Funding the Future

The NHS reform we need - 1

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For twenty years NHS reforms have made the NHS less efficient, more bureaucratic, less patient focussed and more costly.

There has been one explanation for this phenomenon: since the early 90s all NHS reform has tried to introduce two things into our health service. The first is the market, the idea being that this would create competition between suppliers. The second is patient choice, the idea being that this would create pressure on suppliers to really compete.

There have been two profound errors in this logic.

There is no market in healthcare - and can't be

The first is that there isn't a market in health care for all practical purposes in the UK for a number of very good reasons. First, we expect universal coverage. That's because we're decent human beings who live in a society in which compassion and empathy count for a lot. I like that. But it does mean that our health service is expensive because it covers the young, the old and the sick. Market based systems leave these groups as second rate citizens, at best. But the result is our health care is (relatively) expensive as a proportion of GDP (although cheap compared to the US, France and others). That's what happens when you treat the ill rather than the worried well.

But this means, secondly, that because we have universal provision and that costs a lot in absolute terms we don't have the resources to create spare capacity within our health system to allow for duplicated resources. So we don't have two hospitals in an area. And people have only been allowed to register at one GP surgery, and so on. There are two reasons for that: there are economies of scale when you have scarce resources in having just one hospital instead of two and not allowing people to seek the same service twice is a way of rationing scarce resources when there is no price to make them do so. So this all makes sense.

However, the result of there being few duplicated resources (big Cities apart) is that

there is no safety net in the NHS. That means Failure is not an option in the NHS. Markets creates safety nets by ensuring everyone works at below full capacity so that when a market participant inevitably fails and goes out of business there is still the resource available to seamlessly take over the supply that the failed organisation previously delivered.

But we can't do that in the NHS, unless we want to dedicate vastly more of our resources to operating duplicate hospitals, all of them working at under capacity with resources going to waste. Since that's not an option I think almost anyone wants to propose, just as no sensible person wants to suggest creating excess capacity by denying first rate health care to the poor, young and old as the US does, then the sheer wastefulness of a market in healthcare in the UK is just not viable. In that case the reforms of the last twenty years have all been wholly inappropriately focussed.

Patients don't want choice

The other plank for reform - the desire to give patients choice - is as misplaced as the desire to create a market.

Choice also requires options to be available - but as noted, we can't offer choice in an area without duplicating resources - and that's costly and ineffcient (always) in the NHS.

So choice - especially in country areas means travel - and people don't want to do that. Many can't afford to do that.

In cities choice is also a poor option - because choice assumes that people know how to choose. Now of course neoliberal economists assume everyone has all the information they need to make perfect choices at all times and on all issues, but they're just fantasists. The reality is that people do not know how o choose between health care options - that's by and large why they go to see a doctor, because they want advice. And what they really want when they have advice that suggests that treatment is needed is not a choice, but the knowledge that the local place where that treatment will be undertaken is as good as it can be.

In other words, people don't want choice - they want excellence locally.

So where is Lansley?

Lansley is doing three things right now.

First he's driving the market ever deeper into the NHS - which can only result in monopoly profit as the NHS is captured for orivate gain by big corporations: his desired outcome, I am sure.

Second, he's promoting choice - even by GPs - when neither they r their patients have

any information on the issues about which they're being asked to choose. So he is, yet again, banging the wrong drum.

Third, he's acting illegally. He has already said his reforms are irreversible as 90% of the UK has GP consortia. This is not true. First, there is no legal basis for these consortia - so I hope he is surcharged for illegally authorising spending on them. The Bill to create them has not been passed yet. Second, the GO consortia that exist have no powers as yet - and might also be subject to surcharging of the GPs involved as far as I can see if they spend illegally.

So Lansley's reforms are not just heading in the wrong direction - the evidence is he will ignore all obstacles like the minor issue of legality to drive them through, such is his desire to secure revenge on the NHS that once failed to diagnose him as having had a stroke. Unsurprisingly, he's carrying very few with him on his desired pathway to reform - including most MPs, even Tories.

And where is Cameron?

Now we here that Cameron has declared a 90 day moratorium on reform whilst a rethink takes place. I hope it's a real rethink - not just a case of making it inevitable that irreversible action illegally enacted must be retrospectively endorsed as Lansley is doing now.

What now?

In light of this moratorium and the fact I live with a doctor and talk to many of them I will over the next few days offer real insight into reforms the NHS does need. They're a long way removed from Lansley's.