
Why spend more on the NHS? (and when to stop)

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Part 1: So you think we should spend more on health care? ...But why?

Worries about the NHS have a long history

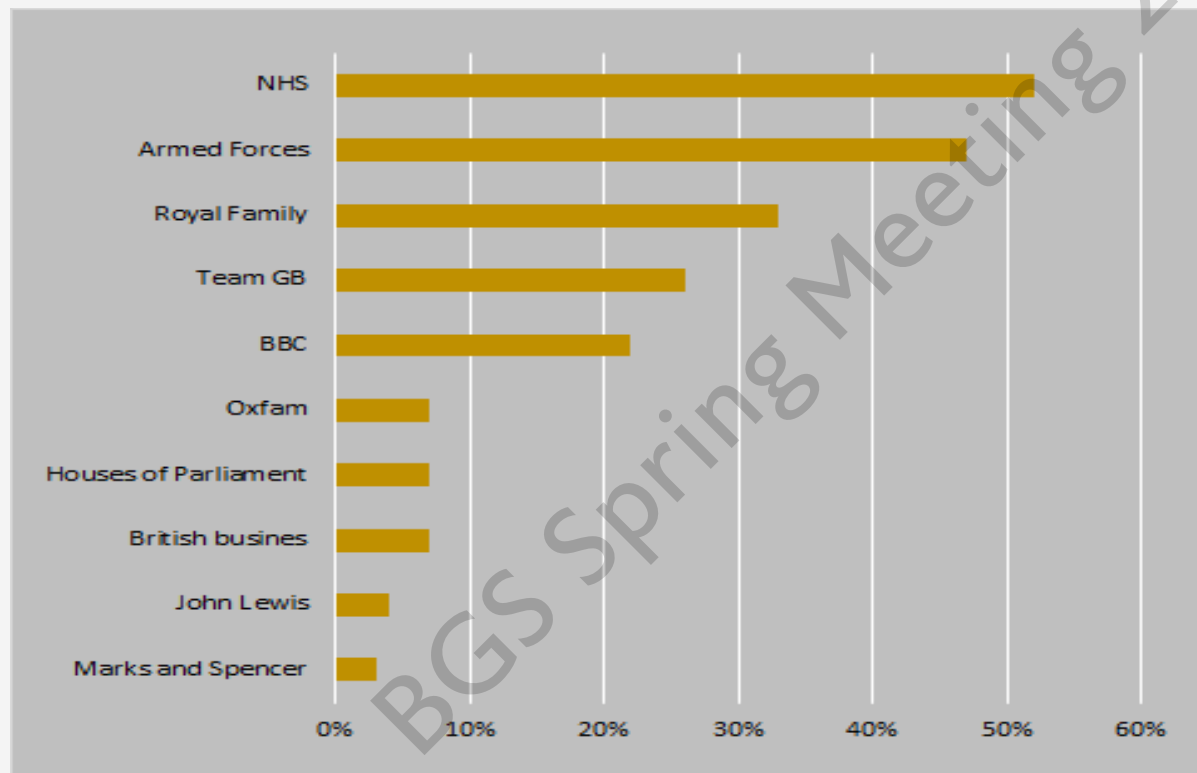
1. 1956: Guillebaud Committee on the long term sustainability of the NHS
2. 60 years later....2016: House of Lord's Committee on the Long Term Sustainability of the NHS
3. Public debate about the sustainability of the NHS as a publicly funded service needs to be informed by the facts (as we know them)
4. This debate is not so much about alternative ways of funding the NHS, but what trade offs – higher tax, less spending in other areas – we think are worth it for the benefits we get from spending on the NHS



13 reasons to spend more on health care

BGS Spring Meeting 2019

1... because we love it!

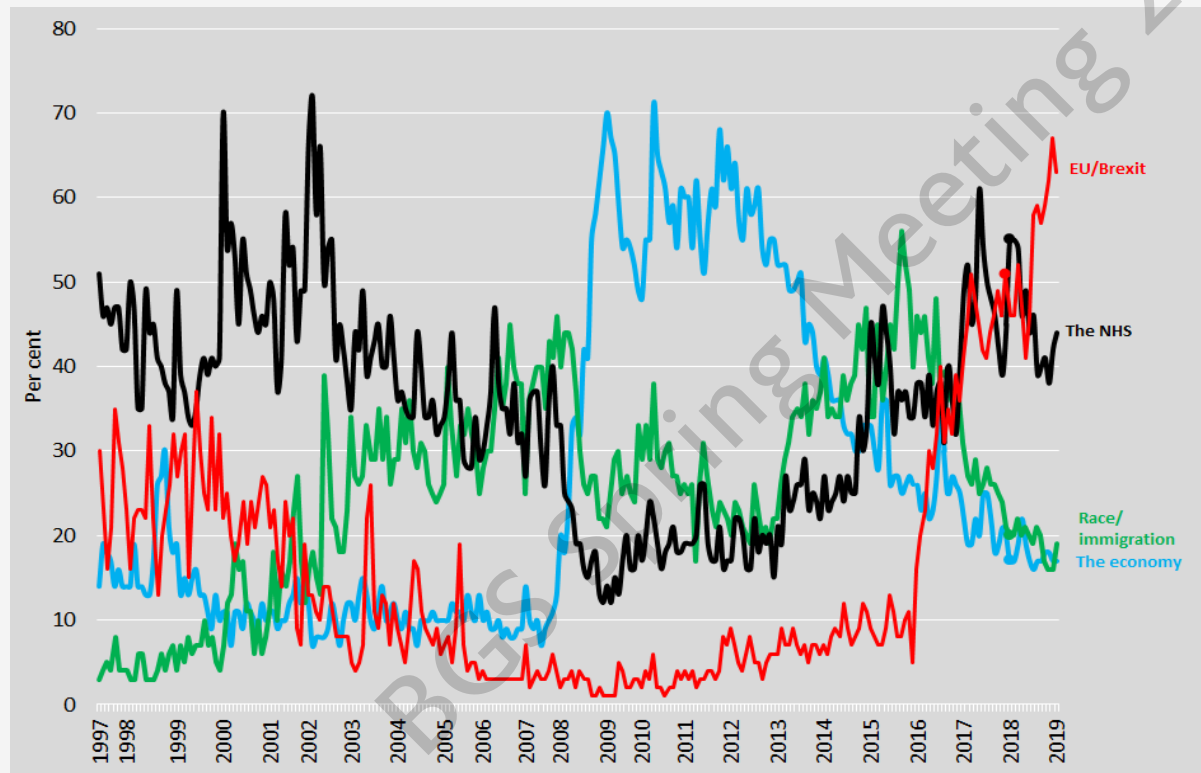


Q: What makes Britain great?

A: The NHS!

We may love the NHS, but is this really a good enough reason to spend more on it? Perhaps it's precisely the things we *don't* think make Britain great which need more money (education?) to make us proud of them?

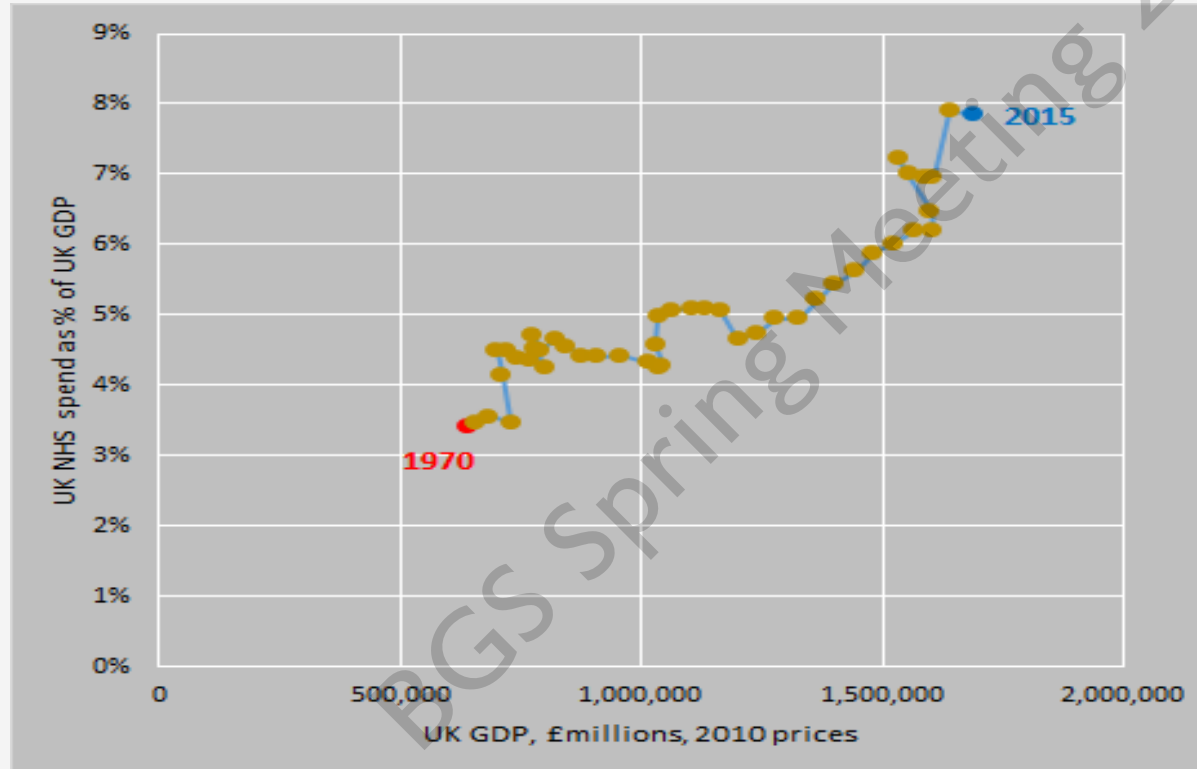
2... because we're worried about the NHS



The NHS: Top British bother

(Although worries about Brexit have recently taken top spot...not that the two are unrelated...)

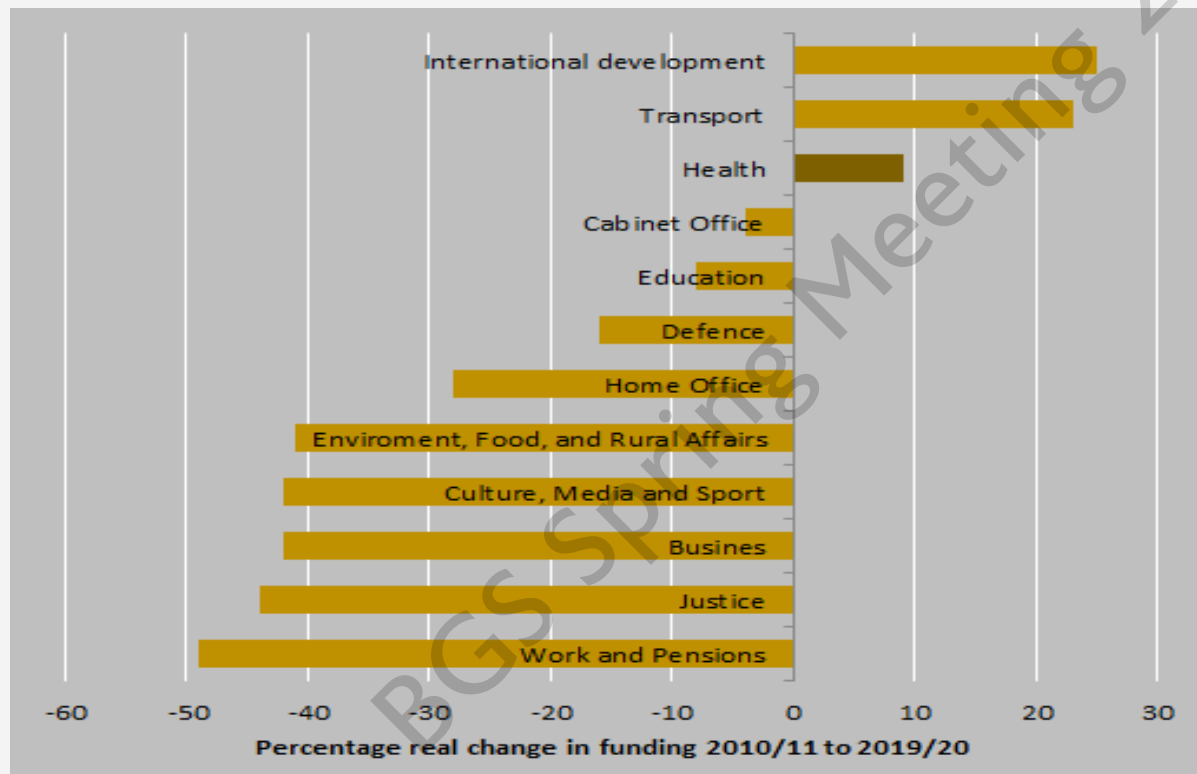
3... because we're getting richer



As we earn more, we spend more on the NHS

The past may be a guide to the future...but then again... And in any case, compared to other countries the UK seems to be spending about as much as you'd expect given its GDP

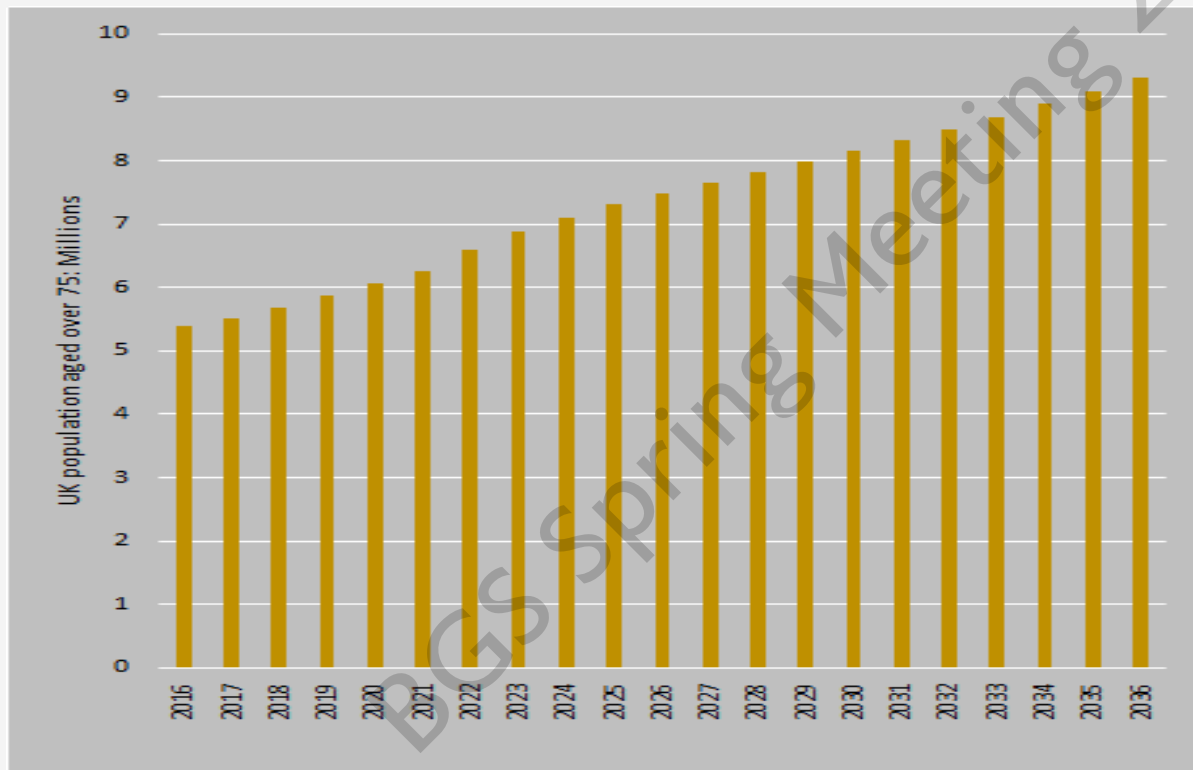
4... because it's a vote winner



Governments have protected NHS spending

On the other hand, these real increases were way behind what the NHS reckoned it needed to cope with increasing demand.

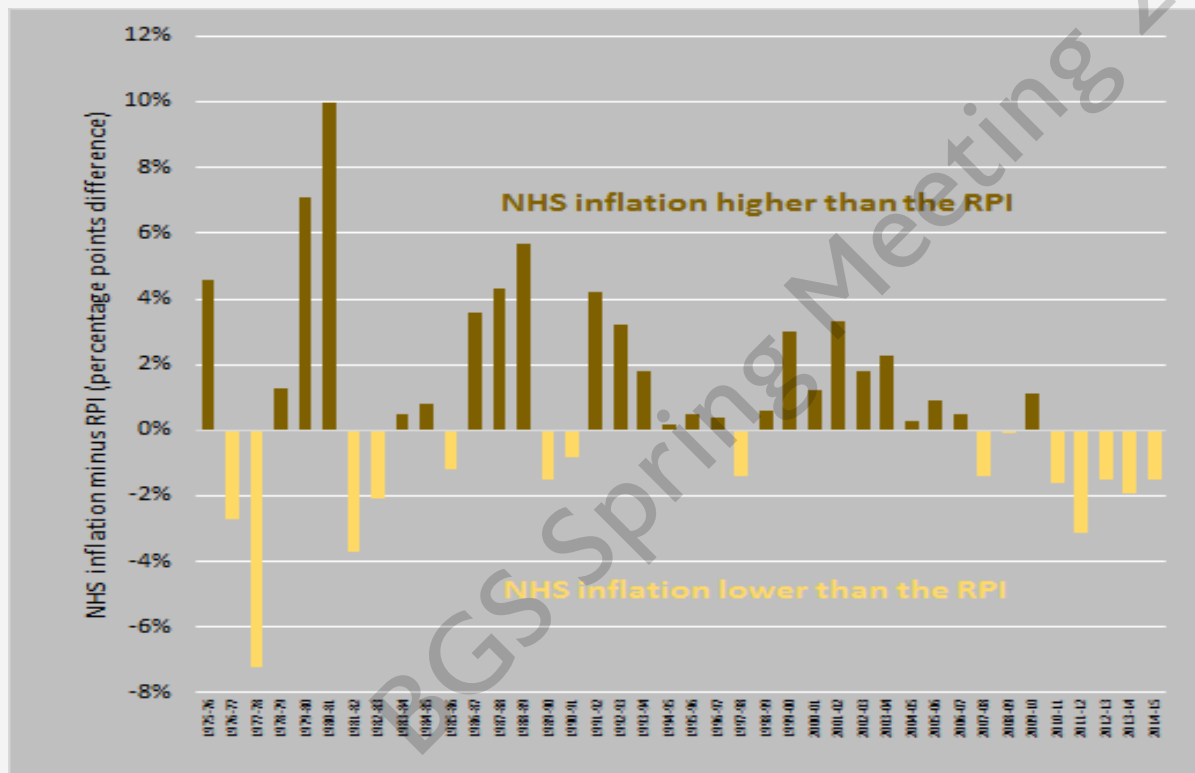
5... because we need to



The UK's population of over 75 year olds will increase by nearly 75% over the next 20 years

On the other hand, while older people may be big users of the NHS, the average future 75 year old is likely to be healthier than the current 75 year old and hence need less health care.

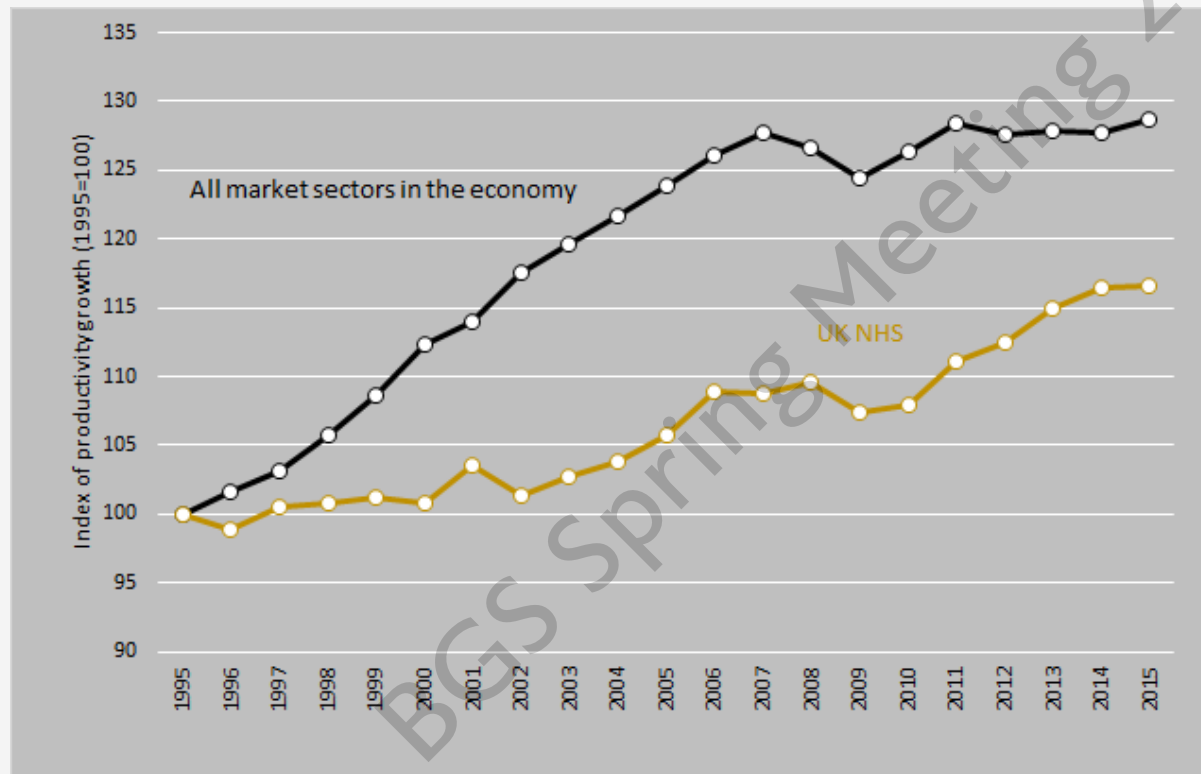
6... because it costs more



The prices of things the NHS buys tend to rise faster than inflation generally

Higher NHS-specific inflation may have been a feature in the past, but not so much recently

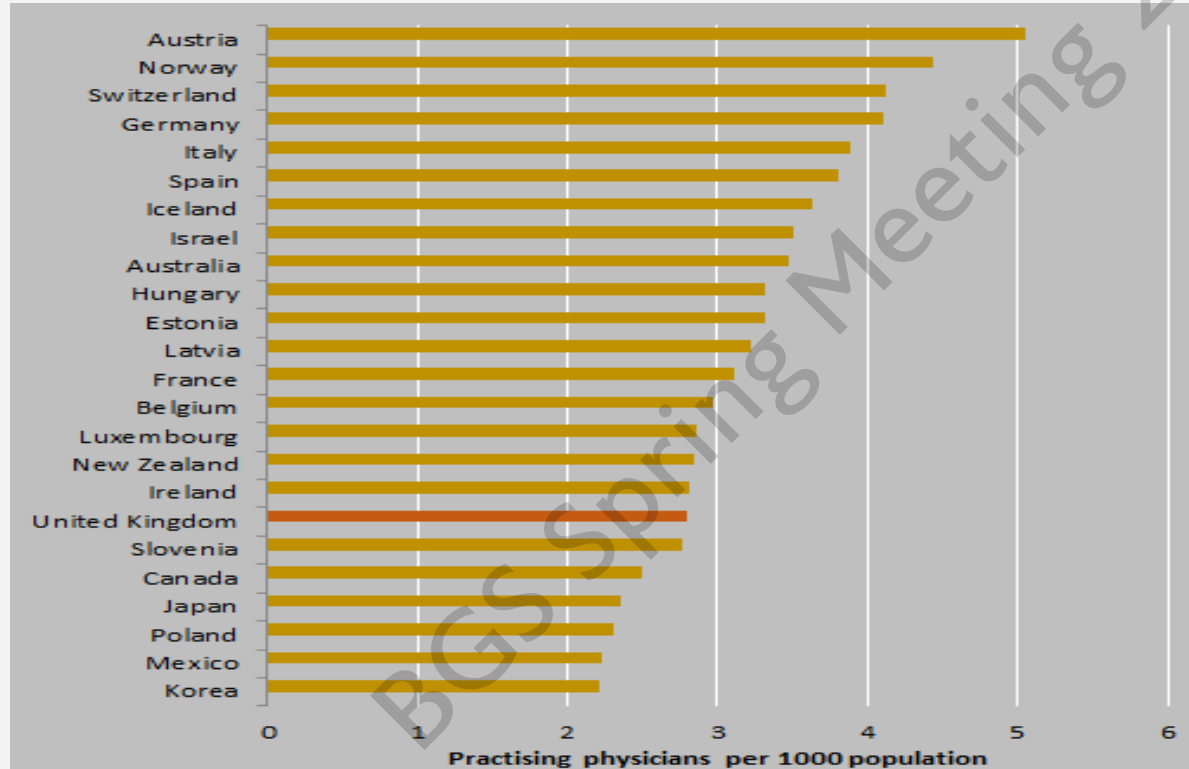
7 ... because it's difficult to improve productivity



Less bangs per buck in the NHS than the rest of the economy?

in fact the NHS has managed to improve its productivity over time, and since 2002, average increases have matched other sectors of the UK economy (although partly due to the impact of the 2008 recession on productivity in the economy).

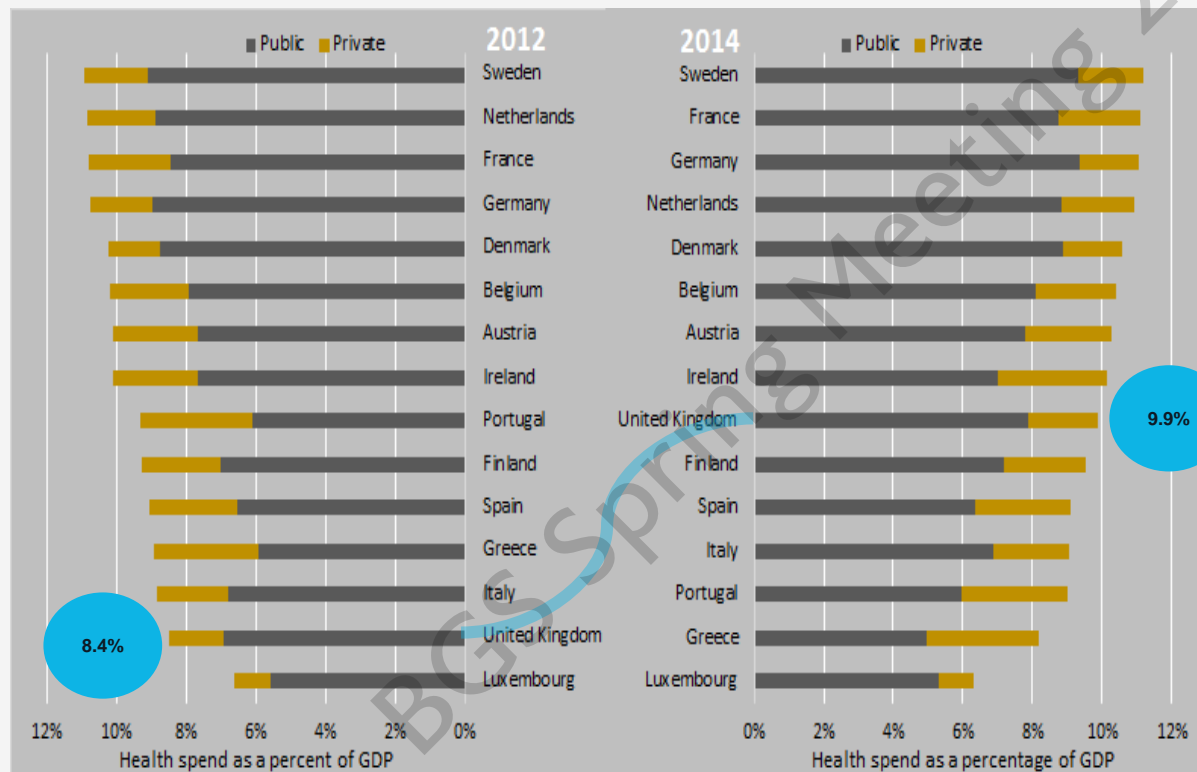
8... because we're short of doctors



The UK lags behind many countries in the number of practising doctors

Another way of looking at these numbers is that we get by with fewer doctors because they are more efficient than their German, Swiss and Norwegian colleagues.

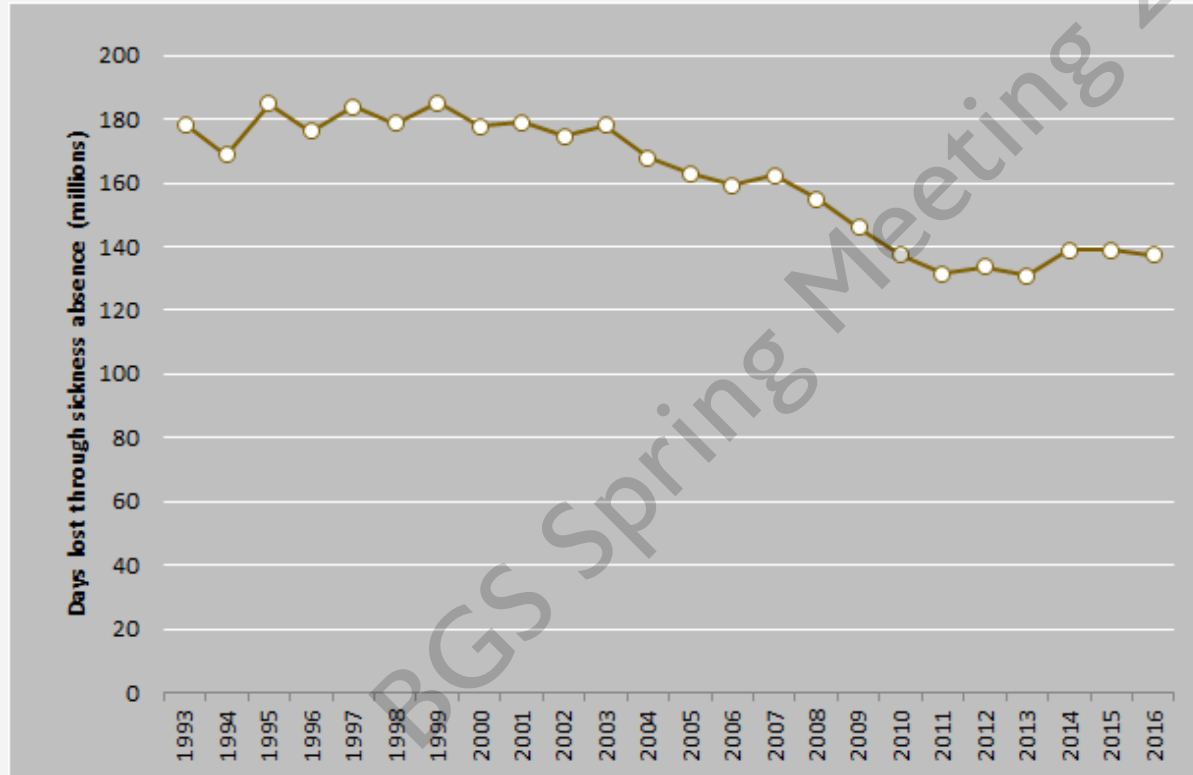
9... because other countries spend more



Are we spending less on health care than our European neighbours?

But it turns out that when we started comparing our spending on a more like-for-like basis (in 2014) our health spending jumped compared to 2012 so that it's about average compared to countries we consider our peers (such as the old EU-14 countries).

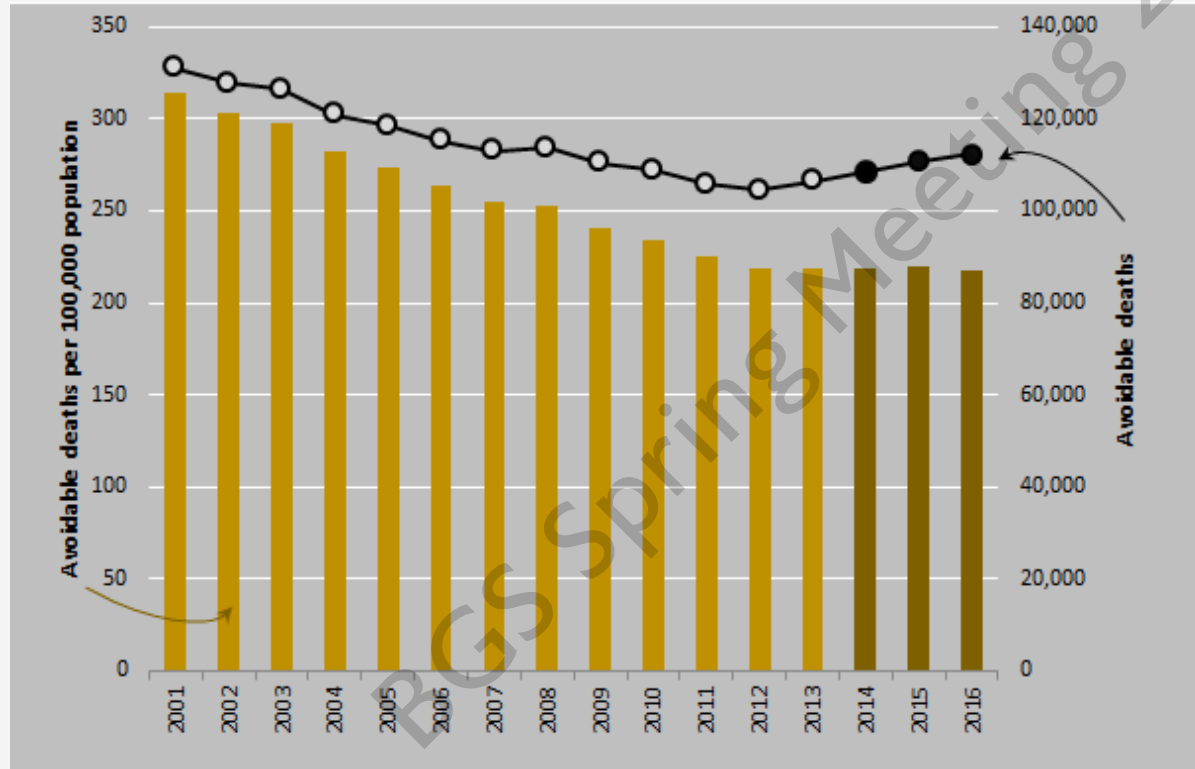
10... because it contributes to the economy



(Days off) Sick of not funding the NHS properly?

There is a multiplier effect of health and care spending, but whether this is the most cost effective way of boosting the economy is doubtful

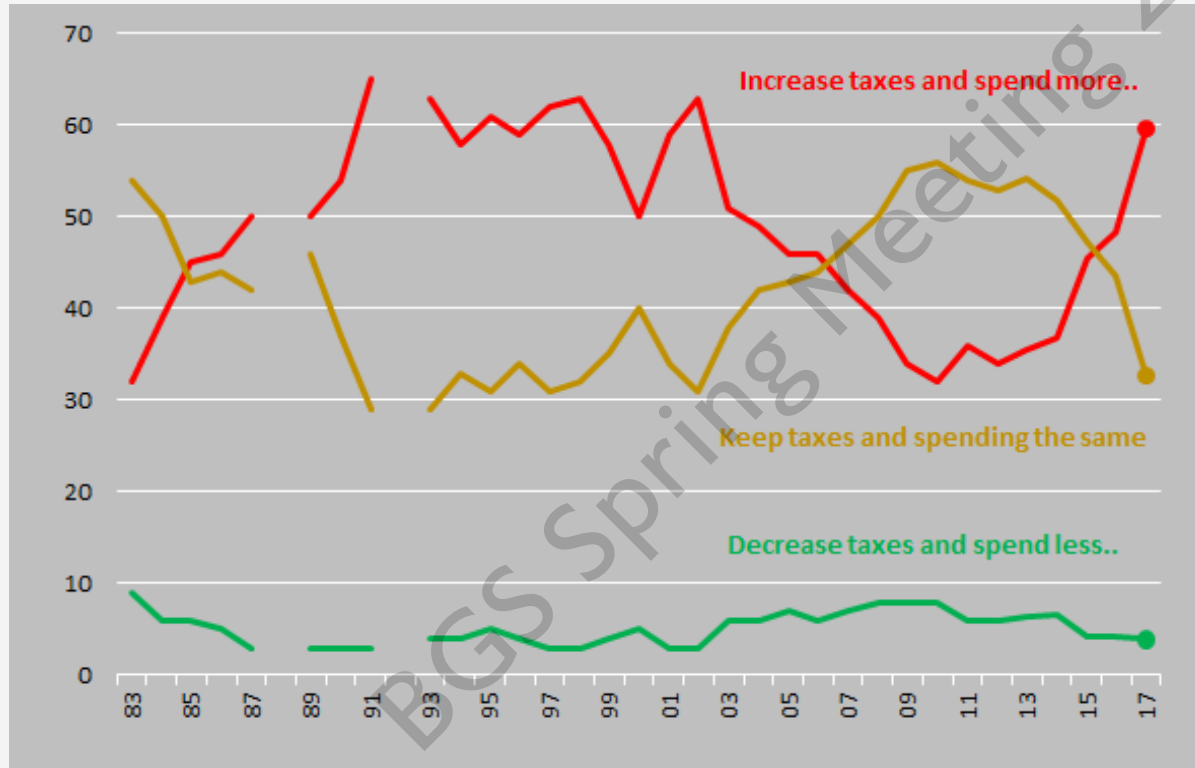
11... because lives could be saved



Good news: Deaths that could have been avoided through better health care have fallen:
Bad news: they've started to rise recently...

Of course my life (and yours) is worth everything. Yet, as individuals we take decisions every day (getting out of bed, crossing a busy road..) that implicitly place a finite (and actually quite small) value on our lives. Why should governments take a contrary view?

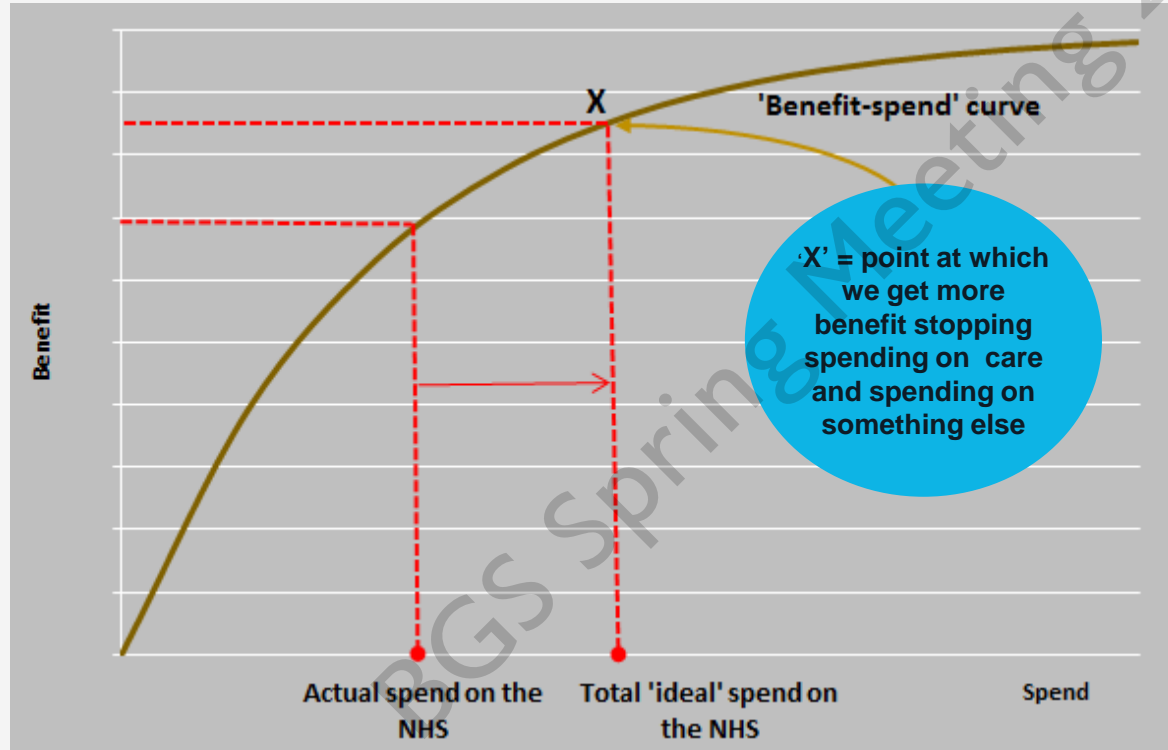
12... because we WANT to spend more!



Increasing numbers of the public – us – seem increasingly more willing to pay more tax to spend on things like health and education

Whether people increasingly remember their wallets as they approach the polling station on election day is a moot point..

13... because we want more care than other things?

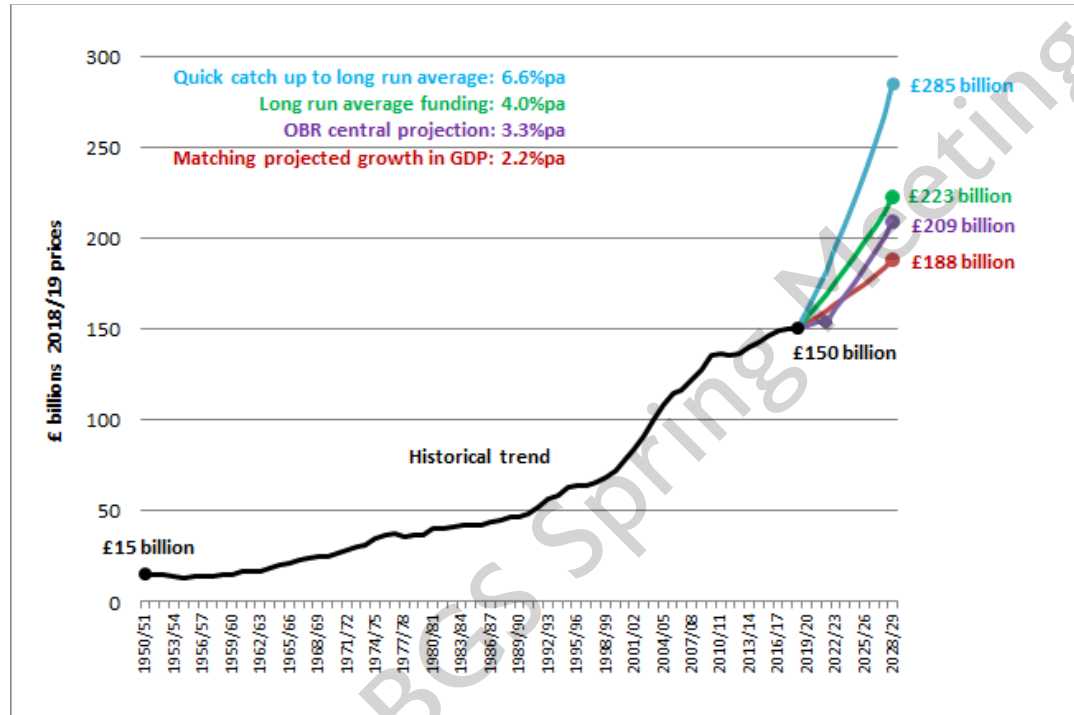


Spend more on care, get more benefit (but only up to a point)

The economist's approach:
good in theory, next to impossible to locate point 'X' in practice.

Part 2: 3 reasons to believe the NHS is financially sustainable

Where have we been and where should we go on funding the NHS?



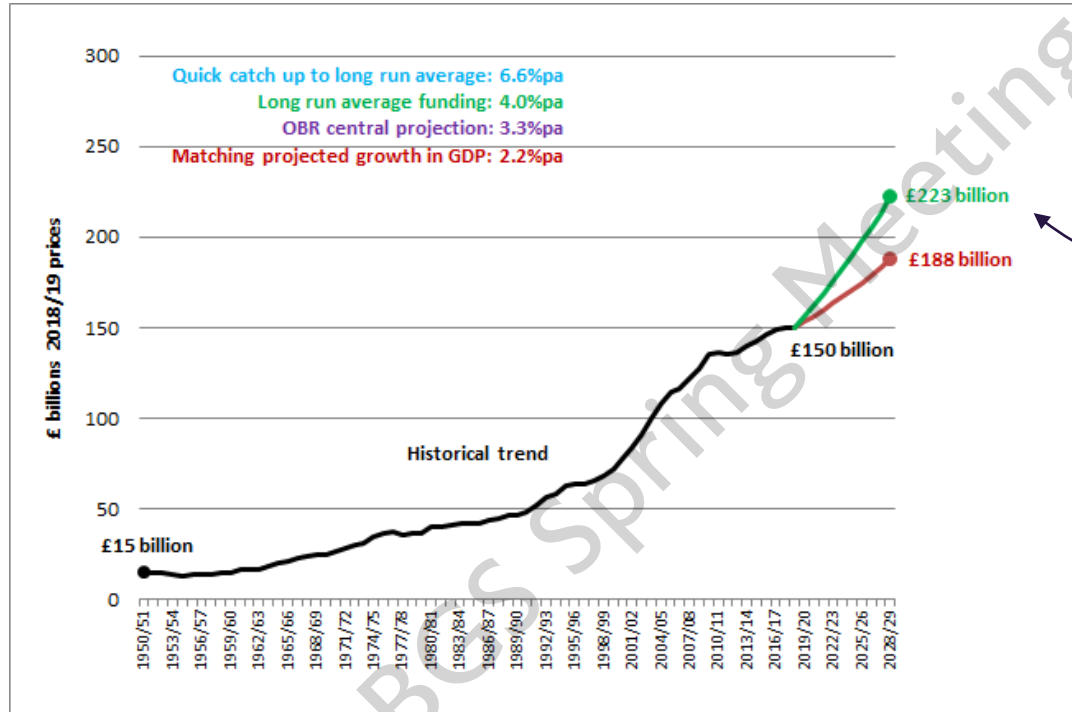
Ten-fold real increase in real terms over 70 years

Slow growth since 2010

All projections suggest increased pressure to spend more

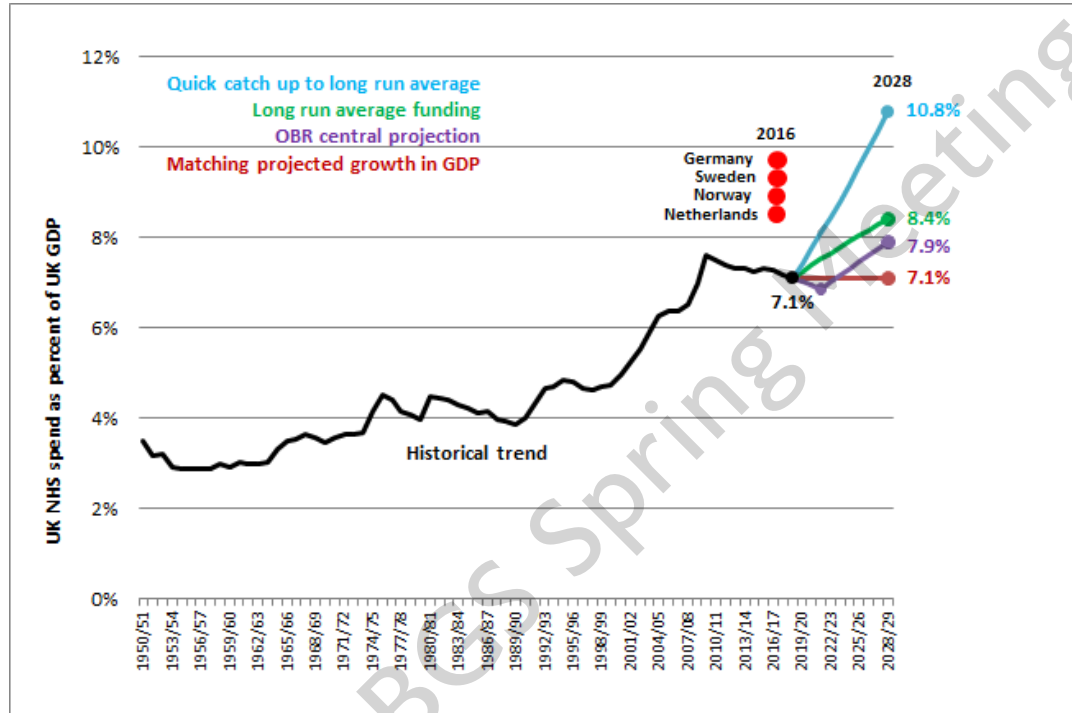
OBR, IPPR, THF, Nuffield Trust... converge on pressure to spend +4%pa for next decade

1 . . . Bigger economy...more money for the NHS



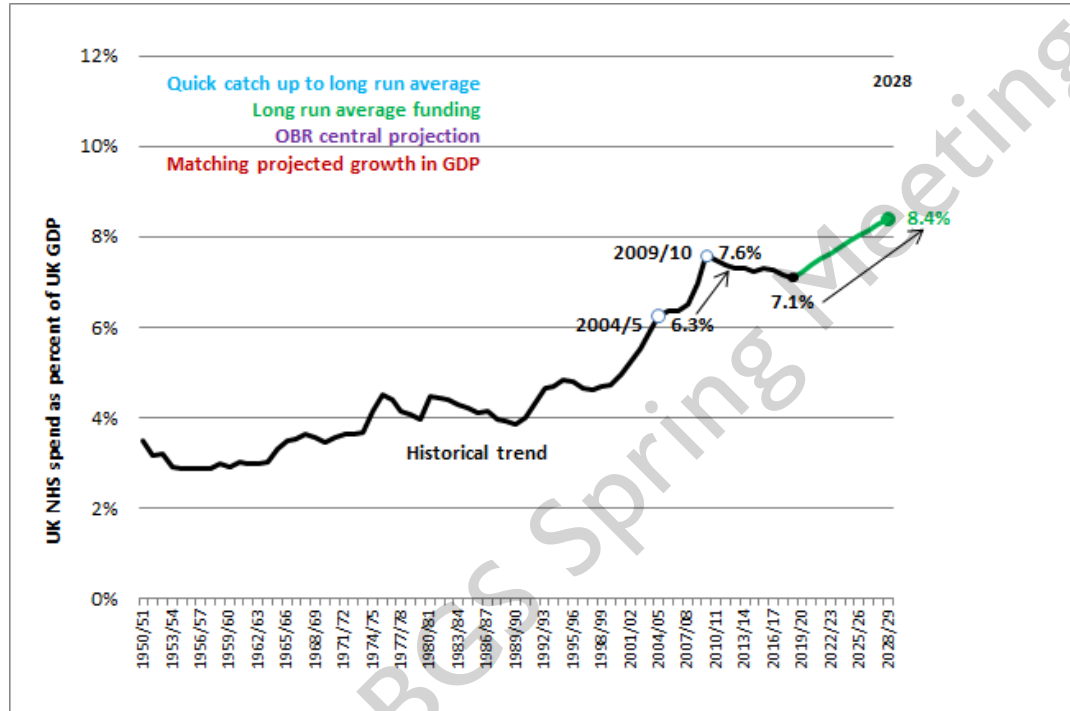
Around half the £73bn extra by 2028 a result of growing economy and increasing tax revenues (not increasing tax rates)

2... Have other countries managed it?



If spent at long term average from this year, by 2028 public spending still less than in Germany, Sweden, Norway and Netherlands in **2016**

3... We've done it before...(in half the time)



Over 5 years from 2004/5 added 1.3% of GDP to UK NHS spending...

...Could do the same increase ... but over next 10 years?

Extra money promised for NHS over next 5 years is a shade under the OBR central projection

There will be an opportunity cost to sustaining the NHS – but also an opportunity cost in not doing so.

Poorer health...

Lower spending on other things...

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