

Are we spending too much on health?

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In this poor economic climate and period of lower growth is it time to consider limiting spending on healthcare budgets? Two experts debate the issue on bmj.com today.

The key challenge is to get more value for money from the already vast sums of money spent on health services rather than increasing spending, argues Professor Nick Bosanquet from Imperial College, London.

In the UK, health care spending is growing 2% points faster than GDP and this is unsustainable in an era of lower growth when the government says it has reached the limits of taxable capacity, he writes.

"There will be no incentive to invest in a new kind of health service while the easy option of continued growth in high spending in the old one remains", he warns.

Bosanquet suggests that capping spending to current percentages of GDP (8.7%) would encourage more efficiency and better financial management by creating pressure to redesign more effective health systems.

Decisions on health spending should be made on the basis of value, and priority must be given to raising value from the pound or Euro, he writes. From 1990-2007 the return on health expenditure was 148% in the UK—for every pound spent, we got £2.48 worth of health gain back, and the USA has had similar gains.

Indeed, he says, many of the most effective health interventions are low cost. Examples include the UK's recent cancer reform strategy which increases investment in prevention, part financed by reduced hospital admissions, and the national service frameworks for coronary heart disease and diabetes, which identify and treat patients at high risk of vision loss.

Increasing efficiency may be the only way of reconciling rising demands for health services, such as those of the ageing population, with public finance constraints. The challenge for the next five years will be to redesign more effective services for the future, he concludes.

But Werner Christie, the former minister of health for Norway argues that health spending should reflect medical need and not economic performance.

Although, he says, a lack of effectiveness and efficiency may justify temporary caps on spending to provide incentives for improvements, they are not a long-term solution. Both the progress of medical science and an ageing population will increase the relative benefit and cost of healthcare, but they will require greater expenditure.

According to Christie, although it is difficult to quantify the value and benefit of health and health care to individuals and the community, it saves lives, reduces suffering and is a basic precondition for enjoying life.

In addition, health institutions are some of the biggest employers, generate a substantial amount of tax revenue, as well as demand for supportive products and services such as drugs and medical devices, which make considerable contributions to GDP.

He therefore suggests that if we were to reevaluate health care's GDP we

would find that increased investment in health is actually quite "profitable".

Although there must be limits to spending on health care, they should not be defined by a "fixed fraction of GDP" or by projections of current growth, he argues. Rather, data and experience from democratic countries suggests that it is possible to reach a level of health care that is politically acceptable to citizens by spending 8.7% of GDP, he concludes.

Source: BMJ-British Medical Journal

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