



IRISH MEDICAL  
ORGANISATION  
Ceardchumann Dochtúirí na hÉireann

## **Irish Medical Organisation Budget Submission 2015**

June 2014

**Irish Medical Organisation**

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## Introduction

The 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<sup>1</sup> and staffing levels have been reduced by 11% or 12,812 WTEs since peak levels in 2007<sup>2</sup> with a further reduction of 2,500 due in 2014.<sup>3</sup> While 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 15% since their peak in 2007<sup>4</sup> and since 2006 approximately 900 hospital beds (approximately 10%) have been taken out of the public system.<sup>5</sup> 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. Difficulties recruiting and retaining staff have left many units, particularly Emergency Departments and Maternity services, significantly under-staffed.

- The HSE budget has consistently overrun requiring supplementary funding.<sup>6</sup> This year's March performance report already shows a deficit in funding of €80.4m of which the acute hospital sector deficit is €62.9m (76%). Increases in agency medical staff costs account for €14m of the budget overrun;
- The INMO trolley and ward watch shows persistent overcrowding in our hospitals with 57,286 patients waiting on ED trolleys in 2013 and a further 10,577 waiting on inpatient wards;<sup>7</sup>

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<sup>1</sup> HSE National Performance Assurance Report March 2014

<sup>2</sup> HSE, Annual Report and Financial Statements 2013

<sup>3</sup> HSE National Performance Assurance Report March 2014

<sup>4</sup> (53726 National Hospitals Office and Voluntary Hospitals )HSE, Annual Report and Financial Statements 2007 HSE, (46,659 Acute Hospital System) Annual Report and Financial Statements 2013

<sup>5</sup> Thomas S. Burke S. Barry S. The Irish Health-care System and Austerity: Sharing the Pain, The Lancet 2013 Vol 383: 1545-1546

<sup>6</sup> Supplementary funding required, 2013 - €199m, 2012 - €337m, 2011 - €148m

<sup>7</sup> INMO Trolley Watch [www.inmo.ie](http://www.inmo.ie)

- Less than 65% of Emergency Department attendances are admitted or discharged within the recommended 6 Hours and in Connolly Hospital, St James Hospital and Tallaght Hospital only 62-67% of patients are admitted within the HSE's lesser target of 9 hours;<sup>8</sup>
- In March 2014, 331,281 people were waiting for an outpatient appointment of which 108,051 were waiting over 6 months and of which 13,116 children were waiting over 3 months.<sup>9</sup>

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 €140m less;
- 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<sup>10</sup> 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.

#### **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**

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<sup>8</sup> HSE National Performance Assurance Report March 2014

<sup>9</sup> HSE National Performance Assurance Report March 2014

<sup>10</sup> HSE National Performance Assurance Report March 2014

### 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 €100 in 2009) 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.<sup>11</sup> 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<sup>12</sup> 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.**

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<sup>11</sup> Thomas S. Burke S. Barry S. The Irish Health-care System and Austerity: Sharing the Pain, The Lancet 2014 Vol 383: 1545-1546

<sup>12</sup> 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](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.<sup>13</sup>

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;<sup>14</sup>
- Approximately 19% of boys and 22% of girls in the 15-17 years age group report that they are current smokers;<sup>15</sup>
- 19% of 9-year olds are overweight and 7% are obese. <sup>16</sup>

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 <sup>17</sup> 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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<sup>13</sup> 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

<sup>14</sup> 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

<sup>15</sup> Kelly et al 2012

<sup>16</sup> 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

<sup>17</sup> 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<sup>18</sup>. 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. US studies estimate that a 20% tax on sugar sweetened drinks could reduce obesity levels by 3.5% while increasing the VAT on junk food in the UK to 17.5 % is predicted to reduce the incidence of ischaemic heart disease by 1-3%.<sup>19</sup>

**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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<sup>18</sup> WHO 2014, Raising tax on Tobacco, What you need to know.

<sup>19</sup> Mytton O, Clarke D, and Rayner M. Taxing unhealthy food and drinks to improve health, BMJ 2012;344:e2931 doi: 10.1136/bmj.e2931

## 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
- Appropriate resources and incentives for GP management of chronic disease
- Funding for Primary Care infrastructure and services

#### Increased Out-of-Pocket Payments

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.

### Taxing for Health Promotion

#### Alcohol Minimum Unit Pricing

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.

#### Tobacco Free Ireland

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.

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