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2015 health care outlook
United Kingdom

Health care expenditure: £144.5 billion in 2012, 83% of which is publicly funded.

In 2012, total health care expenditure was 9.4% of GDP.[1]

The most pressing issue facing the United Kingdom's National Health Service (NHS) in 2015 is balancing the country's increasing health care needs arising from changing population demographics against constrained funding to meet those needs. Questions exist about the amount of funding required to better align supply to demand and, in particular, how to fund integration and primary care while meeting increasing demand for acute activity. Added complexity are the issues of inefficiency in the current use of NHS funds and the need for significantly more investment if the system is to remain solvent — the NHS is likely to be need a further £8 billion a year by 2020.[2]

The UK's dominant health care issue is likely to be the May 2015 elections, with the different political parties using health as a political football — while all political parties continue to support the idea of NHS care free at the point of need, and recognize that this will require increased funding, the differences between the parties is by how much and where the funding will come from. This, in turn, is likely to halt or slow down reform.

Health care expenditure as a share of GDP in the UK rose steadily from 6.5% in 1997 to 9.7% in 2009, and then fell to 9.2% in 2011, where it remained in 2012[3]. The Economic Intelligence Unit estimates that spend as a percentage of GDP will increase to 9.6 percent in 2013.[4] While there is a general consensus that public funding will need to increase to keep pace with increasing demand from an aging and expanding population, estimates on the extent of funding growth vary widely.[5] One key factor influencing the likely size of the funding growth is likely to be the outcome of the May 2015 election. While political parties continue to support the idea of NHS health care free at the point of need, the differences between the parties is by how much and where the funding will come from.

One of the flagship initiatives of the current Conservative Party-Liberal Democrat coalition government, elected in May 2010, was structural reform of the English NHS. The Health and Social Care Act 2012, which came into force in April 2013, introduced changes to the roles and responsibilities of most policy and non-provider organizations, including those responsible for commissioning health care services. The Act was designed to make the NHS more responsive, efficient and accountable, and placed clinicians at the center of commissioning, with clinical commissioning groups responsible for the allocation of the majority of the NHS budget.

1 http://data.worldbank.org/indicator/SH.XPD.TOTL.ZS and http://www.ons.gov.uk/ons/dcp171766_361313.pdf
2 NHS Five Year Forward View. October 2014. See also: http://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf
3 http://www.ons.gov.uk/ons/dcp171766_361313.pdf
4 *Industry Report, Healthcare: United Kingdom*, Economist Intelligence Unit, June 2014
5 Ibid

The Department of Health also set a target of generating £20 billion of efficiency savings between 2011-12 and 2014-15, to help the NHS cope with the increasing demands for health care. While the NHS is on target to deliver these efficiencies the structural reforms have proved controversial and as the UK population continues to grow and age leading to increasing prevalence of chronic disease, the pressure on the health care system is accelerating. With many more years of fiscal consolidation ahead, even if spending growth keeps pace with inflation, the capacity of the NHS to meet future public needs is unsustainable without radical change. The October 2014 Five Year Forward View, provides a five-year plan for evolving the NHS, aimed at creating a more equitable care landscape, better able to cope with surging demand on services and, at the same time, tackle the £30 billion funding gap that will develop by 2020-21 if change doesn't happen. It confirms that the vision of universal health care has not changed, but that the world has, and that the NHS needs to change to take advantage of the opportunities that science and technology can bring to help staff, patients and caregivers. The key actions proposed are:

- a greater emphasis on prevention and public health
- changes in funding incentives and structures
- more investment in workforce
- developing and delivering new models of care to provide meaningful local flexibility involving both vertical and horizontal integration and consolidation of providers, including specialization of some services
- more care delivered in the community and in people's homes
- the innovative use of technology to improve health outcomes, empower patients, and deliver more cost-effective services.[6]

In addition to driving-up health care demand — and costs — demographics and social big picture challenges are likely to create challenges in meeting the need for appropriately qualified health care staff at all levels, from clinicians to executive leadership. Additionally, technology investments will become an increasing priority for helping staff to improve care quality and delivery efficiency. However, technology innovation is outpacing the adoption and diffusion of innovation, and creating challenges in agreeing/identifying reimbursement models for its use; meanwhile lack of effective and interoperable IT systems undermine system reforms. Other potential barriers include increasing requirements of regulatory and compliance regimes, as well as concerns over breaches in patient information governance, which is undermining confidence in developing shared electronic health care records.

Although the UK (like many other developed countries) has seen a generally slow uptake in overall public health awareness, there is growing evidence of the rise of the knowledgeable health care consumer. The availability of greater information via the Internet and social media groups – as well as rating websites such as NHS Choices — is leading to increased expectations around quality, transparency, and an enhanced patient experience. On the one hand, better information could improve self-awareness and reduce misdiagnoses, demand, and costs. Conversely, improved measurement and accountability for the patient experience could lead to a shift from "patients" to "consumers' and increase choice and co-production and costs. In addition, more personalized health budgets are likely to add to costs, as health care needs are often unpredictable and new needs may emerge which are not covered by existing budgets. Finally, tensions in mechanisms introduced to control the impact of consumer demand, such as systems to moderate availability of new drugs and technology based on cost-effective analyses, may be undermined by demands of informed patients.

[6] NHS Five Year Forward View. October 2014. See also: http://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pd

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