Key Element	Actions required	Potential Enablers
Prevention/ Early intervention	Prevent or delay ill health avoiding the need for healthcare services requiring incentives/ competencies for both professionals and the public	Enhanced role for public health with targeted health improvement interventions and tools
		Earlier identification and management of conditions using predictive risk tools
		Prevention of adverse events – use of trigger tools,
Efficiency	Focus on maximising patient outcomes and effective use of resources	Enhanced recovery after surgery schemes
		Cost-effective prescribing and patient management
		Targeting of patient care via risk-management schemes
		Use of virtual clinics
		Reduction in complaints
		Incentives based on patient outcome measures
		Contractual incentives
Substitution	Adapting services that achieve similar or better outcomes while using less expensive human and technical resources	Nurse –led triage schemes with medical support rather than medical-led triage schemes
		Substitution of agency staff by trained healthcare assistants and increased volunteers
		Generic prescribing as appropriate
		Resettlement of patients in private sector settings to NHS/ social care facilities
		Greater use of pharmacists in medicines management

Key Element	Actions required	Potential Enablers
Elimination	Removal of excess capacity and unnecessary tests and procedures from the system	Speedy and safe discharge schemes – supported discharge for mild to moderate stroke patients
		Cancelled operations
		Unnecessary (diagnostic)tests / duplication
		Treatments / over treatment with dubious or no patient benefit
		Hospital-acquired infections – use of care bundles; pressure ulcers – zero tolerance
		Duplication of support services
		Inappropriate and perverse system targets

What options do we have?

To confront, temper and avoid this distressing scenario and in due time return to a National Health Service which the people of Wales expect and deserve some brave decisions need to be made. This is no mean task and it will not be accomplished in the winking of an eye; nor without dedication and steadfast commitment, brave and strong leadership, some sacrifice and an earnest desire to realise a step-change in the way in which NHS Wales is perceived, delivers and provides its services for the people of Wales.

Further consideration will be necessary to fully explore the implications of potential options to help increase income, reduce costs and manage demand, as outlined in Appendix 1. This would need to address the costs, benefits, opportunities and threats or consequences, including the wider policy trade-offs. Approaches such as Programme Budgeting and Marginal Analysis (PBMA) may also be helpful in determining where we are likely to get the best outcomes for the resources invested. Other approaches such as Invest to Save and the LEAN approach (McIntosh, 2012) adopted by the District Health Board for Canterbury, engaging all staff in improvements, also warrant further investigation. (Timmins.N, Ham. C, 2013).

Whatever the options we have, there needs to be clear recognition and a sea change in culture, attitude and leadership if we are to make a significant impact. It is essential that we engage all party politicians in a collegiate manner, as well as professional and public support, to make this work. Without this we will inevitably reach a point of no return, which will severely put at risk the NHS we are all proud to be part of and is admired by so many across the world.

In summary

- The current financial challenges are unsustainable and put the NHS in Wales at high risk.
- Bold, urgent action and strong leadership and a change in culture is needed to acknowledge and address the financial deficit, adopting a prudent healthcare approach and considering funding options, new models of working or other incentives with accountability.
- Joint action and sign up is needed by all politicians, professionals and the public to support the necessary changes.
- We should formulate a set of basic principles which would soundly and transparently underpin the acceptance of a prudent healthcare model that would be unique to Wales.
- We must increase effort on preventing people from getting ill, intervene early and ensure that care is effective and efficient, eliminating waste and duplication and strengthening primary and community care.
- We should only spend money on things that work, focusing upon a smaller number of areas with greater impact and outcomes, using tools such as PBMA and LEAN.
- We must stop doing things that are ineffective or just don't work.
- We should learn and apply relevant lessons from industry and commerce.
- We must mainstream service improvement as everyone's responsibility, fully engaging the whole NHS workforce and the public to find and implement solutions, building on lean principles and approaches such as the Canterbury experience.
- Bevan Commission should consider the funding options outlined in Appendix 1 in detail, outlining the implications/ costs/ benefits of each.

Prudent Healthcare Option Appraisal

The following helps to set out some of the potential options for further consideration:

1. Increase income

- Identifying opportunities to increase the total budget for health and well being and following up reports such as The Halcott Report;
- Gaining additional resources from other sources, private sector, European Funds or other national opportunities
- Charge for service
 - Payments for (some) services
 - Co payments to supplement service costs
 - Payments for those on higher incomes

2. Reduce Costs

Do Less

- Doing less in total - providing less overall services, less clinical interventions etc
- Doing less selectively - for example doing less of the more expensive interventions/ drugs etc or less of what we know does not work or is ineffective or less for those who are better off.
- Doing only those things that are proven to be effective and stop doing others that aren't

Redesign/ Remodel services

- Consolidate services and remodel ways of working
- Develop new service models such as Community Co -operatives, federations, Community Interest Companies or Social Enterprises
- Joint service provision with other agencies/ organisations such as local government and the third sector
- Reduce capital expenditure

Reduce / redesign staff / staffing costs

- Reduce staffing
- Reduce pay
- Increase productivity

Reduce Service/ treatment costs

- Identify lower cost options
- Identify what can be done that is 'reasonable'

3. Reduce Demand

- prevent illness
- protect health
- early intervention
- predictive risk
- self care
- co production/ community assets

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