

# The five principles behind the world's most efficient health systems

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One of the greatest conundrums in global health is why so many countries don't get what they pay for. A relationship between health expenditure and health exists, but is far looser than you might think. Many nations spend a quarter or even a half of what others do for the same or better outcomes.

Lifestyle and cultural factors undoubtedly play a role in this, but after working in more than 60 countries, I have seen how patterns in the way that healthcare is managed, delivered and funded is also crucial. Here are five factors that are often at play:

## **1. Integrated care**

One of the best systems I have seen to balance the two seemingly opposed forces of competition and collaboration is in Israel. Healthcare there is divided into four health maintenance organisations (HMOs), which both pay for care and operate their own pharmacies, primary care clinics and hospitals. That creates a strong incentive to keep patients well and out of hospitals by getting providers across the pathway to work together.

At the same time, the HMOs are constantly improving their services to attract more members. This is the foundation for a truly tech-savvy, primary care-led service that is always innovating, and which enjoys an average life expectancy of over 82 years for just 7.2% of GDP.

## **2. Hospitals as health systems**

Misaligned incentives and lack of coordination can inhibit the ability of health systems to implement bold improvements at scale. One of the standout examples of doing it right I've seen is in Singapore, which in 2013 placed the management of all its public providers into six clusters, under the direction of a reshaped hospital at the centre of each. Under the leadership of the Agency for Integrated Care, this change was just one milestone in a decade of reforms – all with the aim of bringing care closer to home.

Few systems have maintained such a clear and consistent policy focus with this aim in mind. It has given Singapore a resilient foundation to remain one of the world's longest living, lowest spending health systems despite a rapidly ageing population. Singapore spends just 4.6% of its GDP on healthcare, which supports average life expectancy of almost 83 years.

## **3. Standardise and simplify**

From a provider's perspective, a common three-step process can be found behind many of the world's most efficient hospital systems. Whether it is India's ultra-lean chains such as Narayana and Apollo, or world-leading centres of excellence like Geisinger in the US, a common thread shows how high-quality, low-cost care can be achieved.

The first step is to standardise clinical workflows by defining best practice, developing explicit guidelines and making sure these are consistently adhered to. The second is to develop IT systems that cement these practices into the everyday work of staff – making best practice the default choice. And the third step is to change the skill mix so that highly skilled professionals are only used for their expertise, and other workers take the strain of routine care and patient management.

Doing this at scale is no quick fix (Geisinger took more than 15 years to move through all its major specialties) but the results can be dramatic. Narayana can perform three times the volume of heart operations per surgeon, at a tenth of the NHS cost and with comparable outcomes.

#### **4. Take social care seriously**

Health and social care are inseparable, yet few countries give the latter the attention it deserves. Aged care in particular is often the weak link in health systems.

One country that has grasped the importance of aged care is Japan, which in 2000 saw the threat that elderly needs posed to its health system and took action. A 1%-2% income tax levy was placed on the over-40s – a bold move considering the sluggish growth and fractious politics of the country. The tax paid for a national aged care service that funds home, community and residential care for all citizens on a means-tested basis. It was a costly decision in the short run, but in the long term has prevented untold admissions to hospital and preserved the health of what is now the world's oldest population.

#### **5. Payer power**

A look at the nations that consistently top "most efficient health systems" rankings shows that many share a common trait. Hong Kong, Italy, Denmark, Norway, Singapore, Spain and New Zealand all have a single or dominant payer at the centre. This model puts a vital brake on costs that explains much of the slower rates of spending growth in these countries compared with those with disparate payers such as the US, Germany or the Netherlands.

With great "payer power" comes great responsibility, however, and the risk in these systems is that costs are controlled beyond mere efficiency. This is the debate now in the UK, where a gap has opened up between the NHS and our European neighbours in the share of GDP spent on health. There is no doubt that the NHS is already one of the world's most efficient systems. As times of prosperity return,

it is vital that the proceeds of economic growth find their way to healthcare – otherwise our highly regarded health system will be soon be relegated to the “sick system” of Europe.

*By Mark Britnell- The Guardian UK*