

# Irish Medical Times

19 Oct 2007

Feature: Health Management

## How Sustainable is healthcare?

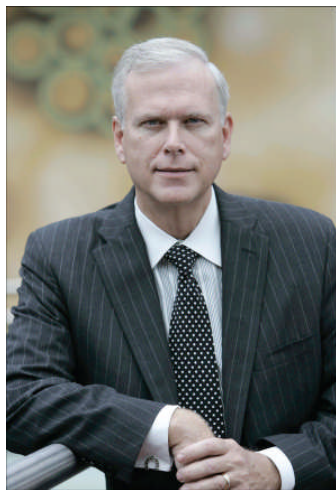
In the first part of a two-part series **Terence Cosgrave** talks to two top health-care advisors on global best practice and the crises facing healthcare systems.

Everybody comes to the health debate with their own agenda. Indeed global views on health services, both literally and figuratively, are hard to find.

Health is that one area of modern economies in which everyone takes an interest, because we all have – or will have – health concerns.

And health problems are not exclusive to Ireland. Every country across the world is trying to develop their health system so that it reflects best practice, what the individual country can afford, and the culture and expectations of that country's population.

But right across the world, many believe we are entering an era where many health systems are unsustainable.



Mr R. Carter Pate

### Into every level

For R. Carter Pate – PricewaterhouseCoopers' (PWC) Global Healthcare Leader – and one of the top advisors in the world to governments and health institutions, countries need to incorporate best practice into every level and area of their health systems, not simply to save money – but to ensure there will be a functioning health system for the future.

“Almost no country has a system that they think is sustainable into the near future – meaning the next ten to twenty years. Many of our clients and government leaders think we could have significant breakdowns in the healthcare delivery system. One of the reasons is the population explosion – you have one here (in Ireland) that's very significant. And the baby boomers in North America are retiring.

The first group – following WWII – just retired last January. That entire population spike – in our own country and in Europe – is now entering into their heavy demand period that will tax the healthcare system extremely

highly. The need to find an efficient system and prepare ourselves is the greatest demand on every country around the world – to have that in place is one of the biggest challenges we're ever seen.”

Pate says that this population spike, along with the possibility of pandemics, could break down many healthcare systems almost overnight.

“So you don't have to wait for the population to come through – we could have significant worldwide crises – and we've seen some outbreaks already that have scared health professionals.

PWC have a \$1 billion healthcare practice both from an insurance and advisory perspective.

Pate was in Dublin recently with his Dutch colleague, Wim Oosterom, to share information with the Irish practice on global best practices in healthcare.

He says that there are some things about our health system that work and represent good practice, such as the speed at which patients can access primary care, but there is a lot of duplication. Wim Oosterom agrees. “Often in primary care there are a lot of tests done that are repeated when the patient goes to hospital. Taking that waste out of the chain is one of the examples of how we can save money.”

Pate adds: “Our clients are increasingly interested in a 'digital backbone' and the transfer of information in terms of how they can get more efficient.

### **Carrot and stick**

“In the Irish practice and worldwide we are seeing major movement between public and private financing. Countries that might have a public financing scheme – they’re trying to discover what the private sector might have to offer. And the private sector – like in the US and Australia – is looking more to the public sector and what are the advantages of that.

“Everyone is looking at whether they have the right carrot and stick.”

Pate says that performance improvement is the area in which all their clients are interested.

“Budget restraints mean that each year, health organisations often get less and less money so they want to become more efficient to increase quality with less money.”

According to Oosterom, in Holland, PwC got the government to benchmark quality and efficiency which led to a higher level of performance across the whole sector.

“It gets people thinking about themselves in relation to other service providers and trying to improve relative to others. Then, some people will argue about the benchmarks – but we refined the terms and increased standards overall.

“We tried (in Holland) to make the whole system more transparent. The public will want to go to the best quality hospital or healthcare organisation. Some people will want to go to the hospital next door, but also a lot of people will want to have quality healthcare and they will not go next door, for say a hip replacement at their local hospital, where a doctor is only doing two hip replacements every two weeks. Many would choose to go fifty miles down the road to where the doctor is doing several hip replacements every day. I would advise my mother to go to that hospital because you would get very good treatment and less mistakes. And in this way, quality is encouraged.”

In the Dutch system, is access is the same for everyone?

“Football players and some elite people will always get better treatment. The trick is to make sure that the remaining 95 per cent or 98 per cent of the population get the same treatment. There will always be the very rich guys who will pay not to stand in line and will pay to get around the system.”

Pate interjects: “You’ve touched on the ‘Holy Grail’ of healthcare, which is, in a combination of public and private systems, where do you achieve equity? How do you find that balance?”

**| In Part 2 next week: How do you best achieve equity in healthcare?**

# **Irish Medical Times**

**26 Oct 2007**

Feature: Health Management

## **How elusive is health’s ‘holy grail’?**

**Terence Cosgrave** interviewed PwC’s Global Healthcare Leader, R. Carter Pate in last week’s issue.

This week Pate continues his theme – about how all health systems are searching for a ‘holy grail’ of sustainability and equity.

Carter Pate of PricewaterhouseCoopers (PwC) is in search of a ‘holy grail’, as he calls it, an equitable health system that works. But as a US citizen, wouldn’t he first agree the US private system doesn’t work?

“Many people see the US as a private system, but in fact we have a public system – Medicare/Medicaid – it’s our safety net for the poor who don’t have private insurance. We have 47 million uninsured citizens. Their access (to treatment) is going to the emergency rooms in the government-funded hospitals where

the waits can be 12 to 14 hours to see the initial physician, depending on the severity of the case – and that's not acceptable. So those people would say US healthcare has failed them – they can't get in to see a physician quickly.



**R. Carter Pate — “It’s pretty scary what’s going to happen.”**

“Every (country) does a reasonably good job on that initial physician visit – it’s the next level that is the challenge.” But Pate maintains the US system is the best in the world for those that can afford to pay, and says expecting a system which is that good, without anyone paying for it, is unrealistic.

“That’s what the 55 per cent of the Irish people who have access to private insurance are using as a backstop – that if they get truly sick, they can cut down on the amount of time they have to wait to get to that next level of care.”

In Ireland, in a public/private mix, there are obvious inequities. But Pate, pragmatically, believes that in order to have the best system, everyone should contribute to the cost of their healthcare.

“In Healthcast 2020 (a report on the future of healthcare globally prepared by PWC) 75 per cent of the respondents said that the patient is going to have to pay some level of the cost if the Holy Grail (of equity) is going to be achieved. You’re never going to make everybody happy, and healthcare is becoming a very volatile issue – look at the top three issues with the Presidential candidates in the US – the war, spending and healthcare. They are the three topics that dominate every debate – what are we going to do about healthcare in seeking this holy grail of equity?”

“There is no way around it, we are going to have to have some – and that’s the key operative word, ‘some’ – level of involvement by individuals in paying some portion of their healthcare themselves in order to have an effective system. “It is unrealistic to expect that people can get the desired level of healthcare and pay nothing for it.”

But the question remains about the level of service any system can deliver – even if there is a contribution from every citizen. Obviously some people would need some form of government assistance to pay their contribution – but what level of service can and should be provided?

“Every country has its own expectations. What is the balance in your society? You have to balance expectations and cost. You can have a benchmark study saying that around the world, ‘world-class’ is having a five-hour wait for a minor medical emergency. But for access to an operation – you need to re-set your expectations. Five months may seem unreasonable if you’re a wealthy person who can go out and buy whatever you want, but re-setting expectations is part of the (political) process. Society, in every country, must decide on what level of care it wants versus the cost.”

He says that what needs to be asked is: “Do you have an ability to raise taxes? Will your population be happy to pay more to improve healthcare?”

### **Reality check**

“To get a fair and impartial system, one of the first steps you take is to find out what’s working, and what’s not across the world, so that you can begin the foundation – what you are prepared to pay and what will be an acceptable level of care. You must have those private conversations so that the policy-makers can get a reality check. We’ve got to have a reality check on what we’re facing over the next 20 years as this aging population moves through the system. It’s pretty scary what’s going to happen.”

There are no easy answers, according to Pate. However, he says the evolution we’re going to see over the next 20 years is that the global health community is going to share the benchmarking and administrative load better with each other. Comparisons and information sharing will allow for better benchmarking of performance and constant improvements to all systems.

Even still, this improved performance may not be enough to cope with future demands – to quote from the first page of HealthCast 2020:

“Globally, healthcare is threatened by a confluence of powerful trends – increasing demand, rising costs, uneven quality, misaligned incentives. If ignored they will overwhelm health systems, creating massive financial burdens for individual countries and devastating health problems for the individuals who live in them.”

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