Social Value for Money in Health Care

Albert Weale
School of Public Policy
University College London

Starting Point

There is widespread consensus on three goals for a modern health care system:
1. That it should be of high quality.
2. That it should be comprehensive.
3. That it should be without financial barriers to access.

Although not the only goals, they are important. But they are intrinsically hard to combine.
The Policy Problem as An Ethical Problem

- Maintaining these three features of a health care system is made harder when the costs of medical care are rising.
- Main culprits are well known: ageing populations; higher expectations; and new therapies.
- Effect is to push up percentage of national income spent on medical care.
- Health care expenditure in Europe takes up about 10 per cent of national income and has tended to grow over time.
- (There are some interesting variations.)
Percent of National Income on Health
Selected Countries 2003-2009
Percent of National Income on Health
Europe versus US Comparison

![Bar chart showing the percent of national income on health for Europe and the US from 2003 to 2009. The chart indicates that the average for EU 21 is consistently lower than the US for each year.]
The Policy Problem as An Ethical Problem

- Sometimes the problem is stated simply in terms of rising costs, particularly if there is a tendency for health care expenditure to rise faster than national income.
- The worry is that health care expenditure is ‘out of control’.
- *But*, when consumption of a good rises faster than income, we have the pattern of luxury goods (‘fine dining’ or ‘exotic holidays’) - and no one worries about this sort of growth.
- So what is the problem?
- *The problem is not rising costs as such, but a concern that the underlying social contract between patients, providers and the public is under strain because of the rising expenditure.*
The Policy Problem as An Ethical Problem

• In this context, a natural thought to have is that greater efficiency in the use of resources will ease the ethical dilemma of having to qualify quality, comprehensiveness or access.
• ‘Efficiency’ is not being thought of as a goal in itself but as a greater ability to secure the substantive goals that we have for a health care system.
• Efficiency may seem to be ethically uncontroversial. In fact, a number of theorists have raised conceptual and ethical problems with the principle.
• However, in this paper, I shall take the pursuit of efficiency as being uncontroversial in the abstract, but look at the ethical complications that arise when measures are put into place to secure a greater efficiency in the use of resources.
Ethics and the Policy Instruments

The main instruments to control expenditure through greater efficiency are:
1. To reduce demand by good public health measures.
2. To restrict the public finance of high cost therapies.
3. To increase provider efficiency.
4. To persuade people that rising costs are still good value for money – that they are ‘price-worthy’.

An ethical social contract for health requires that these instruments are used respecting the social values of high quality and comprehensive care without financial barriers to access.
Instrument 1: Reducing Demand

- Long-standing idea that non-medical means could be used to raise health. (A New Perspective on the Health of Canadians, 1974, and even earlier.).
- A good example is the contemporary concern with obesity.
Reducing Demand: Obesity
Reducing Demand

• Ethical objections can be raised to public health measures that seek to change life-styles (smoking, drinking, obesity), but there are good reasons for thinking that ‘free choice’ is not at work in such cases.

• But effective public health measures may not save money, but merely displace costs to later in peoples’ lives. We are back to the old question: what is smoking saves us money? Might the same be true for obesity?

• In other words, the worry here is not that the search for cost control has untoward effects, but that it may be counter-productive.
Instrument 2: Restrict Access or Coverage

- Restricting Access = Not funding treatments with a high ratio of costs to benefits.
- The logic here is to say that, given a volume of resources to spend on health, they should be deployed in an efficient way.
- A positive way of putting the matter is that citizens can at least be assured of a ‘basic package’ of care.
- A central question is whether in justice each or us has a claim on others to medical treatment *whatever its cost-effectiveness*. 
Restricting Access or Coverage

• There is a reasonable principle that no one should be able to demand as of right treatment that delivers very low benefit for very high cost.

• However, in practice, the strategy of denying treatment focuses on: highly expensive pharmaceuticals; IVF; or ‘cosmetic’ surgical procedures, like tattoo removal.
Restricting Access or Coverage

• One ethical problem is that if these procedures are excluded from public coverage, then the rich will still have access.

• Also, not always clear where dividing line is between ‘inessentials’ and health care problems like depression.

• *But* one attractive approach is to aim at eliminating the clinical activities that are low quality anyway. NICE’s ‘do not do’ list. Yet even this will not solve problem.
Instrument 3: Increase Provider Efficiency

• This is a ‘management’ strategy, but it is ethically important because there is an ethical imperative not to waste resources.

• The prospect of ‘personalised health care’? But not clear how much can be done.

• ‘Every expenditure = Someone’s income.’ Implies find ways of finding cost savings.
  – Substitution of less well qualified for more highly qualified can be problematic.
  – ‘Managed competition’ has its own problems.
Instrument 4: Persuade People that Health Care is ‘Price-Worthy’.

- People are willing to spend money on improving their own health.
- The task is to persuade them to contribute to a public scheme.
- One important element is that to persuade people, it needs to be true.
No Easy Answers: We Are Always Juggling
Juggling in Ethical Ways

• Maintain emphasis on all three values of high quality, comprehensive care without financial barriers to access.

• Make effort to ensure that health care is ‘social value for money’.
Final Thought

‘If the rich could pay someone to die for them, the poor could make a wonderful living.’

Old Yiddish proverb.