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**Healthcare premium proposed in new Politeia pamphlet: Per capita funding for each patient will give better value for money in tighter economic times.**

As the UK faces tough economic times, Politeia's next pamphlet addresses the future funding of the NHS. How can the failings in the health service be tackled in a period of tighter spending rounds and a poor, if not failing, economy?

In *A Premium on Patients? Funding the Future NHS*, Tony Hockley\* suggests that the NHS no longer meets its founding aims and compares poorly with other healthcare systems. On a number of measures the NHS has lower success rates, e.g. cancer survival, treating asthma and the incidence of TB. Even the comparative outcomes in health between rich and poor are wider now than when the NHS was founded.

The author, a Research Associate at LSE Health, explains that these failures come at a time when the service has undergone a number of changes on the 'supply side' backed up with huge increases in public funding between 2002-2008. Total spending reached £97 billion in 2008, an average of £1,915 per person - though the amounts vary throughout the country with Islington PCT receiving most (£2,067) and Barnet and South Gloucestershire least (£1,178). However because the changes to the demand side have been few, there has been little incentive to do better. The average waiting time for NHS treatment increased by 12 per cent in the past decade; on average people waited 205 days for a hip replacement in the Grampian region and 81 days in Yorkshire.

The study suggests that fundamental problems arise from the flawed structural model. The highly centralised system, is the victim of constant intervention from politicians and their officials; targets, priorities, directives can all supersede the judgment of doctors and the needs of patients. While the NHS has strengths such as good technical expertise, it can fail on the basic care needs. The patient can be squeezed out of the decisions on healthcare and the system has little incentive to be responsive to the patient.

For the future, the author argues that reform comes through the system of funding. Already 80 per cent of budget for NHS patient care (not capital budget) is devolved to 152 Primary Care Trusts (PCTs) which are encouraged to commission care from a number of providers. **The author proposes that the system evolves so that so that each person receives a per capita sum of around £1,000 as a health premium. The premium, set around the lowest per capita allocation, (around £1,000), would be topped up on the basis of need using the remainder.** Such a change would lead to a system which responds to patients' needs, rather than to the political calls of the day.

\* **Tony Hockley** is a Research Associate at LSE Health in the London School of Economics and Political Science and Director of the Policy Analysis Centre, a public policy research firm specialising in health policy analysis. He has also served as Director of European Public Policy in the pharmaceutical sector, and before that as Special Adviser to the Secretary of State for Health.

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