Irish Medical Organisation

Budget Submission 2015

Sept 2014

Irish Medical Organisation
10 Fitzwilliam Place
Dublin 2
Tel: (01) 6767 273
Fax: (01) 6612 758
Email: vhetherington@imo.ie
Website: www.imo.ie

Introduction

The Irish Medical Organisation (IMO) Budget Submission 2015 examines the crisis effect of successive budget cuts on our health care services and how taxes on unhealthy products can reduce illness and provide some additional funding for the exchequer. In particular the submission highlights the impact that a 27% reduction in spending has had on the Acute Hospital System, General Practice and out-of-pocket payments for care. The budget submission also looks at how pricing policies and taxes on alcohol, tobacco and food products that are high in salt, sugar and fat are a cost effective measure for promoting health, reducing illness and can raise additional funding for health promotion and health care.

Health Service Funding

Ireland's health system is facing a financial crisis. Between 2008 and 2014 Health Service funding has been reduced by 27% or €4bn[1] and staffing levels have been reduced by over 10% since peak levels in 2007 [2] The HSE budget has consistently overrun requiring supplementary funding[3] and an extra €450-€500 million in funding will be needed by the end of the year.[4] While the efficiencies have been made both in the Acute Hospital System and in Primary Care there are signs that the system is cracking under financial strain. The acute hospital sector is seriously under-resourced and there is no measurement of this effect on patient safety and quality of care, General Practice is at full capacity and waiting lists apply for access to all ancillary primary care services. At the same time out-of pocket spending on healthcare have increased, disproportionately affecting the sick and elderly and deterring patients from seeking necessary care.

Acute Hospital System

The budget allocation for acute hospitals is down 29%, from €5,288 million in 2009 to €3,762 million in 2014. Hospital staffing levels are down 10% since their peak in 2007[5] and since 2006 approximately 900 hospital beds (approximately 10%) have been taken out of the public system.[6] While HSE performance reports show that inpatient, day case and emergency department activity has increased over the last six years, the hospital system is struggling to maintain levels of service provision and waiting lists are increasing. Difficulties recruiting and retaining staff have left many units, particularly Emergency Departments and Maternity services, significantly under-staffed.

- The latest performance report from May 2014 shows a deficit in funding of €163m of which the acute hospital sector deficit is €104.7m (64.2%).
- At the end of May 2014, 343,412 people were waiting for an outpatient appointment of which 119,914 were waiting over 6 months and of which 13,118 children were waiting over 3 months.[7]

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[1] HSE National Performance Assurance Report May 2014
2 HSE National Performance Assurance Report May 2014
[3] Supplementary funding required, 2013 - €199m, 2012 - €337m, 2011 - €148m
[4] Sheahan F. Varadkar will seek and Extra €500m for Health Budget, Irish Independent 25 Aug
[5] (53726 National Hospitals Office and Voluntary Hospitals)HSE, Annual Report and Financial Statements 2007 HSE, (48,765 Acute Hospital System) HSE National Performance Assurance Report May 2014
6 Thomas S. Burke S. Barry S. The Irish Health-care System and Austerity: Sharing the Pain, The Lancet 2013 Vol 383: 1545-1546
[7] HSE National Performance Assurance Report May 2014

- At the end of May 2014 the National Treatment Purchase fund had 50,689 patients waiting for an in-patient or day-case procedure of which 12,347 were waiting over 6 months[8], more than double the number of patients (6,048) waiting over 6 months in December 2012; [9]
- The INMO trolley and ward watch shows that 5535 patients were waiting on a trolley in July 2014 an increase of 8% on July 2013 and 12% on July 2012; [10]
- Agency costs to fill medical and dental positions up to May 2014 came to €44.5 million, up almost 150% on the same period in 2013.[11]

IMO Doctors are particularly concerned about the impact successive budget cuts have had on patient care and their ability of the acute hospital system to provide a safe service to patients under such heavy financial and manpower constraints.

The IMO recommends that

- **A detailed report is commissioned into the effects of budget and manpower cuts on patient safety.**
- **Financial and manpower resources are increased to sufficient levels to ensure the safe provision of hospital services**

General Practice

General Practice in Ireland is significantly under-resourced.

- General Practice now cares for over 500,000 additional medical card and GP visit card holders with €160m less (€434 cumulative);
- The Government spends just 2% of total expenditure public and private on General Practice compared to 9% in the UK;
- General Practice is struggling financially after successive FEMPI cuts but also in terms of capacity. GPs currently provide a same-day service however the Government's plan to provide free access to GP care for all will lead to waiting lists without an increase in financial and manpower resources;
- There is no infrastructure in place to support multi-disciplinary team working and there are insufficient community and primary care professionals to cope with current demand under the GMS. Waiting lists apply for all allied health and social care services in Primary Care[12] and many of these services are simply not available to patients outside the GMS regardless of their ability to pay.

General Practice is key to the Governments goal of reforming the health services and is associated with value for money, equity of access, continuity of care and high patient satisfaction, however the benefits can only be achieved with an increase in the proportion of funding allocated to General Practice.

[8] NTPF Child/Adult Waiting Times In-Patients and Day cases 29 May 2014 downloaded from
[9] NTPF Annual Report 2012
[10] INMO Trolley and Ward Watch for July 2007-2014 downloaded from www.inmo.ie
[11] HSE, Management Data Report May 2014
[12] HSE National Performance Assurance Report May 2014

The IMO recommends

- **A detailed implementation plan accompanied by the appropriate allocation of resources to deliver GP Care to the population which is free at the point of access**
- **Appropriate resources and incentives for GP management of chronic disease**
- **Funding for Primary Care infrastructure and services**

Increased Out-of-Pocket Payments

Budget cuts has also seen the level of out of pocket payments increase, shifting the burden of healthcare costs to elderly and sick people.

- Inpatient charges of €80 per day in a public hospital up to a maximum of 10 days per annum now apply;
- Over 70s no longer have automatic entitlement to a Medical card and the income thresholds for the Over 70s Medical Cards is now reduced to €900 per week for a couple and €500 for a single person;
- Those without a full medical card face charges of up to €144 per month for prescription drugs under the Drugs Payment Scheme (up from €85 in 2008) and;
- Prescription charges for medical card patients introduced in 2010, now stand at €2.50 per item with a cap of €25 per month.

The TCD Resilience Project estimates that the level of out-of pocket payments has increased by €450 million since 2008 - that is an additional €100 per person.[13] Out –of –pocket payments are highly regressive and place unnecessary burden on lower income groups they are also highly inequitable as they apply only to sick people at the point of use. Co-payments for health care have been found to have limited use in achieving policy objectives[14] as they can deter patients from seeking both necessary and unnecessary care or complying with treatment. The Medical Card Scheme is aimed at protecting those on the lowest incomes from high out-of-pocket costs for care however currently medical card holders can face prescription charges of up to €300 per annum.

> **The IMO is calling on the Government to immediately abandon the prescription charge for Medical Card Patients and to begin incrementally reducing the levels of all out of-pocket payments.**

[13] Thomas S. Burke S. Barry S. The Irish Health-care System and Austerity: Sharing the Pain, The Lancet 2014 Vol 383: 1545-1546

[14] EC EXPH, Definition of a frame of reference in relation to primary care with a special emphasis on financing systems and referral systems, European Commission 2014 downloaded from http://ec.europa.eu/health/expert_panel/opinions/docs/001_definitionprimarycare_en.pdf

Taxing for Health Promotion

Increasing taxes on unhealthy products such as alcohol, tobacco or unhealthy foods that are high sugar, salt and fat are a cost-effective way of promoting healthier habits, preventing health problems and can be used to raise additional finances to support health service funding. . In economics the law of demand states that when the price of a commodity rises, demand for that commodity falls. Even for potentially addictive substances such as alcohol or tobacco this rule has been found to hold.[15]

The rates of alcohol consumption, smoking and obesity are particularly high among young people in Ireland:

- 52% of 15-17 year olds. 16% of 12-14 year olds and 4% of 10-11 year olds report having been "really drunk" while over a third of 15-17 year olds reported being drunk in the last 30 days;[16]
- Approximately 19% of boys and 22% of girls in the 15-17 years age group report that they are current smokers;[17]
- 19% of 9-year olds are overweight and 7% are obese. [18]

Young people are particularly sensitive to price increases therefore tax increases on unhealthy products is an effective way of reducing consumption of these products and their related illness.

Alcohol Minimum Unit Pricing

In October 2013, the Government announced plans to introduce Minimum Unit Pricing for Alcohol, however no further details have been made available.

Under a Minimum pricing structure, the price per unit of alcohol becomes more expensive particularly affecting demand by younger binge drinkers and excessive harmful drinkers who are most likely to purchase cheaper alcohol, thus minimum pricing can reduce alcohol-related harm without necessarily penalising moderate drinkers [19] Analyses from Canada where minimum pricing has been in place in some Provinces for decades concludes that a 10% rise in average minimum alcohol prices is associated with a reduction of 32% in death wholly due to alcohol, a 9% reduction in chronic and acute alcohol related hospitalisations and a 3.4% reduction in total consumption.

> **The IMO urges the Government to proceed with Minimum Unit Pricing on Alcohol in 2015 and to apply a levy to the drinks industry for the treatment of alcohol related harm.**

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[15] Rabinovich L. Hunt P. Staetsky L. Goshev S. Nolte E. Pedersen J and Tiefensee. Further Study on the affordability of alcoholic beverages in the EU. A focus on excise duty pass-through, on- and off-trade sales, price promotions and pricing regulations Cambridge UK: RAND Europe 2012

[16] Kelly C, Gavin G, Molcho M and Nic Gabhainn S. The Irish Health Behaviour in School-aged Children (HBSC) Study 2010 Health Promotion Research Centre NUIG and DOHC 2012

[17] Kelly et al 2012

[18] ESRI, TCD, Growing Up in Ireland- National Longitudinal Study of Children, Key Findings: 9 year olds No. 4 The Health of 9-year olds 2009 Department of Children and Youth Affairs

[19] Dyer O. Minimum alcohol pricing delivers health benefits without penalising moderate drinkers, finds analysis BMJ 2013; 346:f2939

Tobacco Free Ireland

The WHO predict that a 10% increase in tobacco prices can reduce consumption by 4% in high income countries[20]. In 2013 the Minister for Health published the Tobacco Free Ireland. The IMO welcomes and supports the recommendations therein to reduce smoking prevalence to less than 5% by 2025. Tobacco Free Ireland includes the recommendations on raising taxes on all tobacco products tobacco and tackling illegal trade.

> **The IMO calls on the Minister for Finance to increase the price of a packet of cigarettes by at least €1 in 2015 and all other tobacco products on a pro-rata basis.**
>
> **The IMO also recommends the introduction of a tobacco levy or similar mechanism which could be ring fenced to fund health promotion and tobacco control initiatives including support to end the illegal trade.**

Taxes on Unhealthy Food Products

Poor nutrition and lack of exercise is the principal cause of obesity. While a wide range of measures are needed to reduce levels of obesity, taxes on foods that are high in sugar, salt and fat can deter consumption of these unhealthy foodstuffs. A UK study predicts that increasing the VAT on junk food to 17.5 % could reduce the incidence of ischaemic heart disease by 1-3%.[21] The Health Impact Assessment conducted by the Institute of Public Health estimates that a 10% tax on sugar sweetened drinks could reduce obesity in Ireland by 1.25%[22] and the Irish Heart Foundation estimate that a 20% tax on sugar sweetened drinks could raise up to €60m[23].

> **The IMO recommends the introduction of a pricing structure to discourage the consumption of food with high sugar, high fat and high salt content and encourage the consumption of healthier food and drink.**

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[20] WHO 2014, Raising tax on Tobacco, What you need to know.

[21] Mytton O, Clarke D, and Rayner M. Taxing unhealthy food and drinks to improve health, BMJ 2012;344:e2931 doi: 10.1136/bmj.e2931

[22] Institute of Public Health 2012, Proposed Sugar Sweetened Drinks Tax: Health Impact Assessment Report, Dublin: Institute of Public Health 2012

[23] Irish Heart Foundation Pre Budget Submission 2015

Summary of Recommendations

Health Service Funding

Acute Hospital System

- **A detailed report is commissioned into the effects of budget and manpower cuts on patient safety.**
- **Financial and manpower resources are increased to sufficient levels to ensure the safe provision of hospital services**

General Practice

- **A detailed implementation plan accompanied by the appropriate allocation of resources to deliver GP Care to the population which is free at the point of access**
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The IMO urges the Government to proceed with Minimum Unit Pricing on Alcohol in 2015 and to apply a levy to the drinks industry for the treatment of alcohol related harm.

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