

Is FairCare really the future for better health care in Ireland?

James Reilly can give answers to most hard questions on the FairCare policy, with passion and panache, but still manages to avoid the facets of how it will actually happen, writes **Sara Burke**

It's before ten o'clock on a fresh May Saturday morning and James Reilly is sitting in that glorious living room at the front of the Shelburne hotel. He has already spoken at a conference in the Royal College of Physicians and is heading out to a day of canvassing in North Dublin for Fine Gael's local and European election candidates. His party, for which he has been just two years a TD, is doing well in the polls. He comes across as a man who has power within his reach and he has a plan he wants implemented. He is willing to give Health Manager an hour and half of his time to go through Fine Gael's proposed health policy in detail.

At the end of April 2009, Fine Gael launched its new health policy called FairCare. Ten months previously, Enda Kenny set up a health commission chaired by Alan Dukes with the remit of developing a 'radical and patient focused solution that will give us the health service we deserve in a five year time frame'.

The FairCare policy, which draws heavily on the Dutch health system, promises to get rid of the two-tier health system currently in place through the introduction of mandatory health insurance. Under the FairCare scheme, everyone will have health insurance paid for by themselves, subsidised or fully financed by the State.

Each health insurance package will have a minimum entitlement which in

effect will mean all citizens will be entitled to 'free' GP care, prescriptions, hospital care and other required health and social care. Individuals will be able to top up on extras such as eye care, dentistry or private rooms.

Stages

There are three stages outlined in the policy. The first stage is concerned with 'maximising what we have'. It is focussed on achieving efficiency in current system with a specific focus on 'slashing hospital waiting lists' using a 'Special Delivery Unit'. The waiting list initiative is based on a Northern Irish model which has virtually eliminated waiting lists for hospital treatment by working out a strategy to reduce long waits for each speciality, in each hospital, with a central unit which reports progress

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directly to the minister.

Also central to the first stage is the development of comprehensive primary care services including the development of chronic illness programmes, diagnostics in the community and a national body test for all to identify illness at an earlier and more treatable stage. Interestingly, the document pays a lot of attention to mental health services and sees them provided through primary and community care structures instead of hospitals, as is mainly the case at the moment.

Stage two includes further development of the primary care aspects of the plan as well as introducing 'money follows the patient' as the main mechanism for paying health-care providers. Currently, the vast majority of the healthcare budget is allocated year on year with an increase given annually (except this year when budgets were cut for the first time in over a decade). At present health budget allocation is more or less irrelevant to the actual amount

of services that are being provided. Under 'money follows the patient' scheme, hospitals get a baseline grant from government to cover overhead costs but the majority of payment received is for the number and type of patients treated and the activity in each hospital or healthcare setting.

Universal insurance

The final phase of the policy is to introduce free GP care and universal health insurance for all. This will be achieved within a five-year time span according to Fine Gael's policy document.

It also commits to establishing a Universal Health Insurance Commission with all major stakeholders in the health service in the first 30 days of getting into government. The commission will agree an implementation plan as well as building consensus on practical measures required to introduce Universal Health Insurance.

Crucially, as reiterated by Fine Gael health spokesperson James Reilly at the policy launch, no one will pay any more than they currently do for this universal, more comprehensive, free at the point of access, health service.

So is FairCare really the future for better health care in Ireland? Is it possible to do all this and much more without paying extra money for it? How will Fine Gael succeed in achieving what no other government has managed to do in the past? And is it any different to the Universal Health Insurance model that the Labour party proposed in 2001?

The answers to these questions are hard to find in the FairCare document. The policy document while well intended, is badly written, repetitive and does not give sufficient detail to really understand what is required to make the policy happen. Also much of it is familiar territory –



Dr. Jas Reilly

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reduce HSE administrators; reduce waiting lists for A&E, diagnosis and hospital care; build up primary care and treat more patients outside of the hospital... Many of these are actually current policy but have yet to happen. So what's different about the Fine Gael FairCare policy?

Well, it's the first time Fine Gael has enthusiastically adopted a universal model of health care provision. They did so in the run up to 2007

general elections, but only as reluctant partners in the Mullingar agreement with the Labour party which meant they had to have a common stance in important policy areas such as health. And while universal health insurance was in the joint policy, it was quietly mentioned in their own party manifesto and not shouted about in the run up to the election.

While the FairCare document has flaws, it is an attempt to outline a



comprehensive health policy which significantly alters the existing system of provision. Not since Labour's policy in 2001 'Our Good Health', has any political party gone into such detail on outlining a plan for an alternative type of health service, in particular one which shows a clear path away from the two tier nature of access to health services. Fianna Fáil does not have a health policy other than current government policy which maintains the status quo and has further institutionalised the two tier system of care. While the Green Party had clear aspirations in the run up to the 2007 election, like an end to co-location and free health care for under six year olds, these have long been abandoned since going into government. Sinn Féin produced a comprehensive policy in 2006 which advocates a one tier health system. However, its focus is on an all island health system, modelled on the tax funded NHS. Crucially it does not detail how to transfer from our two-tier system to a universal system.

Key principles

The five key principles of Fine Gael's FairCare are; access is a right; transparency and efficiency; fairness;

choice; and accountability. It is the first of a range of policies from Fine Gael on health with more detail on long term care and local hospitals to follow.

Under the FairCare scheme, every Irish citizen will be compelled to have health insurance. Those in the lowest 40 per cent income bracket will have their health insurance fully paid for by the State. The next 16 per

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cent of earners will only have to pay a max of €200 per year for their health insurance as children will be covered by the State. There will then be a graduated subsidisation which

declines as income rises. The top 30 per cent of income earners will not be subsidised and will continue to buy their own health insurance, however they will get more from this 'package' as it covers GP and prescriptions costs among others.

How these income brackets and subsidisation are worked out is not apparent in the document. Exactly how people will pay, how much and what way money will flow from the central exchequer to individuals or insurance companies and into the health system is not at all clear.

Internationally, there are many different models of universal and social health insurance, but what is common to them is that the devil is in the detail and it is the detail that determines whether the insurance model makes the system more efficient, accessible and equitable. The devil of the detail is not in the Fine Gael document.

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Under FairCare, people can choose from a variety of insurance companies which will be regulated by a new health insurance regulator which 'will have teeth' according to Reilly. Risk equalisation will be part of the regulators remit.

Affordable

Reilly is adamant that this scheme is affordable. He says that the 'money follow the patient' system is 'known to bring costs down by 10 per cent, 'this is the international experience'. Also he says that insurers are much better at negotiating a good price than the State and the fact that health care providers will have to negotiate with insurers means that costs will be further reduced. When it is put to Reilly that Ireland spends 7.5 per cent of GDP on health, while Holland spends

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over 9 per cent, he says that the most recent figures from Minister Mary Harney show we are currently spending 11 per cent of our national income and that we also spend €4 billion on private aspects of health care, bringing health expenditure to 13.5 per cent of national expenditure (these figures were cited by Minister Harney in a Dáil Debate on March 10, 2009). So according to Reilly, if we use all this money together, (according to these figures, this adds up to €20 billion for 2009) there is no reason we can't afford the FairCare system.

Detailed research carried out by Trinity College on the cost of introducing social health insurance to Ireland found differently. It costed introducing free primary care for all at €217 million. It also costed the additional capacity needed in the system to provide universal care for all, such as more GPs, hospital beds and doctors at between €3.2 billion and €6.4 billion depending on the range of services and level of care provided. The Trinity researchers estimated that Ireland needed to spend 9 per cent of national income on healthcare as well as making up for the absence of historical investment in health care.

Dutch model

So is the Dutch model the one for Ireland to follow? Any available evidence (apart from what the Minister cited on March 10) shows that Ireland still spends less than the Dutch on healthcare. Also significant,

is that up to very recently, the Dutch pay significantly more tax than the Irish do and their tax system is more progressive.

The Dutch model of universal health insurance was introduced in 2006, so while Fine Gael gives great credence to its short waiting times for treatment, its single tier and efficiency, it is far too soon to tell the impact of the 2006 measures on health care cost and provision.

Notably, the Dutch system is a compulsory private for-profit insurance system which requires very strong regulation. The efficiency and improvements in the health system are dependent on the competition between insurance providers. Will there be sufficient players in the Irish insurance market to bring these efficiencies about? And will we be able to introduce strong regulation required given our track record in financial regulation to date?

Under Fine Gael's plan all hospitals will become independent with individual trusts to manage them but how that will actually happen is not clear. Neither is it clear how they will compete for care.

Although it is early days in the new Dutch system some findings are emerging contrary to the Fine Gael document e.g. the numbers of administrators in the Dutch health system was reduced but there is some evidence of this impacting on poorer service quality ratings. Also the Dutch tax department had to hire 500 extra

staff to manage and regulate the private insurance system. While cost efficiencies have occurred in pharmaceuticals and initially in insurance premiums most recent figures show a rise in premiums by 10 per cent between 2007 and 2008.

A recent World Bank paper found that a review of transitions from tax based to social health insurance systems increased spending overall by 3-4 per cent.. Reilly is sure that the competition between providers will make sure this increase does not happen in Ireland.

This new Fine Gael health policy is firmly driven by their health spokesperson James Reilly. Being a GP and ex-chairman of Irish Medical Organisation GP committee, Reilly has firm views on what needs to happen the Irish health system. He reiterates a mantra of 'greater efficiency', 'a one tier universal health system', 'comprehensive primary care', 'money follows the patient', 'ministerial accountability'.

Much of the detail of their policy remains to be worked out; how will the system be financed; where and how will the money flow; what will happen voluntary and state run hospitals, how will they reduce HSE staff by 5,000; where will the rest of HSE staff go; what will happen the HSE and local hospitals; who will fund long term care.

And crucial to models of health insurance is this detail, which determines its impact on people's access and outcomes from health services.

However, what is clear in May 2009, that for the first time in the history of the State, all opposition parties are united in their stance against the current two tier nature of health care. Each of them wants universal access based on need, not ability to pay. Just when and how can be achieved remains to be soon. And of course the detail needs to be worked out... **HMI**