Value In The NHS

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Areas to be covered

1. The Case for Value in the NHS
2. How to deliver best Value
3. Institute of Costing (Value)
The case for Value

• What does Value mean – definition?
• ‘What we gain relative to what we give up’ – or
• ‘The benefit relative to the cost’ - or
• ‘Maximum outputs for inputs’ – or for healthcare
• If the benefit is the Quality of healthcare and the Cost is the NHS resource availability
• ‘Best Quality healthcare through most effective use of resources’
The case for Value

• Private sector concept of maximising shareholder value
• For the NHS the taxpayers and users of the service are the shareholders
• Our goal is to maximise tax holder value from the NHS
• How much does the taxpayer pay fund for the NHS and public spending?
Government Spending 2012/13

Total Spending: £683 billion

- Social protection: £207 billion
- Health: £130 billion
- Education: £91 billion
- Personal social services: £33 billion
- Transport: £22 billion
- Defence: £39 billion
- Industry, agriculture and employment: £19 billion
- Housing and environment: £21 billion
- Public order and safety: £32 billion
- Debt interest: £46 billion
- Other: £43 billion

Source: Office for Budget Responsibility, 2012–13 estimates. Allocations to functions are based on HM Treasury analyses.
Context of UK Healthcare spend

- 1990’s - 5.2% of GDP
- 2010 high of over 8% of GDP
- Declined slightly since 2010
- By 2020 could be back down to around 6% of GDP?
Figure 1: Real net spending on the UK NHS at 2010/11 prices and as a percentage of GDP

Sources: HM Treasury (2009); OHE (2009).
Context of UK Healthcare spend

- European average of circa 9%
- France and Germany 10.5 to 11%
- US 17 to 18%

We already have a healthcare system that delivers good value?
<table>
<thead>
<tr>
<th>Country</th>
<th>Life Expectancy</th>
<th>Per capita total expenditure on health</th>
<th>Health Care Expenditure (% of GDP)</th>
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<tbody>
<tr>
<td>Singapore</td>
<td>80</td>
<td>1140</td>
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<td>79</td>
<td>2597</td>
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<td>USA</td>
<td>78</td>
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The less you spend the more you need value

UK NHS investment from £37bn in 1997 to £110bn 15 years later

Did we get a threefold increase in the quality of healthcare for the threefold investment?

Funding in real terms for the NHS will decline over coming years

So the focus on value will be key – You value value the most when you have less resource
2 How to deliver Best Value

- Strong clinical engagement with Multi disciplinary teams of Clinicians, Managers and Finance staff is a vital ingredient

- Joint working at national level to mirror this between the HFMA, NHS Confederation and the Academy of Royal Colleges

- Two sides of the same Coin issued April 2014 – Quality and Finance go hand in hand

- Ongoing work on ‘Decisions of Value’

- There is a thirst from clinicians for working with Finance staff and NHS Managers to turn data, into information, into good Intelligence as a base for good decision making to maximise the value of services

- Joint partnership working with Association of Adult Directors of Social Services
Two sides of the same coin

• The NHS Confederation, Academy of Medical Royal Colleges, Faculty of Medical Management and Leadership and the HFMA held a roundtable at the end of 2013
• All agreed that it is more important than ever for NHS leaders to focus on balancing quality and finance in their organisations to deliver value and that there are a series of enablers and barriers that have an impact
• A briefing focusing on three key messages was published in April 2014
• NHS organisations are working hard to balance finance and quality and deliver greater value
• “To consider costs without regard for quality is unthinkable; to consider quality without regard for costs is unsustainable”
• NHS Confederation looking into how decisions are made at organisational level about quality and finance
Two sides of the same coin

• More needs to be done at system level to maximise value by considering quality and finance as a single priority

• Delivering value across a system means achieving the best outcomes within the funding allocated to the whole system

• System leadership is a necessity not a luxury

• Regulatory barriers need to be removed to empower organisations
Two sides of the same coin

• Need to look at value across public services

• An open and honest debate with the public is needed to agree how much should be spent on the NHS, the services provided and the quality of them

“*What service do we want and are willing to pay for? Platinum, gold, silver or bronze?*”

• Political candour is needed about plans for the future
HFMA ‘Commitment to value

- HFMA is committed to delivering better quality healthcare through effective use of resources
- Improving value is the ‘golden thread’ running through all HFMA’s policy themes
- We believe that high quality healthcare, achieved through the transformation of services, will lead to savings that are sustainable and recurrent
- HFMA’s emphasis is on supporting finance staff with their transformation role & to support the improvement of NHS costing so financial implications of clinical decisions are fully understood
Transformational change to the way services are provided

Resource / Finance

Quality

Service provision
What is the challenge

Clinically sustainable

Operationally sustainable

Financially sustainable
Do NHS Finance staff feel they are valued in their work?

- 2013 HFMA Finance staff survey / census shows interesting results
- Relatively high job satisfaction of 6.8 / 10
- 80% keen to stay in the NHS (63% for the rest of their career)
- Vast majority feel their work adds value (86%) but a recognition of the need to move from “Managing budgets” to “Business enablers”
- More variable in terms of how they perceive they are valued by others:
  - 89% feel valued by line managers and 69% feel valued by their Boards
  - 61% feel valued by Clinicians (with a proviso of varies greatly clinician by clinician)
  - Only 30% feel valued by national government dropping to 18% for patients and 17% for the general public
3. Institute of Costing (Value)

To continue to drive improvements in development of the clinical costing standards and drive improvements in the quality of it.

To provide a national forum whereby costing and business information issues can be explored, discussed and a view / advice formed.

To provide a forum to think strategically about how business information needs to develop in the future and what support is required to achieve this.

To provide an outward facing focus to learn from international experience and the private sector.

To support senior finance professionals in using financial information blended with other clinical and performance information to support organisations in making well-informed decisions.