

# CARDI Briefing

This document aims to inform ageing research and add to existing discussion on policy and research developments.

## Approaches to health policy in Ireland, North and South

### Introduction

The healthcare systems in Northern Ireland and the Republic of Ireland show notably different approaches in terms of policy, funding, coverage and structures. This document discusses the theories behind health policy and puts them in an international context. It then describes the approaches to health policy in Ireland, North and South, and assesses and compares the two approaches.

There is a particular focus on healthcare as it applies to ageing policy. The discussion around ageing policy is of vital importance on the island of Ireland. The demographic shift is toward a much older population, which affects public policy in many different ways. While people are living longer, there is a danger that they will have more years of ill-health in retirement.

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### **Brief discussion on health policy**

This section discusses the general topics related to health policy. It explores what the fundamental building blocks of health policy should be, how a health system can be funded and common short-comings of any health system. There is also an analysis of policies relating to healthy ageing.

### **Essential health policies**

In its annual World Health Report in 2008<sup>1</sup>, the World Health Organisation defined three policies that are considered essential in any health care system.

1. **Systems policies:** These are the arrangements that are fundamentally required to ensure everyone has access to healthcare and ensure effective service delivery.
2. **Public health policies:** These are specific actions needed to address priority health problems through cross-cutting prevention and health promotion.
3. **Policies in other sectors:** These are contributions to the health system that can be made through collaboration with other policy departments.

On systems policies, the health strategy in the Republic of Ireland declared that “Organisation structures must be geared to providing a responsive, adaptable health system which meets the needs of the population effectively and at affordable cost”. Similarly in Northern Ireland, one of the missions of the Department of Health, Social Services and Social Protection is to ensure the provision of appropriate health and social care services, both in clinical settings such as hospitals and GPs’ surgeries, and in the community through nursing, social work and other professional

services. Both health care systems are thus aiming to ensure access to healthcare and effective service delivery through systems policies.

Public health policies by nature are often reactive and specific policy measures. A major example in recent years was the ban on smoking in the workplace. The Republic of Ireland became the first country in the world to ban workplace smoking in 2004. In Northern Ireland, the same ban was introduced in April 2007. Changing social habits for which the health system was not necessarily designed can often lead to the introduction of public health policies. The rise in obesity levels in Northern Ireland and the Republic of Ireland are one such focus.

The importance of cross-sectoral policies and co-operation with other government departments is stressed in both health care systems. One of the stated roles of the Department of Health and Children in the Republic of Ireland is “working with other sectors to enhance people’s health and well-being”. The mission statement of the Department of Health, Social Services and Public Safety in Northern Ireland also refers to a major programme of cross-government action, underlining the importance of collaboration with other government departments.

### **Health funding**

There are generally five ways in which health care is paid for in any system<sup>2</sup>:

1. **Direct or out-of-pocket payments:** Out of pocket payments are paid by the patient or family directly to the health care provider, without insurance or government reimbursement.

<sup>1</sup> WHO, *World Health Report 2008*

<sup>2</sup> WHO, *Social Health Insurance* (2003)

2. **General taxation:** This is using income from revenue to support the health system. The Department of Health and Children in the Republic of Ireland and the Department of Health, Social Services and Public Safety in Northern Ireland are allocated funding from general revenue. The NHS which covers Northern Ireland is also funded from general taxation.
3. **Social health insurance:** In the Republic of Ireland, people pay a certain amount of Pay-related social insurance (PRSI) depending on earnings and type of work. In Northern Ireland, social health insurance is provided through National Insurance Contributions, based on earnings.
4. **Voluntary or private health insurance:** Health insurance usually refers to direct medical expenses but it can also include disability insurance and insurance for long-term care.
5. **Donations or community health insurance.**

There is no one system of funding a healthcare system which is both cost-effective and provides efficient healthcare for the population. In Northern Ireland, there is universal free healthcare for residents, funded through general taxation. In the Republic of Ireland, healthcare is a mixture of public and private. 13% of all health costs are out of pocket payments, and just over 50% of the population have private health insurance. 30% of the population are entitled to free healthcare through the medical card system. People aged over 70 who do not have a gross income of more than €700 per week are entitled to a medical card.

### Common short-comings

The World Health Organisation<sup>3</sup> identifies five common failings of healthcare systems which policymakers should be aiming to address.

1. *Inverse care.* The wealthiest people, who tend to require less healthcare, get the most care, whereas those with the least means and greatest health problems consume the least care. Public spending on health services most often benefits the rich more than the poor in both high and low income countries.
2. *Impoverishing care.* If there is inadequate social protection and payments for healthcare are out of pocket, the cost of healthcare can push people into poverty.
3. *Fragmented and fragmenting care.* No joined-up approach to healthcare and a lack of continuity in care.
4. *Unsafe care.* A system that is unable to ensure safety and hygiene standards, which then leads to high rates of hospital-acquired infections, such as MRSA, along with errors in prescribing medication and other avoidable adverse effects.
5. *Misdirected care.* Too much is spent on curing conditions and diseases and other steps such as prevention and health promotion.

### Healthy ageing policies

The major impetus for implementing policy for an ageing population is that both the Republic of Ireland and Northern Ireland, like all countries in Europe, are experiencing an ageing of their populations, with a decrease in the number of people of working age per retiree. This decline in the working-age population will generate less income for the

<sup>3</sup> WHO, *World Health Report 2008*

health and pensions systems, while potentially leading to higher costs as the increased longevity is not matched with healthy life years<sup>4</sup>. While expenditure on long-term care is certain to increase with the ageing of the population, the effects on total health care expenditure are unclear, as population ageing does not inevitably lead to significantly higher health care expenditure.

Healthy ageing policies in a healthcare system should be both effective in improving the lives of older people and cost-effective to implement. According to the OECD, there are four objectives of policies designed to improve the levels of healthy ageing<sup>5</sup>.

#### 1. Improved integration in the economy and into society

Improved integration into the economy for older people is essential. Longer working lives mean that older people can contribute to the economy for longer as well as remaining active and successful contributors to society. As well as integration into society, policies in support of healthy ageing need to take social engagement into account – so that older people remain active members of society for longer.

#### 2. Better lifestyles

Better lifestyles for older people can be achieved through measures aimed at improving living standards in retirement, economic and social engagement, improved long-term care and palliative care. These measures can include physical exercise and social involvement. The policies can be aimed at improving lifestyles from middle-age onwards.

#### 3. Adapting health systems to the needs of the elderly

Health systems should be easily accessible and efficient when it comes to supporting older people. A better co-ordination of care across health and social services, as well as across different levels of health care is seen as crucial<sup>6</sup>. Health systems can also focus on cost-effective prevention of illness through measures such as improving health literacy, fall prevention, adequate monitoring and regulation of pharmaceutical drug use or allowing for more treatments out of hospital. A system for long-term care that includes both formal and informal care can also better serve the needs of the elderly.

#### 4. Attacking underlying social and environmental factors affecting healthy ageing

Pro-active measures can be taken that tackle social and environmental factors which affect health in older people. Measures that reduce the risk of disease and promote the maintenance of function, confidence and engagement can support healthy ageing. Health promotion programmes can target the main causes of poor health and premature mortality in older people, while public health policies such as the smoking ban can improve the health of the population as a whole. In the Republic of Ireland, the HSE has a “Get Ireland Active” campaign on keeping fit, with guidelines for older people. In Northern Ireland, the Public Health Agency launched a “Keep warm” initiative for vulnerable people, particular older people, during colder weather.

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<sup>4</sup> CARDI, the Institute of Public Health and University College Cork are currently conducting research reviewing variations in health expectancy across Ireland – North and South.

<sup>5</sup> OECD, *Policies for Healthy Ageing: An Overview* (2009)

<sup>6</sup> Health Evidence Network, *How can health systems respond to population ageing?* (2009)

### **International context: learning from others**

In discussing health care and health policy across member countries, the OECD states that no one country provides good care in all areas<sup>7</sup>. There are lessons to be drawn from a number of systems that work effectively in certain areas. The goals for all health systems, according to the WHO<sup>8</sup>, are good health, responsiveness to the expectations of the population, and fair financial contribution.

Amongst OECD countries, basic health coverage is available to the vast majority of residents. In some countries, like the UK and Ireland, it is funded by taxes, while other countries such as France and Germany rely on social health insurance. The level of public expenditure in Ireland (80.7%) and the UK (81.7%) is higher than the OECD average of 73%. The Republic of Ireland is 25th in the world in terms of the level of public expenditure, and the UK is 20th. Amongst EU countries, Luxembourg has the highest level (90.9%) and Cyprus has the lowest (45.6%). Of the EU15, Greece has the lowest level of public expenditure on health, 60.4%.

In the Republic of Ireland, the predominant mode of provision for primary care services is private solo practices, whereas in the UK it is private group practices. In both systems, public hospitals are the main place of provision of specialist services. In some OECD countries such as Finland and Italy, both primary and specialist care is given predominantly through public centres and public hospitals. In France and Germany, private solo practices provide both primary and specialist care<sup>9</sup>.

The majority of hospitals in the UK (96%) and the Republic of Ireland (88%) are publicly owned. Some countries such as Germany and Belgium rely more heavily on privately owned hospitals to provide care – whether not-for-profit or for-profit<sup>10</sup>.

France and Sweden are often cited as international examples of best practice when it comes to health care. Sweden in particular places a strong emphasis on healthcare for its ageing population.

#### **France**

In 2000, the WHO judged France to have the best overall health care in the world<sup>11</sup>. Like in Northern Ireland and the Republic of Ireland, France has a system of universal health care. It is largely financed by government through a system of compulsory health insurance. This social insurance accounts for 78% of health expenditure, with 13.6% from private health insurance and 8.5% of out-of-pocket payments. Total health care expenditure was EUR 164 billion in 2007<sup>12</sup>.

France spends an average of €4,441 on healthcare per year for 60 to 74 year olds and an average of €7,545 for 75 year olds and older. The average life expectancy at birth is 81 years, which is higher than both Northern Ireland and the Republic of Ireland. However the health life expectancy is the same, at 73 years. 22% of the population are over 60.

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<sup>7</sup> OECD, *Health at a Glance* (2009)

<sup>8</sup> WHO, *World Health Report 2000 - Health systems: improving performance* (2000)

<sup>9</sup> OECD, *Health Systems Institutional Characteristics* (2010)

<sup>10</sup> *Ibid.*

<sup>11</sup> WHO, *World Health Reports 2000*

<sup>12</sup> OECD, *Health at a Glance* (2009)

## **Sweden**

The entire population of Sweden has equal access to health care services. The Swedish health care system is government-funded and heavily decentralised. It is financed primarily through taxes levied by county councils and municipalities. Sweden spends 9% of GDP on healthcare. The state pays for around 98% of patient costs, with the individual paying a nominal fee for examination. Sweden has a life expectancy of 81 years with a healthy life expectancy of 74 years. 24% of the population are over 60.

Sweden invests 2.8% of GDP in the elderly care sector, which is more than any other country in the world. 94% of all Swedes over 65 live in their own homes as opposed to residential care<sup>13</sup>.

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<sup>13</sup> Swedish Institute, *Elderly Care in Sweden* (2010)

## Approach to health in the Republic of Ireland

Overall responsibility for the health care system in the Republic of Ireland lies with the Government, exercised through the Department of Health and Children (DoHC), under the direction of a Minister of Health and Children (MoHC). The system is predominantly tax funded, although just over 50% of the population also has voluntary health insurance (VHI). Around 30% of the population can access public services free of charge through the Medical Card system, while people who do not qualify have to make some contribution towards the cost of services utilised.

Following the publication of the policy document *Quality and Fairness: A health system for you* in 2001, the Health Service Reform Programme<sup>14</sup> of June 2003 outlined a range of structural reforms to reorganise the health system to achieve the goals laid out. The aim is to make the system more primary and community care driven, backed up by improved access to specialist, acute and long-stay services. The strategy had four goals for the system: better health for everyone; fair access; responsive and appropriate care delivery; and high performance.

### Statistics

|   |   |
|---|---|
| Total health spending                         | 7.5% of GDP <sup>15</sup> (OECD average 8.9%) |
| Health spending funded by revenue             | 80.7% (OECD average 73%)                      |
| Physicians per 1,000 population               | 3   |
| Nurses per 1,000 population                   | 15.5  |
| Acute care hospital beds per 1,000 population | 2.7   |
| Gross health expenditure                      | €15.3 billion (27% of all expenditure)        |
| Beds available for long-term care             | 24,253 (92.5% for older people)               |
| Life expectancy at birth                      | 79.7 years                                    |
| Infant mortality rate per 1,000 live births   | 3.1   |

The reforms centred on six main areas:

- Strengthening primary care provision
- Development of the acute hospital system
- Improved funding
- Better planning and training for the health care workforce
- Review of current health care structures
- Improvement of health information systems

Many of the reforms have been implemented and have revolved around the abolition of the former Health Boards and the creation of a single national body, the Health Service Executive (HSE). The HSE is responsible for managing and delivering health and personal services. It is organised into three service delivery units; Population Health; Primary, Community and Continuing Care; and the National Hospitals Office.

As part of the reforms, a Health Information and Quality Authority (HIQA) was established in 2007. It is responsible for developing health information, setting and monitoring standards, promoting and implementing quality assurance programmes nationally, and overseeing health technology assessment (HTA), including the consideration of cost as well as clinical effectiveness.

<sup>14</sup> Department of Health and Children, *Quality and Fairness: A health system for you* (2001)

<sup>15</sup> OECD, *Health Data 2009* (2009)

## Assessment

Funding: The healthcare system in the Republic of Ireland is a mixture of public and private funding. 13% of all health costs are out of pocket payments, and just over 50% of the population have private health insurance. 30% of the population are entitled to free healthcare through the medical card system. €15.3 billion, or 27% of all expenditure is spent on healthcare, which is 25th amongst all OECD countries<sup>16</sup>.

Common shortcomings: Income tax, PRSI and the Health Contribution take account of the ability to pay. In terms of specialist care, however, the system is particularly pro-rich, since, given equal need, higher income people were more likely to seek specialist care than those from lower-income groups. This is consistent with the situation seen in other European countries, such as Portugal, Finland and Italy. The establishment of the Health Service Executive is intended to overcome the short-coming of fragmented care. 4.9%<sup>17</sup> of patients in the Republic of Ireland contracts a hospital-acquired infection, which is higher than most other European countries, suggesting that they system needs to improve in the area of “unsafe care”. This is especially true for older people, for whom the incidence is higher. 5.9% of 65-75 year olds and 5.5% of 75+ year olds contract a hospital acquired infection. 69.4% with a *C Difficile* infection are over 75. The 30% of the population with Medical Cards are protected from excessive health payments, but there is a significant danger that the remaining population could face excessive bills and a risk of poverty as a result of their medical care.

Healthy ageing policies: There is currently no over-arching strategy for older people in the Republic of Ireland<sup>18</sup>, but a National Positive Ageing Strategy is being developed by the Office for Older People in the Department of Health and Children. In line with increasing life expectancy, the default retirement age in the Republic of Ireland will increase to 66 in 2014, 67 in 2021 and 68 in 2028. The Programme for Government proposes to improve income and employment conditions as well as education of older people, while making it easier for older people to stay in their own homes.

The National Development Plan 2007-2013 invested €4.7 billion for living at home programmes and €5 billion for residential care. Means-tested support for residential care is provided through the “Fair Deal” scheme, administered by the HSE. The *Towards 2016 Social Partnership Agreement* also sets out a vision for older people in terms of engagement in social and civic life; adequate income; sufficient homecare and access to health, education, transport, housing and security services; and residential care services.

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<sup>16</sup> WHO, *Global Health Observatory*

<sup>17</sup> Health Service Executive, *The Third Prevalence Survey of Healthcare Associated Infections in Acute Hospitals* (2006)

<sup>18</sup> The previous policy approach to older people in the Republic of Ireland was based on *The Years Ahead - A Policy for the Elderly*, published in 1988.

## Approach to health in Northern Ireland

The Northern Ireland Executive through its Health Department is responsible for the funding of the service. It is free of charge to all citizens of Northern Ireland and the rest of the United Kingdom. For services such as A&E, patients simply walk in, state their name and date of birth, are given treatment and then leave. Patients are unaware of costs incurred by them using the service. It is sometimes called the NHS, as in Scotland, England and Wales, but differs in that it provides not only health care but social care too. In Britain, the three NHS services only provide health care. Social services are provided by local councils and include foster care, services for homeless people and care and protection teams for older people.

The system has also undergone substantial examination and structural re-organisation as a result of the Review of Public Administration. The new structure includes a Health and Social Care Board which focuses on commissioning, resource management and performance management and improvement; a Public Health Agency which aims to improve and protect public well-being; a Patient-Client Council that gives patients, clients and carers and communities a voice on health; and a Business Services Organisation which provides business support and specialist professional services to the health system. Health and social services are delivered through the Health and Social Care Trusts.

## Statistics

|   |   |
|---|---|
| Total health spending                       | 11.5% of GDP <sup>19</sup> (OECD average 9.0%)  |
| Health spending funded by revenue           | 82.6% UK wide                                   |
| Physicians per 1,000 population             | 2.6 UK wide                                     |
| Nurses per 1,000 population                 | 9.5 UK wide                                     |
| Acute care hospital beds                    | 4,370 on average in Northern Ireland            |
| Gross health expenditure                    | £4.3 billion in Northern Ireland (47% of total) |
| Beds available for long-term care           | 1,259 on average in Northern Ireland            |
| Life expectancy at birth                    | 78.8 years in Northern Ireland                  |
| Infant mortality rate per 1,000 live births | 5.3 in Northern Ireland                         |

<sup>19</sup> Northern Ireland Executive, *Revised 2010-11 Spending Plans for NI Departments* (2010)

## Assessment

Funding: In Northern Ireland, there is universal free health and social care for residents, funded through general taxation. For services such as A&E patients are given treatment with no up-front payment. 82% of health spending UK-wide is funded by revenue. 11.9% of health expenditure is paid for out of pocket<sup>20</sup>.

Common shortcomings: 62% of the population in the UK have full coverage for health costs. This is far more coverage than in the Republic of Ireland. Access to primary care has been identified as a problem in Northern Ireland. One survey suggests that just 31% of people are able to obtain same-day GP access, compared to 68% of respondents in the Republic of Ireland<sup>21</sup>. Patients in Northern Ireland are also more likely to contract a hospital acquired infection than in the Republic of Ireland – 5.5% are infected compared to 4.9%.

Healthy ageing policies: Northern Ireland has a social inclusion framework for older people, *Ageing in an Inclusive Society*, which was launched in 2005. It sets out six strategic objectives, some of which address the options for healthy ageing policies outlined in the “Brief discussion on health policy” above:

- To ensure that older people have access to financial and economic resources to lift them out of exclusion and isolation.
- To deliver integrated services that improve the health and quality of life of older people.
- To ensure that older people have a decent and secure life in their home and community.
- To ensure that older people have access to services and facilities that meet their needs and priorities.
- To promote equality of opportunity for older people and their full participation in civic life, and challenge ageism wherever it is found.
- To ensure that Government works in a co-ordinated way interdepartmentally and with social partners to deliver effective services for older people.
- In order to represent the rights and interests of older people in Northern Ireland, an Older People’s Advocate was appointed in 2008. In 2010, a Bill was introduced that will pave the way for an Older People’s Commissioner, with developed powers to represent and advocate on behalf of older people.

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<sup>20</sup> WHO, *Global Health Observatory*

<sup>21</sup> European Observatory on Health Systems and Policies, *Ireland: Health System Review* (2009)

## Health research context

Health and health services research plays a key role in the approach to policymaking in any health system. It can assess the health system against defined policy objectives to ensure that the goals in providing healthcare are being met. It can also identify shortcomings in the system, such as fragmented care. Health research can inform the debate on the ageing society and provide an evidence base for new policy in health and social care. It is also relevant to related areas such as transport, welfare, town planning and rural development.

As demonstrated above, research into international comparisons can be useful for ageing policy as benchmarks for what works and what does not work in other systems. A practical example is the open co-ordination method used in the European Union, where member countries are encouraged to raise their standards in policy areas relative to other members.

In the Republic of Ireland, the Health Research Board is a statutory body in Ireland aiming to promote, assist, commission or conduct medical, epidemiological, health and health services research. The Board currently supports research in all areas of health and health services, including areas relating to health amongst older people. An Action Plan for Health Research was launched in 2009 and has the key objectives of providing national leadership for health research; developing capacity in the health services; building academic and enterprise links with the health

research sector; reforming the health research governance structure; and turning research outcomes into health benefits and health gains.

In Northern Ireland, the Health & Social Care Research & Development Office within the Public Health Agency funds health and health services research. Research and development in health and social care is one of the four key functions of the PHA.

## Conclusion

Research into healthcare, health systems and ageing can help inform approaches to policy through identifying strengths and weaknesses, benchmarking the systems in a comparative context and providing an evidence base for informing decision making. As the OECD and WHO have identified, there is no perfectly functioning health system, so research can identify strengths and weaknesses and thus improve the functioning of healthcare in the Republic of Ireland and Northern Ireland. In 2004 the Republic of Ireland undergone a major reform programme with regard to healthcare and saw the establishment of the HSE to ensure a more effective provision of healthcare. While there are indications of both success and enduring weaknesses in the system, it is still too early to properly assess the impact of the reforms on the quality of healthcare. The National Positive Ageing Strategy for the Republic of Ireland is set to provide an overarching strategy on ageing and older people for government, for which an extensive series of consultations was recently completed. The health system in Northern Ireland has also gone significant changes as part of reforms of the public administration

system. Northern Ireland has a dedicated policy strategy for older people and the Older People's Commissioner to be appointed in 2011 will progress the cause of advocacy and rights for older people.

With the shift in demographics toward an older population, it is important that healthcare systems be sufficiently flexible to support the changes. Health research is vital in ensuring that policy can meet the new challenges and opportunities that arise.

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