

1.1 Terms of reference

The following tasks have been tackled in this report, using newspaper articles, government websites, books and journals.

Task a

‘Outline the advantages and disadvantages of leaving healthcare provision predominantly to market forces, given the apparent difficulties of managing a *national* Health service and government’s increasing inability to service the public’s growing demands for the service’.

Task b

Discuss ways in which targets and indicators might be used to manage the NHS more effectively’

Task c

‘Critically appraises the managerial impact of Outcome Related Performance Indicators (ORPI’s) and targets in a public sector context such as the Health service.

1.2 Introduction

Healthcare in this country is run by the government and is called the National Health Service (NHS); the system has been in place since 1950 and provides free healthcare for all. Private healthcare is a new phenomenon in this country but is it welcome?

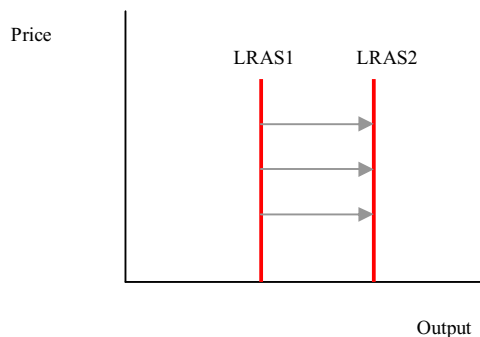
Targets and indicators in the NHS are used to try and improve the service of the NHS. The main issues concerning these indicators are if they can be implemented in the NHS effectively and if they are of any use

In this report I will attempt to discuss the pro’s and cons of privatisation of the health service, firstly it might be appropriate to begin with the arguments for privatisation then look at the arguments against and finally give my own opinion. In attempting to look at the pros and cons of targets and indicators in the use of the NHS it first might be appropriate to look at the ways in which they are used followed by why they may not be working.

1.3 Arguments for privatisation

Privatisation is a supply side approach to bringing about increases in economic growth. Supply-side economics is a 'government policy that attempts to alter the level of aggregate supply directly (Sloman 2001a). By increasing the efficiency of the factor inputs in the production process output should increase, aggregate supply should shift to the right and increase the potential level of output see fig 1

There are various arguments as to why healthcare should be left to market forces:



- ❖ Increased competition, economic efficiency and consumer choice.
- ❖ Reduces burden on government finances to support the NHS.
- ❖ Private healthcare provides accessible, high quality care, and will slow growth in demand for accident and emergency service and family doctor visits.
(Timmins 2002)
- ❖ Improved management of finances
- ❖ Development of performance measurement tools.
- ❖ Business run on commercial rather than political grounds.

Dr Reggler argued in a debate that 'market forces were part of everyday life and therefore understood by the majority'. He believes that without market forces incentives to change would not be established. Furthermore he added that even though the NHS had been controlled by the government for over 50 years it was judged worse than every other health care system in Europe.

1.4 Arguments against privatisation

Privatisation is meant to increase competition this may not happen. This has been seen in the USA where privatisation creates monopolies with high barriers to entry. These firms have significant economies of scale that new firms cannot compete with, and the start up costs can be colossal. HCA one of America's largest health care firms is already feared to be trying to create a private monopoly in London (Cohen 2000).

Privatised firms make decisions on profit maximising, whereas the NHS makes decisions based on the public interests. If the government wants to focus on the reducing poverty then production can be organised appropriately.

Privatisation can reduce long run average costs however the strive for productive efficiency can have problems:

- ❖ The more highly developed the technology gets the more maintenance that may be needed.
- ❖ The UK'S balance of trade could be affected from all the imported capital
- ❖ A possible lack of trained maintenance staff could inhibit the capital from being used effectively.

The private health care industry is corrupted and greedy; June Gibbs, inspector general of the US department of health describes the freeish market as pervasive fraud. The NHS has no interest in performing pointless operations whereas according to the British medical journal in 1993 at least one third of private hysterectomies were unnecessary and the number of useless removals of tonsils was an epidemic (Cohen 2000). Further alarming figures published in Cohen article saw pregnant women's death rate in HCA private hospital in London five times above the national average.

1.7 Implementing indicators

The NHS assesses performance through six key areas;

- ❖ Health improvement
- ❖ Fair access
- ❖ Effective delivery of appropriate healthcare

- ❖ Efficiency
- ❖ Patient and carer experience
- ❖ Health outcomes of NHS care

These indicators have been developed to help assess the performance of the NHS. The Indicators were developed not to measure quality directly but to draw attention to arrears that may need further investigation or action in the future.

In 1998 six clinical indicators were published as clinical indicators for the NHS they were as follows;

Layman's Description	Indicator
Deaths in hospital following surgery	Deaths in hospital within 30m days of surgery by method of admission
Death in hospital following a fractured hip	Deaths in hospital within 30 days of emergency admission with a hip fracture for patients aged 65 and over
Deaths in hospital following a heart attack	Deaths in hospital within 30 days of emergency admission with a heart attack for patients aged 50 and over
Readmission to hospital following discharge	Emergency readmission to hospital within 28 days of discharge from hospital.
Returning home following treatment for a stroke	Discharge to usual place of residence within 56 days of emergency admission from there with a stroke for patients aged 50 and over
Returning home following treatments for a fractured hip	Discharge of usual place of residence within 28 days of emergency admission from there with a hip fracture for patients aged 65 and over

The government believes these will turn the NHS into a first class service by helping to deliver more consistent and higher quality care to patients. (www.doh.gov.uk, 2003)

A range of performance indicators can help cover all aspects of a particular job and thwart excessive attentiveness on a small aspect of the job (Likierman, 1993)

1.8 Using indicators for better management

For targets to be more than aspirations:

- ❖ people need to know about them
- ❖ targets need building into work plans
- ❖ performance needs to be monitored and reviewed
- ❖ the findings need to inform management decisions and future plans

To work targets need to be communicated to all members of the health service and the public. One option might be to produce two versions: a detailed set of targets with supporting definitions for use by agencies, and a less detailed 'plain language' version for public consumption. Regular monitoring and reporting should be an important means of ensuring that plans are on course and picking up problems that need dealing with.

1.9 Adverse conditions of indicators

Health Indicators such as male and female life expectancy at 65 years may differ across geographical areas due to differences in incomes. Low skilled blue- collar workers may have a lower life expectancy than senior executives this may be because they may be unable to afford a more health lifestyle or diet.

Things like tobacco or alcohol consumption will not be shown on these indicators results but these factors can have a lot to do with whether a patient survives or not.

Smith (cited by Adnum, 1998) found many adverse conditions of targets and indicators;

- ❖ Tunnel vision- There will be too much emphasis on meeting targets that have been set possibly resulting in a lower quality service in other areas
- ❖ Myopia- Short term issues may gain preference excluding criteria for measuring effectiveness in the short term.
- ❖ Convergence- Concentrating on not becoming an outlier in measurement rather than being outstanding.
- ❖ Ossification- declining to experiment with new measurements

- ❖ Sub optimisation- managers may pursue their own narrow objectives ignoring strategic objectives
- ❖ Gaming- altering behaviour so as to obtain strategic advantage
- ❖ Misrepresentation- distorting information flows by fraud.

Conclusion

This report has attempted to outline the advantages and disadvantages of privatisation of the NHS. In looking at various studies it has been found that;

- ❖ Providers of healthcare have more information than consumers.
- ❖ In order to gain medical treatment privately insurance is required, because some people are healthier from birth markets are unable to guarantee equitable access to healthcare without government intervention.
- ❖ Private healthcare is threatened by moral hazards and demand inducement.

The fact remains however that as Tony Blair says the ‘struggle to run the NHS has left scars on his back’ (Cohen 2002) henceforth the purchasing of operations from private hospitals has begun. How many people would in the case of their family being under considerable pain forget about the NHS policies of free for all and pay privately. The private sector does deliver and even though I would like to see a better run NHS it seems that this is not possible due to many problems and that privatisation is inevitable.

Also throughout this report I have attempted to discuss the use of indicators as tool for managing the NHS. In doing so I believe that while performance indicators can and have been implemented they do however seem to have the affect of improving certain services but at the cost of others. Being as every aspect of the NHS service is of high importance this may not be acceptable.