

FOCUS: HEALTHCARE

How is our NHS doing and how it compare to other OECD and EU healthcare systems?

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This report looks into how much the NHS costs the UK, how it is run and how it performs against healthcare systems in other OECD and EU countries. It also asks if the NHS should be removed from direct government control in order to enable it to have some “intervention-free” time to stabilise.

Executive Summary:

The NHS has become a “national treasure” over the years although some say that it is more like a sacred cow. Either way, as the 2015 election campaign demonstrated, politicians just can’t leave it alone. Whether it is through “efficiency improvements”, promises of new nurses/doctors/GPs or just good old fashioned reorganization, the NHS is a political football.

Each and every government intervention (regardless of party) promises cost savings and efficiency improvements without detrimental effects on performance. However, it is a rare day when a government publishes an independent assessment of the actual, tangible benefits delivered. Instead, the public just hear and endless call to spend more on the one hand and implement more efficiencies on the other. So what is the truth? Is the NHS good value for money? Have political interventions such as the use of PFIs delivered real value for money? – Or should governments remove themselves from intervening in the structure and running of the NHS?

Our analysis reveals some interesting facts – for example, NHS administration costs have generally been on a downward trend since 2009/10 except in 2014/15 when there was a large increase. Another trend has been the increase in the value of healthcare services purchased from non-NHS suppliers – although that may not be a bad thing if the services can be delivered effectively at less cost.

Spending on temporary staff has increased at a faster rate than spending on permanent staff and is currently a subject of popular debate with the call by the Health Secretary Jeremy Hunt, for curbs on the use of employment agencies in the NHS so that tax payer monies can go to direct patient care. Overall the service has been instructed to save £20 billion, but is currently in deficit. Yet the use of PFI schemes to finance the building of hospitals has been commonplace and these schemes have clearly not been good value for money and have saddled the NHS with debt – in some cases until 2044!

Like all healthcare systems there are some advantages to the NHS and some disadvantages. The NHS is the best in the world at providing access to healthcare, even if that care is sometimes not provided as quickly as in other countries’ healthcare systems. It could also be argued that the NHS provides the best value for money out of all the healthcare systems that have been compared. There are however, some areas where the NHS does not perform nearly as well as other countries, mostly in the area of positive outcomes from certain diseases and trying to reduce wastage and unnecessary treatments which waste the limited resources at the NHS’s disposal.

However, evidence for significant improvements resulting from political intervention appears to be lacking. According to research by Consultancy.UK, the NHS spent £640 million on

private sector management consultants in 2014, up from £313 million in 2010. This data was obtained by Professor David Oliver in a Freedom of Information request and shows that, contrary to the government’s 2010 vow to reduce the external consultancy costs, the amount spent has dramatically increased. Whether this spend delivered tangible improvements to NHS performance remains a hotly debated topic. The 2013 reorganisation which saw all 151 primary care trusts - which provided services such as hospitals, dentists and opticians - and the 10 regional strategic health authorities being abolished was described by the King’s Fund think tank as having “wasted three years, failed patients, caused financial distress and left a strategic vacuum”.

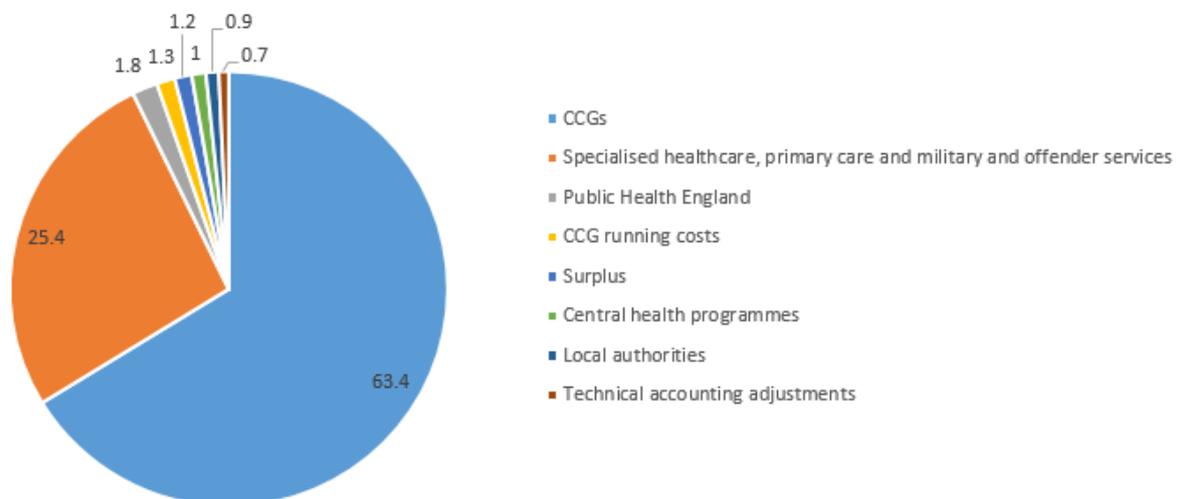
Source: BBC News, 6th February 2015

1 NHS Spending

1.1 NHS Costs & budgets

NHS England currently spends the least per head of population of the 4 UK regions, at about £2,050, compared to NHS Northern Ireland who spend the most at around £2,600 per head. The budget for the NHS has steadily been increasing year on year, in 2013/14 £109.72 billion was spent on NHS England. This was an increase of 4.27% on the previous year, and a 2.4% increase in real terms. Around 80% of NHS England funding used to be allocated to 151 Primary Care Trusts, but these were abolished in 2013 and replaced with Clinical Commissioning Groups (CCGs). Figure 1 shows how the money is now allocated:

Figure 1 – How money was allocated in NHS England for 2013/14

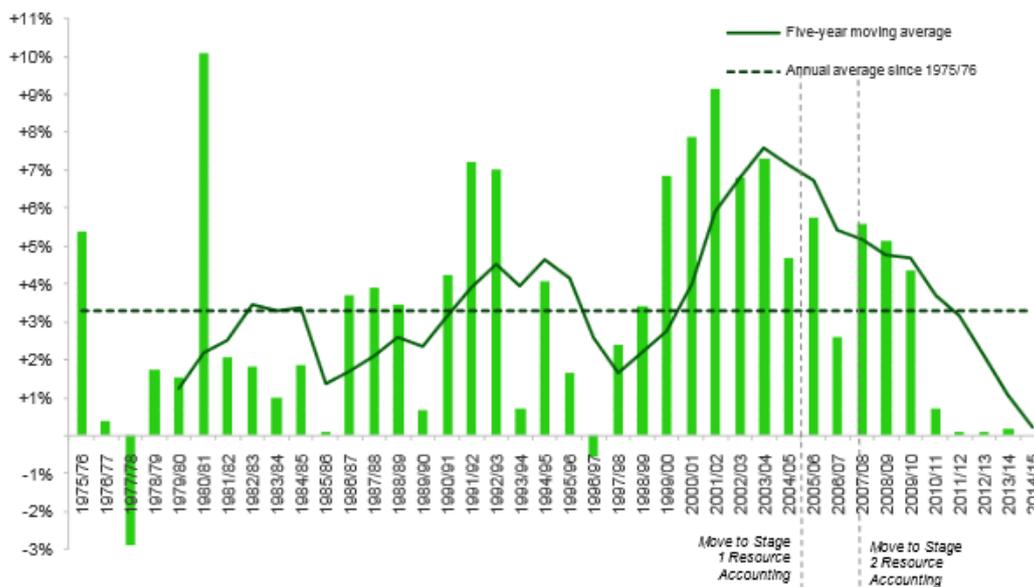


Source: NHS England

Figure 2 below, shows the annual real-term increases in NHs expenditure in England between 1974/75 and 2014/15. The largest five-year moving average (+7.6%) occurred over the period 1999/2000 to 2003/04, and based on inflation figures published in the March 2012

Budget, the lowest five-year moving average is set to occur over the 2010/11 to 2014/15 period.

Figure 2 – Annual % change in real terms NHS expenditure in England



Source: Department of Health, HSCIC.

The costs of NHS administration have significantly fallen during the period 2010 -14. Costs had fallen by 13.5% to £3.12 billion by the end of 2013/14. The largest fall was between 2010/11 and 2011/12 after the 2010 Spending Review conducted by the government. This review instructed the Department of Health to reduce its administration costs by one third by 2014/15. Table 1 below shows that NHS administration costs have generally been on a downward trend, with 2014/15 a notable exception when the annual change was +32.6%.

Table 1 – NHS administration costs from 2009/10 to 2015/16

	NHS Administration cost £bn	Total spend £bn	Admin cost as a percentage of total spend	Annual change
2009/10	5.57	108.83	5.1%	-
2010/11	5.84	108.06	5.4%	4.9%
2011/12	3.74	108.72	3.4%	-35.9%
2012/13	3.82	109.41	3.5%	1.9%
2013/14	3.12	112.03	2.8%	-18.4%
2014/15	4.13	113.30	3.6%	32.6%
2015/16	3.08	114.75	2.7%	-25.5%

Source: HM Treasury, Public Sector Expenditure Analyses 2014

1.2 Where is the money spent?

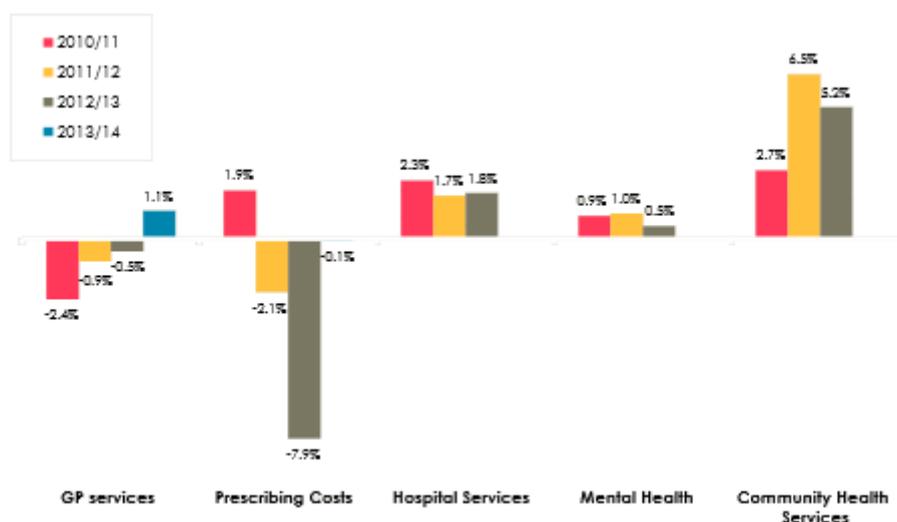
It is difficult to compare spending by Primary Care Trusts (which were abolished in March 2013), and that of their replacement, Clinical Commissioning Groups. The changes have meant that the commissioning of services in England has changed, for example NHS Health Checks are now the responsibility of local authorities.

Spending on GP services fell on average 1.3% in real terms between 2009/10 and 2013/14. Funding for GP practices fell between 2010/11 and 2011/12, stayed at a similar level in 2012/13 and increased by 1.1% in 2013/14 to £8.26 billion. Both these figures include spending on IT systems and out of hour's services, so not all the money went directly to GP practices. Excluding these, funding to GP practices fell on average by 0.8% between 2010/11 and 2013/14 to £7.58 billion.

The costs of prescribing fell in real terms between 2009/10 and 2013/14 at an average rate of 1.6%. Costs have remained at around £8.2 billion between 2012/13 and 2013/14, after funding cuts in the two years previous.

Funding for secondary care services has increased faster than for any other main component of primary care. Since 2009/10 the funding for all the main components of secondary care has increased year on year with funding for the years 2009/10 and 2012/13 increasing at an average rate of 2%.

Figure 3 – Yearly percentage changes in funding for GP services and prescribing

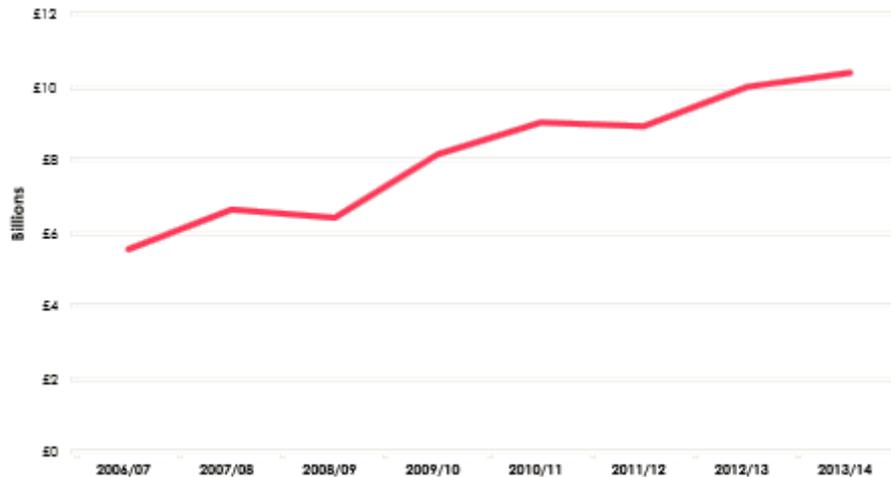


Source: Department of Health, HSCIC.

There has been an increasing amount of health care purchased from non-NHS providers by Primary Care Trusts, and now Clinical Commissioning Groups. Between 2006/07 and

2013/14 spending on health care provision by non-NHS providers increased at an annual average of 9%, rising from £5.56 billion to £10.40 billion, as shown in Figure 4 below:

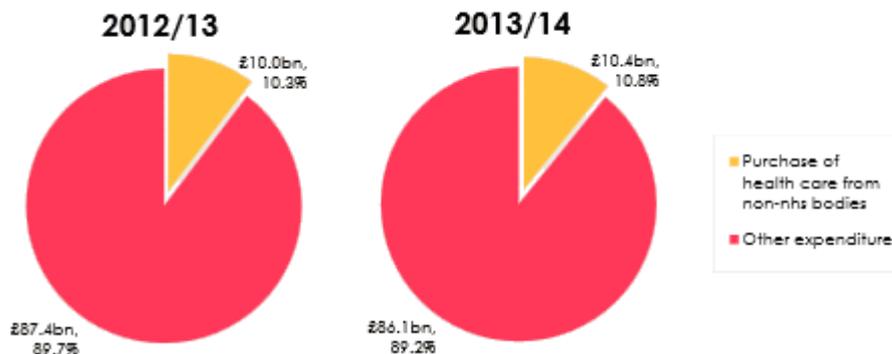
Figure 4 – Purchase of health care from non-NHS providers



Source: NHS Commissioning Board Annual Report

Figure 5 shows how the purchase of health care from non-NHS providers has increased between 2012/13 and 2013/14. Over this period there was an increase in spending of £400 million, or 0.5% of the total spending.

Figure 5 – Purchase of health care from non-NHS providers as a percentage of total spending



Source: NHS Commissioning Board

As shown in Table 2, spending on non-NHS providers increased most rapidly for the provision of community health services. Between 2009/10 and 2012/13 total spending increased at an average rate of 4.8% to £10.1 billion. Spending also increased during this

period on independent sector provision of NHS community health services from £0.9 billion to £1.8 billion, accounting for 18% of the total community health service expenditure.

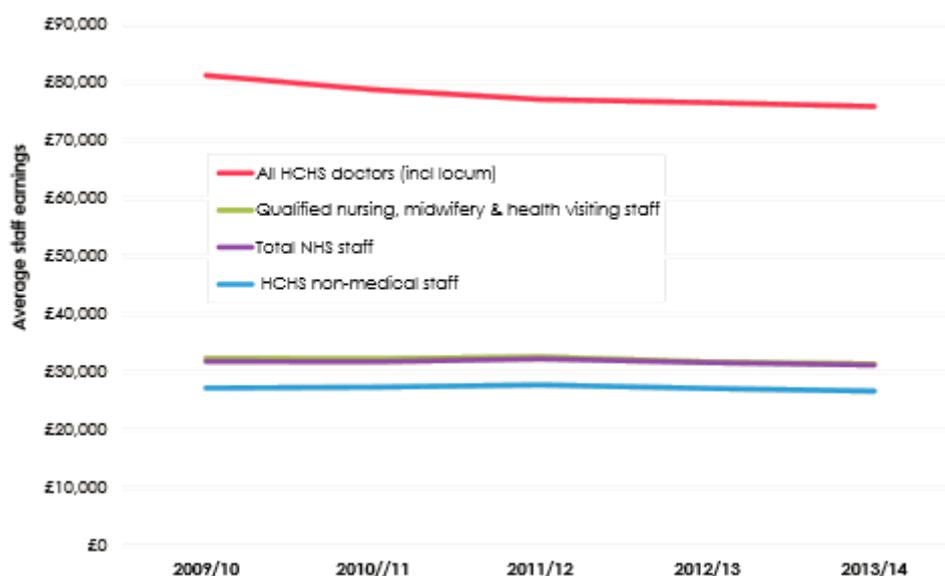
Table 2 – PCT spending on community health services

	PCT spending on NHS bodies (£bn, % total share)	PCT spending on independent service providers (ISP) (£bn, % total share)	PCT spending on voluntary and other (£bn, % total share)	Total PCT spending for community health services (£bn)
2009/10	7.24 (82%)	0.92 (10%)	0.65 (7%)	8.81
2010/11	7.26 (80%)	1.04 (11%)	0.74 (8%)	9.04
2011/12	7.09 (74%)	1.38 (14%)	1.12 (12%)	9.59
2012/13	6.99 (69%)	1.84 (18%)	1.31 (13%)	10.14

Source: Nuffield Trust

There has been very little change in the average earnings on NHS staff between 2009/10 and 2013/14, across all staff the average earnings dropped from £31,981 to £31,402. The largest fall in earnings was felt by doctors, whose average earnings fell by 1.7% in real terms, compared to 0.46% overall in the NHS. Spending on temporary staff has increased by an average of 9% per year between 2009/10 and 2013/14, whilst spending on permanent staff only increased by 3.5% over this period. Because of this spending on temporary staff accounted for 10% of total staff spending in 2013/14 compared to 8% in 2010/11.

Figure 6 – Average NHS staff earnings



Source: Health and Social Care Information Centre

The net adjusted deficit in 2013/14 of NHS providers was £107 million, 66 trusts (42 foundation trusts and 25 trusts) reported a deficit. In the previous year, 2012/13, the net adjusted surplus was £580 million in real terms with 28 trusts in deficit. Current indications suggest that NHS trusts performance are deteriorating in 2014/15, for the second quarter of 2014/15 foundation trusts had a net deficit of £254 million.

It has also been reported by the NHS Development Authority that NHS trusts have a net deficit of £376 million compared to a planned deficit of £317 million. The total net deficit for the NHS and foundation trusts for the second quarter of 2014/15 was £630 million, with almost two thirds of trusts in deficit. The total forecast net deficit by the end of 2014/15 will be £553 million. These problems are mostly in acute hospitals, in September 2014 81% of acute hospital providers were in deficit, amounting to a net shortfall of over £700 million.

Table 4 – Net reported year to date surplus/deficit 2014/15

	Net reported surplus/deficit (£m)	Number of trusts in deficit	Total number of trusts	Proportion of trusts in deficit (%)
Acute	-714	115	142	81%
Ambulance	2	5	10	50%
Community	3	3	19	16%
Mental Health	49	12	56	21%
Specialist	30	6	18	11%
TOTAL	-630	141	245	58%

Source: NHS Trust Development Authority

1.3 Efficiency of the NHS

Hospital efficiency grew by between 1.2% and 1.3% per year between 2008/09 and 2012/13 after accounting for differences in hospital scale, quality, case mix and other uncontrollable cost drivers according to a recent model. The model also estimates that the average acute care provider is 10% less efficient than the most efficient provider in the sector.

The government told NHS England in 2012 that it had to make £20 billion worth of efficiency savings by 2014/15 (called the Quality, Innovation, Productivity and Prevention savings). The NHS reported £15 billion worth of savings between 2011/12 and 2013/14, and has predicted £4.8 billion worth of savings for 2014/15, so is currently on course to meet the £20 billion target it was set.

The cost of treatments on the NHS is decided in the National Tariff Payment System, and is decided jointly between NHS England and Monitor. The National Tariff is meant to help the NHS provide care more efficiently and to make planning an easier task for commissioners.

The current most expensive treatment in the National Tariff is a “category 6 reconstruction procedure with CC” which costs £31,756 per episode, followed by “Multiple Trauma Diagnoses score >=51, with Interventions score >=45” which costs £22,157 per episode.

Perhaps unsurprisingly, the majority of the most expensive procedures involve a large amount of surgery.

Drugs can also be very expensive for the NHS. Eculizumab, which is the most expensive drug in the world and is used to treat atypical haemolytic uremic syndrome, has recently been approved by the National Institute for Health and Care Excellence. It has an annual cost of £340,000 per patient, and is expected to cost the NHS £57.8 million if all patients with the condition receive the drug.

Source: Royal Pharmaceutical Society, National Tariff 2014/15

Despite the efficiency savings alluded to above, the NHS has still received criticism from the Academy of Medical Royal Colleges because of money wasted on unnecessary treatments. The academy conducted a year-long study which concluded that up to £2.3 billion was wasted on procedures and processes that could be done better, more cheaply or not at all.

Of this total, over £1 billion could be saved if doctors were more careful when prescribing medicines to patients, £221 million could be saved by stopping unnecessary x-rays on some patients with knee and lumbar spine problems, and £466 million could be saved if doctors were less ready to prescribe a cocktail of drugs to older patients, as adverse drug reactions suffered by this group account for 6% of all hospital admissions and 4% of all hospital bed days.

Source: The Guardian - NHS wastes over £2bn a year on unnecessary or expensive treatments, November 2014

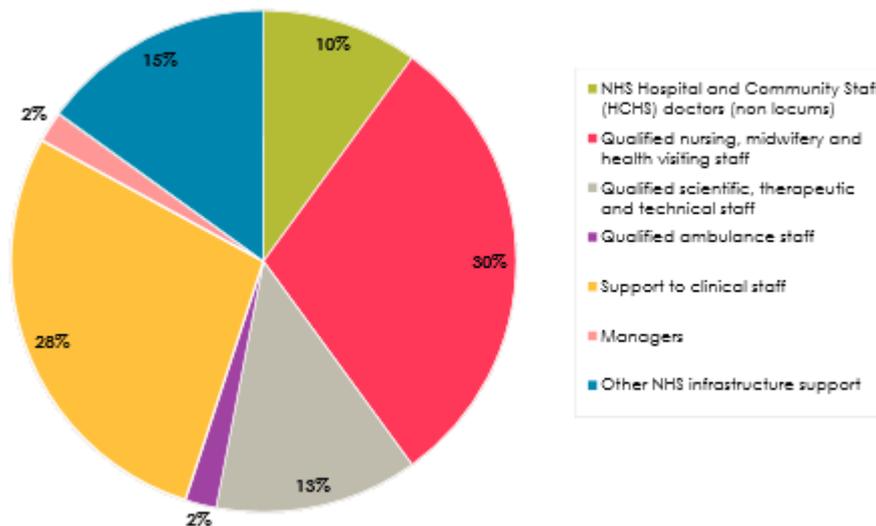
2 The NHS in numbers

2.1 Staff

Between 2010/11 and 2013/14 the number of staff who were directly employed by the NHS remained fairly consistent, falling from 1.06 million to 1.04 million. In this period there has been an increase in the number of staff employed through bank and agency sources, and services have shifted towards social enterprises (where staff are not included in workforce calculations).

Figure 7 below shows how the 2013/14 NHS workforce was split across different job roles. The Francis Inquiry report which examined the factors leading up to the failures of Stafford Hospital was published in February 2013 and highlighted a lack of nursing staff as one of the main contributors. Since this report was published the total number of nurses in the NHS increased by 1%, and the number working in the acute sector increased at 2% per year between 2012/13 and 2013/14.

Figure 7 – Job roles in the NHS, 2013/14



Source: NHS Workforce Statistics 2014

The NHS Confederation has recently released much more detailed staff numbers for 2014, which show that the number of nurses, doctors and GPs have all increased since 2004, while the number of management staff has stayed fairly constant. The full details are below:

- *“In 2014 the NHS employed 150,273 doctors, 377,191 qualified nursing staff, 155,960 qualified scientific, therapeutic and technical staff and 37,078 managers.*
- *There were 32,467 additional doctors employed in the NHS in 2014 compared to 2004. The number has increased by an annual average of 2.5 per cent over that time.*
- *There were 18,432 more NHS nurses in 2014 compared to ten years earlier. The number has increased by an annual average of 0.5 per cent over that period.*
- *There were 5,729 more GPs and 1,688 more practice nurses employed by GPs in 2014 than ten years earlier.*
- *There were 12,432 more qualified allied health professionals in 2014 compared to 2004. However the number of qualified healthcare scientists has declined for each of the past five years, with the number in 2014 874 below that of 2004.*
- *50.6 per cent of NHS employees are professionally qualified clinical staff. A further 26.0 per cent provide support to clinical staff in roles such as nursing assistant practitioners, nursing assistant/auxiliaries and healthcare assistants.*
- *An NHS Partners Network survey shows that more than 69,000 individuals are involved in providing front-line services to NHS patients among their membership. Approximately two-thirds are clinicians.*
- *Since 2004 the number of professionally qualified clinical staff within the NHS has risen by 12.7 per cent. This rise includes an increase in doctors of 27.6 per cent; a rise in the number of nurses of 5.1 per cent; and 8.1 per cent more qualified ambulance staff.*
- *Medical school intake rose from 3,749 in 1997/98 to 6,262 in 2012/13 - a rise of 67.0 per cent.*

- *Managers and senior managers accounted for 2.67 per cent of the 1.388 million staff employed by the NHS in 2014.*
- *The number of managers and senior managers increased slightly in 2014, having declined in each of the previous four years. However 37,078 was the second lowest total since 2004.*
- *In 2008/09 the management costs of the NHS had fallen from 5.0 per cent in 1997/98 to 3.0 per cent.”*

Source: NHS Confederation - Key statistics on the NHS

According to recent figures from Monitor, there were £1 billion unplanned agency staff costs in 2014/15 with the NHS paying £3.3 billion for contract and agency staff annually. Despite a planned year on year on year rose by 29% in Q4, 2014-2015. The total cost of contract and agency staff was 6.4% of the NHS total staff cost in Q4 2014-2015 compared to 5.2% for the same period in 2013-2014. This increase has been explained by a need to cover vacancies and to meet unplanned for demand coupled with the difficulty in locating suitable qualified nursing and medical staff. The highest spend on these temporary staff was in London (8.3% of total staff costs), followed by the Midlands (7.00%), the South (6.3%) and the North (5.1%). Barts Hospital NHS Trust, for example, spent £81 million on agency and contract staff in 2014/15, reflecting the difficulty of recruiting suitable staff in London, with its high cost of living and accommodation shortages.

Not surprisingly, the revenue of the 10 UK's largest medical recruiting companies has risen almost 40% over the past three years with overall income of £7.7 billion since 1999. One of the largest saw an increase in revenue of 60% in 2 years, totalling £314 million.

This increase in the use of temporary staff is despite official figures which show that since 2010 more than 23,000 extra clinical staff are working in the NHS, which includes 9,100 extra doctors and 8,200 extra nurses.

*Sources: Monitor. Performance of the Foundation Trust Sector. YE 31/03/2015.
Daily Telegraph. How nursing agencies making billions are bleeding the NHS dry. 31 May 2015.*

In view of these figures, is there a need to either review the NHS resource planning process, linking it to known and predicted demographic changes or set up their own internal temporary staff agency to enable a degree of flexibility and speed of response to unexpected changes in demand?

2.2 Patients

According to the NHS Confederation the number of emergency incidents has been increasing; there has been an 18.5% increase in emergency incidents between 2007/08 and 2012/13, reaching 6.89 million. The NHS now treats over 1 million patients every 36 hours, and the number of patients treated by the NHS is continually rising:

- *“In 2013/14 there were 64 per cent more operations completed by the NHS compared to 2003/04, with an increase from 6.712m to 11.030m.*

- *The total annual attendances at Accident & Emergency departments was 21.779m in 2013/14, 32 per cent higher than a decade earlier (16.517m).*
- *The 95 per cent standard to see patients within 4 hours of arrival at Accident & Emergency departments was achieved in 21 weeks during 2014.*
- *There were 15.462m total hospital admissions in 2013/14, 32 per cent more than a decade earlier (11.699m).*
- *The total number of outpatient attendances in 2013/14 was 82.060m, an increase of 8.8 per cent on the previous year (75.456m)."*

Source: NHS Confederation - Key statistics on the NHS

In 2013/14 nearly 420,000 patients chose to go to independent healthcare providers for their elective inpatient care. There were also 688,977 GP referrals to independent providers of outpatient care during the same time period. One of the reasons for this could be patient concern about waiting times. Patient waiting times however, have generally been improving in recent years as this data from the NHS Confederation shows:

- *"At the end of January 2015, there were 2.920 million patients on the waiting list for treatment. 216,791 (7.4 per cent) had been waiting for longer than 18 weeks, compared to 189,612 (6.5 per cent) at the same point in 2014.*
- *Over the past three years the number of patients waiting longer than a year for treatment has declined from 5,898 in January 2012 to 441 in January 2015.*
- *In the same period, the number waiting in excess of 26 weeks has declined from 70,059 to 67,205 (although that is second highest number in that period).*
- *88.7 per cent of people with admitted pathways (adjusted) were treated within 18 weeks of referral in January 2015, compared to 90.4 per cent a year earlier.*
- *95.0 per cent of people with non-admitted pathways were treated or discharged within 18 weeks of referral in January 2015, compared to 96.3 per cent a year earlier.*
- *At the end of January 2015, 766,414 patients were on the waiting list for a diagnostic test. Of these, 2.4 per cent had been waiting in excess of six weeks."*

Source: NHS Confederation - Key statistics on the NHS

NHS mental health services are also regularly used, 1,747,000 people were in contact with specialist mental health services in 2013/14, and 6% of these spent time in hospital.

2.3 Structure

The NHS consists of:

- *"211 clinical commissioning groups (including 201 now authorised without conditions)*
- *156 acute trusts (including 100 foundation trusts)*
- *56 mental health trusts (including 42 foundation trusts)*
- *34 community providers (15 NHS trusts, 3 foundation trusts and 16 social enterprises)*
- *10 ambulance trusts (including 5 foundation trusts)*
- *Around 8,000 GP practices*

- *853 for-profit and not-for-profit independent sector organisations, providing care to NHS patients from 7,331 locations”*

Source: NHS Confederation - Key statistics on the NHS

2.4 The NHS and Private Finance Initiatives (PFIs)

Since 1997, a large proportion of the NHS capital spend on new buildings has been financed “off balance sheet” through the use of Private Finance Initiatives (PFIs). The government used PFI funding by private sector consortia in order to finance the design, building and in some instances the management of new hospital and medical care building projects. The PFI contract would be in place for a period of 30 years during the course of which the NHS Trust who commissioned the project would lease back the building whilst paying off the loans together with interest payments to the PFI funding consortia as well as paying for building services and maintenance. In 2014 it was reported that the total amount of NHS PFI debt was £ 80 billion whilst the annual cost of servicing the PFI loans was in the region of £2 billion. Although first introduced by the John Major government as a means of financing capital projects, PFI became much more common place between 1997 and 2008 when, under the Labour government, 103 new NHS PFI contracts were agreed. During the period 90% of hospital construction projects representing 75% of all new hospital building were financed under PFI contracts. These contracts typically had a finance charge of 3-5 times the actual capital cost, although in some contracts this was raised to 7 times. A House of Commons research paper reported in 2012 that the annual payment schedule for all the NHS PFI schemes signed before 15th June 2010 would rise to £2.3 billion by 2029/30 before slowly decreasing to £0.45 billion by 2044/45.

Sources; The New Statesman. To save the NHS, Labour must face the ugly truth of PFI debts . Benedict Cooper. 10th July 2014.

NHS Funding and Expenditure. Rachael Harker. Social and General Statistics, House of Commons Library. 3 April 2012.

3 The NHS and Private Hospitals

A 2012 report by the Institute for Fiscal Studies found that private healthcare firms were treating up to one in five NHS patients who had certain conditions. Private firms now conduct 17% of hip replacements (11,500 operations), 17% of hernia repairs (9,000) and 6% of gall bladder removals (3,000) annually in England. They also handled 8% of patients' first attendances in relation to orthopaedics or trauma, such as a broken limb; 4.8% for gastroenterological problems; and 2.3% of attendances for sight problems.

This change happened predominantly under the last Labour government, between 2006 and 2010, who were keen to promote patient choice. In 2006, GPs usually referred patients to an average of 12 different healthcare providers a year, the majority of which were in the NHS. By 2010 that had risen to 18, mainly because they were encouraged to offer patients a wider list of places to be treated.

The British Medical Association has said that increasing competition could ultimately threaten the long term viability of NHS services: *"The BMA has had concerns for a number of years about the ethos of promoting competition between different providers within the NHS as this could lead to a fragmentation and possible destabilisation of patient services."*

Source: The Guardian - More NHS patients being treated by private firms, survey finds, November 2012

Another problem with outsourcing NHS services to private healthcare providers is their need to make a profit. In 2012 one private hospital was found to have instructed its doctors to deliberately delay operations for NHS patients in order to encourage them to pay fees. BMI Meriden Hospital in Coventry informed doctors that they *"wish to implement with immediate effect a new rule which will mean that operations on NHS Choose and Book patients will not be able to take place until at least four weeks following their outpatient consultation. Also, in each subsequent month, I will extend this by another week until September and the time will be eight weeks from initial consultation. I believe that this time to access the system is probably the most critical factor for some private patients converting to NHS patients."*

The Department of Health stated that this is not acceptable, and they contacted the hospital to resolve the issue.

Source: The Independent - Private hospital told doctors to delay NHS work to boost profits, July 2012

4 Comparisons between the NHS and other healthcare systems around the world

Table 5 below provides a comparison of the healthcare systems in the UK and four EU countries: France, Germany, the Netherlands and Sweden based on the most recent Eurostat figures available.

	UK	France	Germany	Netherlands	Sweden
Population On 1.1.13 (Million)	63.888	65.633	80.523	16.730	9.555
Population over 65 in % 2012	16.8	17.1	20.7	16.2	18.8
Life expectancy 2012	81	82.1	81	81.2	81.8
Health spending % GDP 2012	8.9	11.2	10.9	11.8 (Est)	9.1
Type of Health care System	National health service	Statutory health Insurance (SHI)	Statutory health insurance	Statutory private health insurance	National health service
Main funding	Employee/ employer NI contributions + general taxation	Employee/ employer contributions+ revenue from income tax and other taxes	Employee/ employer contribution+ pensioner/ pension contributions	Premium, + employee/ employer contribution + general taxes	General taxation
Role of private insurance	Approx. 11% have access to private care	Approx. 90% have insurance for cost sharing of services, and for some provision of extra services	Approx. 10% use private plan as alternative to SHI. Approx. 20% use for cost sharing and to provide private facilities.	Main insurer provides mandated core benefits. Approx. 90% have additional private cover in place for cost sharing + non-covered services	Less than 5% have this cover to provide for private health facilities

Table 5: Comparison of Health Care in 5 EU states

Sources. Eurostat population figures. 2012/13
OECD; Stat Extracts: Health 2012

The King's Fund. Background Paper. Ruth Robertson, Sarah Gregory, Joni Jabbal. The Social Care & Health Systems of Nine Countries. Commission on the Future of Health and Social Care in England.

In 2011 the then Health Secretary Andrew Lansley stated that: “The NHS today faces great challenges... It does not deliver outcomes in line with the best health services internationally – many of our survival rates for disease are worse than those of our neighbours.”

A government white paper called “Equity and Excellence – Liberating the NHS” stated that the NHS has achieved relatively poor outcomes in some areas compared to other countries. For example, rates of mortality amenable to healthcare, rates of mortality from some respiratory diseases and some cancers, and some measures of stroke are among the worst in the developed world. The NHS also has high rates of acute complications of diabetes and avoidable asthma admissions; the incidence of MRSA infection has been worse than the European average; and venous thromboembolism causes 25,000 avoidable deaths each year.

An academic paper used data on OECD countries from the 2000 World Health Report to form a ranking based on relative rates of mortality amenable to healthcare, rather than comparisons based on disability adjusted life expectancy. The NHS performed badly under this comparison, with a much lower ranking than in the 2000 World Health Report.

However, the report points out that there are many different methods of comparison which all produce different results, and data from different countries is not always as comprehensive and easy to compare like for like.

Source: Fullfact.org - How does the NHS compare internationally on disease mortality?

In 2013 The Lancet published a study called “UK health performance: findings of the Global Burden of Disease Study 2010”. The study looked at data from the Global Burden of Diseases, Injuries, and Risk Factors Study 2010 and compared the UK to 18 other nations. The study found that overall health in the UK had improved substantially between 1990 and 2010, but the UK performed significantly worse than the other countries for age-standardised death rates, age-standardised years of life lost (YLL) rates, and life expectancy in 1990, and its relative position had worsened by 2010.

UK also had significantly lower rates of age-standardised YLLs for road injury, diabetes, liver cancer, and chronic kidney disease, but significantly greater rates for ischaemic heart disease, chronic obstructive pulmonary disease, lower respiratory infections, breast cancer, other cardiovascular and circulatory disorders, oesophageal cancer, preterm birth complications, congenital anomalies, and aortic aneurysm.

The UK was ranked 12th out of the 19 countries which were looked at in the study, people living in Spain (the top ranked country) have on average an extra 2.3 year of healthy life than those in the UK.

The 2013 Health Secretary Jeremy Hunt said in response to the report “*Many deaths happen because the NHS is not good enough at preventing people getting sick or because treatment does not rival that seen elsewhere in Europe*” and that “*up to 30,000 lives a year could be saved if England performed as well as its European neighbours.*”

Source: BBC - UK 'fares badly in European health league table', The Lancet

It is not all bad news though, a 2010 paper by The King's Fund entitled "A high-performing NHS?" found that the NHS had improved in a number of areas between 1997 and 2010:

- *"Hospital waiting times reduced dramatically from 1997-2010, with more than 90 per cent of patients waiting less than 18 weeks for treatment last year.*
- *Infant mortality has fallen and life expectancy is increasing for all social groups.*
- *Smoking rates have fallen, and deaths from cancer and cardiovascular diseases have been steadily declining.*
- *Infection rates for MRSA and C. difficile have been significantly reduced, and there are now robust systems for collecting and analysing information on adverse events.*
- *In mental health services, access to specialist early intervention and crisis resolution teams is considered among the best in Europe.*
- *There is now far more information available to patients, professionals and the public about how services perform."*

Source: The King's Fund - Myth one: the NHS is performing poorly compared to other countries' health systems

The Commonwealth Fund in 2010 also produced a report full of praise for the NHS. The report compared the healthcare system in the USA to those in New Zealand, Australia, France, Germany, Norway, Sweden, the Netherlands, Switzerland, Canada and the UK.

This report ranked the UK first overall, where it scored highly for its quality of care, efficiency and low cost at the point of service, with Switzerland coming an overall second. It said that the UK outperformed all countries in the management of chronic illnesses, and *"The widespread and effective use of health information technology (HIT) in the UK plays a large role in the country's high score on the chronic care management indicators, as well as its performance on system aspects of preventive care delivery."*

Figure 8 below shows that the United Kingdom scored excellently for quality of care, access to care, efficiency and equity, but poorly on healthy lives.

Figure 8 – Performance of different healthcare systems according to The Commonwealth Fund

EXHIBIT ES-1. OVERALL RANKING

COUNTRY RANKINGS

- Top 2*
- Middle
- Bottom 2*

											
	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

Notes: * Includes ties. ** Expenditures shown in \$US PPP (purchasing power parity); Australian \$ data are from 2010.
 Sources: Calculated by The Commonwealth Fund based on 2011 International Health Policy Survey of Sicker Adults; 2012 International Health Policy Survey of Primary Care Physicians; 2013 International Health Policy Survey; Commonwealth Fund National Scorecard 2011; World Health Organization; and Organization for Economic Cooperation and Development, OECD Health Data, 2013 (Paris: OECD, Nov. 2013).

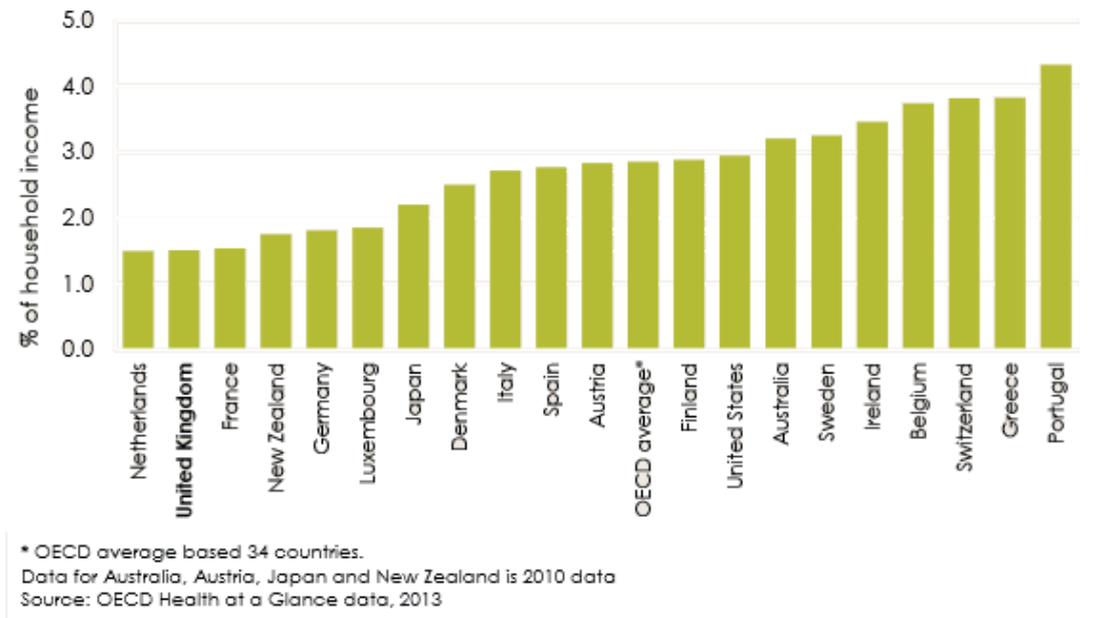
Source: The Commonwealth fund - How the Performance of the U.S. Health Care System Compares Internationally, 2010

The Commonwealth Fund’s report found that France had performed best on mortality amenable to healthcare and ranked 1st for Healthy Lives, much better than the ranking for the UK. The French universal healthcare system is better-funded than the NHS, and has patient choice, provider competition and mutualism as key goals which helps to create accountability and drive up standards.

Funding for the French healthcare system is also different from that for the NHS. It is paid for through national insurance-style ring-fenced contributions, a system that has recently been copied by the Netherlands.

The Health Foundation also released a report in March 2015 comparing the NHS to healthcare systems abroad, and there were many points in favour to the NHS. For example, as the NHS achieves universal healthcare coverage in the UK, and as a result of this out of pocket healthcare expenditure in the UK is very low when compared to other countries.

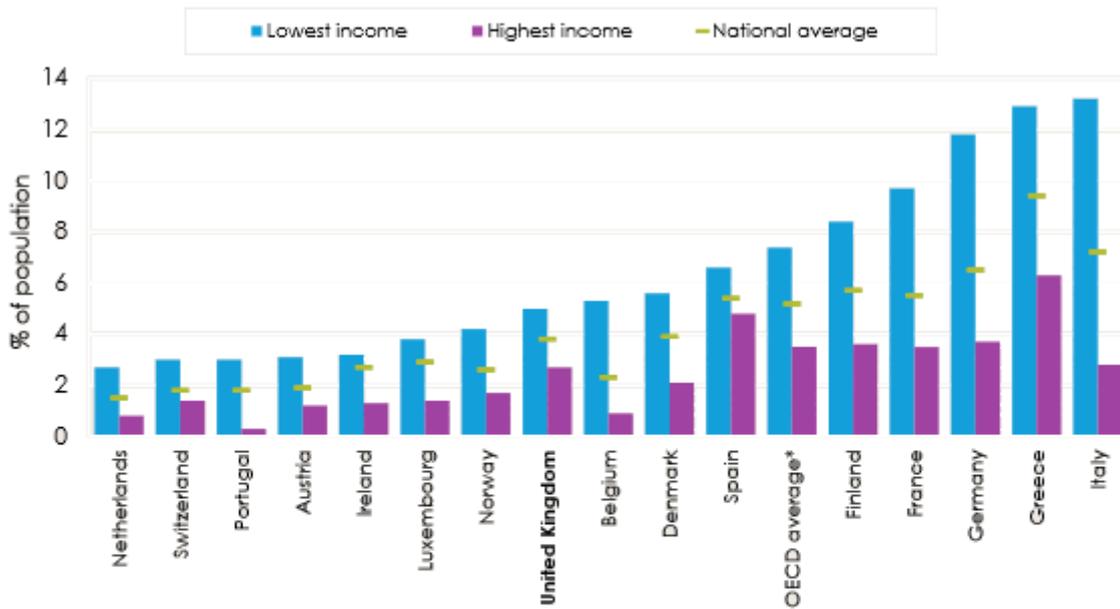
Figure 9 - Out-of-pocket medical spending as a share of final household consumption, 2011



Source: The Health Foundation - How does the NHS compare with health systems in other countries?

However, nearly 4% of the UK population (on average) reported barriers to accessing necessary medical examinations. A common finding across countries was the unequal distribution of results depending on income group, with the poorest more likely to report unmet care needs than the richest, and the UK follows this pattern.

Figure 10 – Unmet care needs by income level

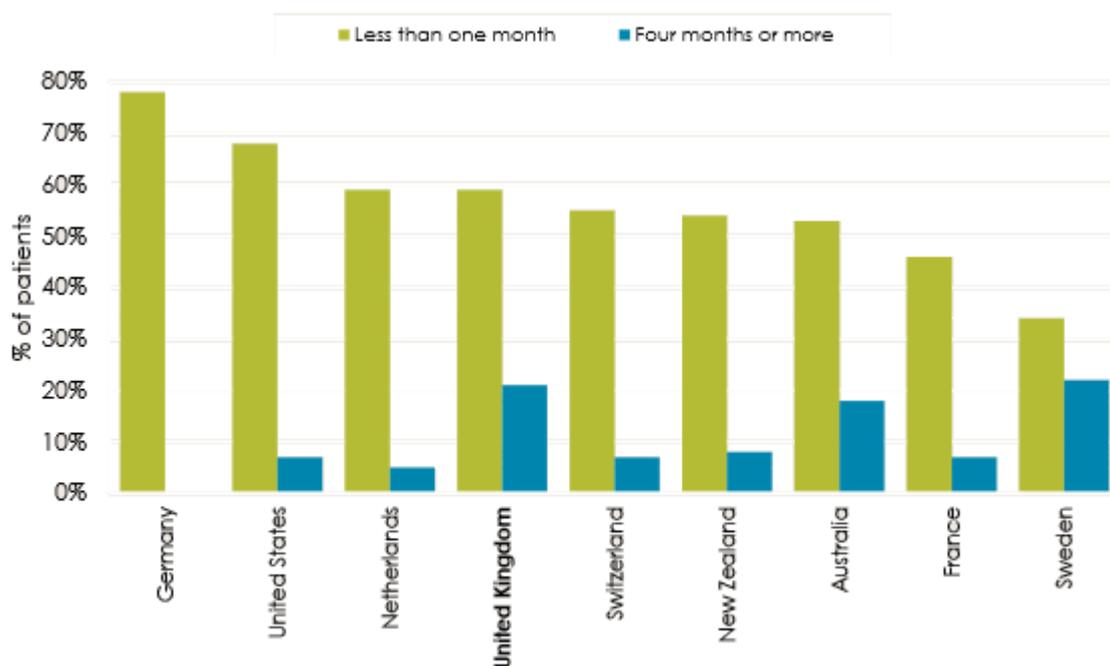


* OECD average based on 24 countries.
 Data on unmet health care needs come from the European Union Statistics on Income and Living Conditions survey (EU-SILC). Survey respondents are asked whether there was a time in the previous 12 months when they felt they needed a medical examination but did not receive it, followed by a question as to why the need for care was unmet. The reasons include that care was too expensive, the waiting time was too long, the travelling distance to receive care was too far, a lack of time, or that they wanted to wait and see if the problem got better on its own. Figures presented here cover unmet care needs for any reason. Cultural factors, public expectations and policy debates may affect attitudes to unmet care. Caution is needed in comparing the results across countries.
 Source: OECD Health at a Glance data, 2013

Source: The Health Foundation - How does the NHS compare with health systems in other countries?

The NHS has a mixed performance on patient waiting times. The number of people waiting under one month for elective surgery was 60%, the fourth best of all the countries which were compared. But over 20% of patients reported a wait of over four months, which was the worst except for Sweden.

Figure 11 – Reported waits for elective surgery



Source: Commonwealth Fund. 2010 International Health Policy Survey in Eleven Countries.

Source: *The Health Foundation - How does the NHS compare with health systems in other countries?*

The United Kingdom was also shown to have less beds per 1,000 people compared to the OECD average (2.8 compared to 5), and fewer doctors (2.8 compared to 3.1), though the average number of days spent in hospital was lower (7 compared to 7.6 OECD average).

In summary the report found that the NHS was above average in:

- Suicide mortality rates
- Schizophrenia re-admissions to the same hospital)
- Diabetes (Diabetes hospital admissions in adults)
- Cervical cancer screening in women aged 20-69
- Mammography screening in women aged 50-69
- Influenza vaccination coverage, population aged 65 and over

Average in:

- Asthma (Asthma hospital admissions in adults)
- Breast cancer five-year relative survival 2006-11
- Cardiovascular (Case-fatality in adults aged 45 and over within 30 days after admission for acute myocardial infarction)
- Maternity & childbirth (Obstetric trauma, vaginal delivery with instrument, 2011)
- Bi-polar re-admissions to the same hospital

Below average in:

- Chronic Obstructive Pulmonary Disease (COPD) hospital admissions in adults
- Cervical cancer five-year relative survival, 2006-11

- Colorectal cancer, five-year relative survival, 2006-2011
- Stroke (Case-fatality in adults aged 45 and over within 30 days after admission for ischemic stroke)
- Vaccination against measles, children aged 1

The report concluded that *“the UK has some successes to celebrate, such as high levels of equity of access to care compared to some counterparts. Our analysis also points to variable performance in relation to health and effectiveness, where comparable measures exist, and exposes concerning trends in relation to some key lifestyle risk factors that influence people’s ability to live healthy lives. Taken together, this evidence suggests that, while the UK health system demonstrates many positive attributes, more could be done to maximise positive health outcomes.”*

Source: The Health Foundation - How does the NHS compare with health systems in other countries?

Important:

We have used our best endeavour and knowledge to research the answers to questions posed. We cannot guarantee that the information provided is absolute in its accuracy or completeness.