

The Actonville Foundation
realizing the potential power of the future

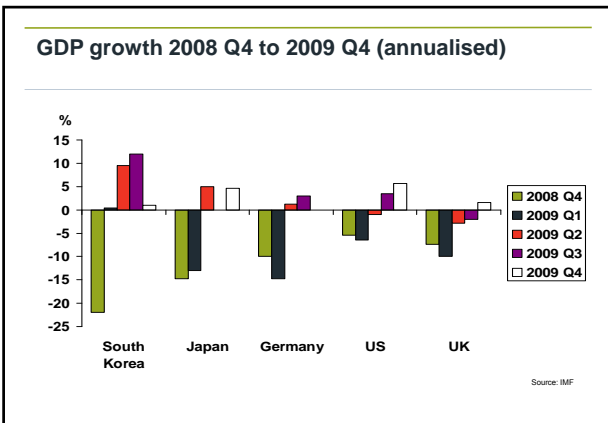
Health Conference 2010
Dr Mark Britnell

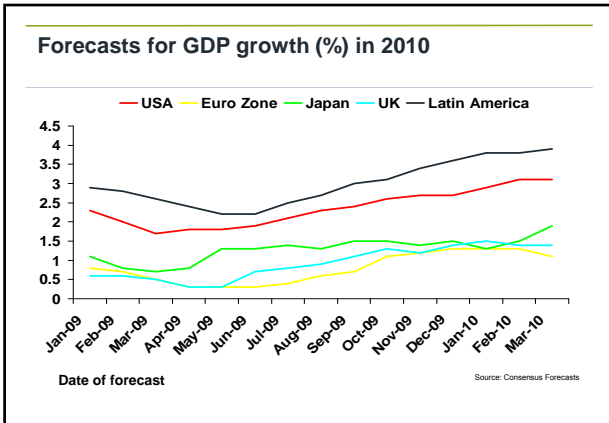


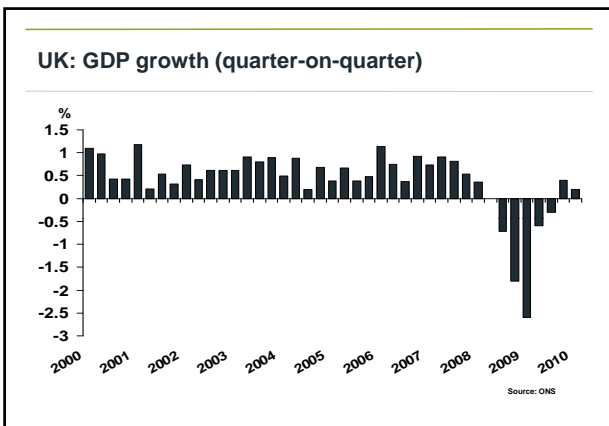
Healthcare: The Future

Global outlook

- Short-term recovery – output bounce on back of re-stocking could be quite strong. Certainly year-on-year growth rates could look robust given weakness late 2008/early 2009
- Longer-term three views
 - **Virtuous circle** - as long as authorities continue to do right thing, recovery will strengthen, debt burdens easier to handle and banks heal more quickly
 - **Not a normal recession** – excesses of past have to be paid for with slow and fragile growth
 - **Vicious circle** - world sinks into “debt deflation” as high levels of debt prevent demand from strengthening sufficiently to avert deflation. Then rising real burden of debt and increasing defaults feed into further deflation and downward spiral
- Keep fingers well and truly crossed



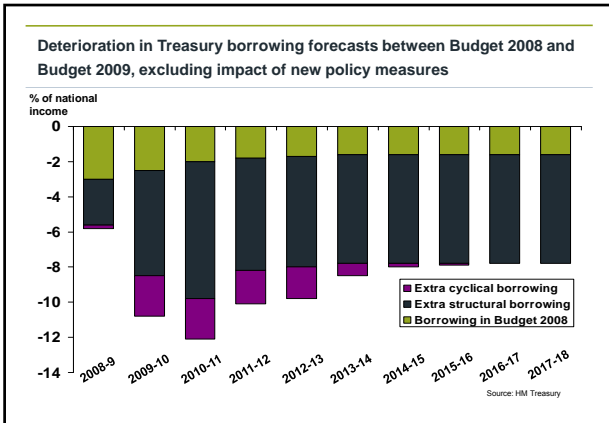


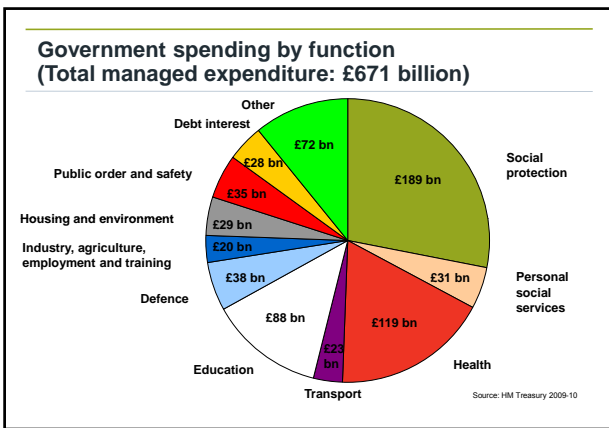


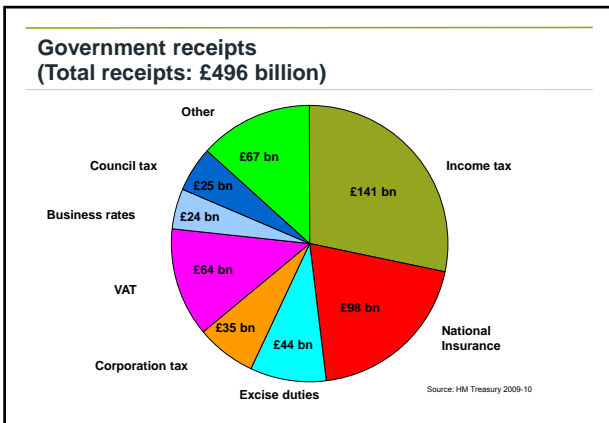
Treasury Budget 2010 forecast

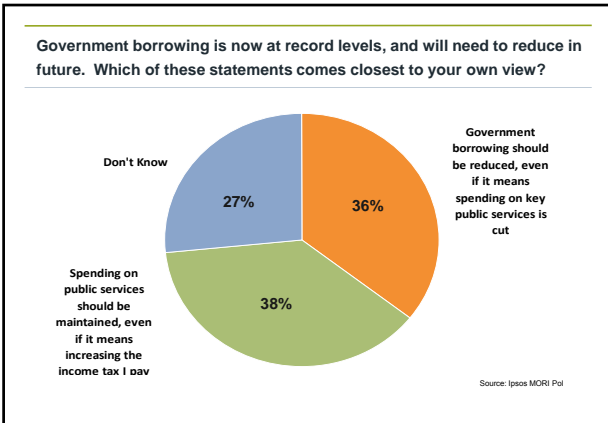
% change on a year earlier	2009	2010 (f)	2011 (f)
GDP	- 5	1 ¼	3 ½
Household consumption	- 3	¼	2 ½
Gross fixed investment	- 14 ½	-2 ½	4 ¾
Exports	-11	3	4 ¼
Manufacturing output	- 10 ½	1 ¾	3 ¾
Public borrowing £bn	167	163	131

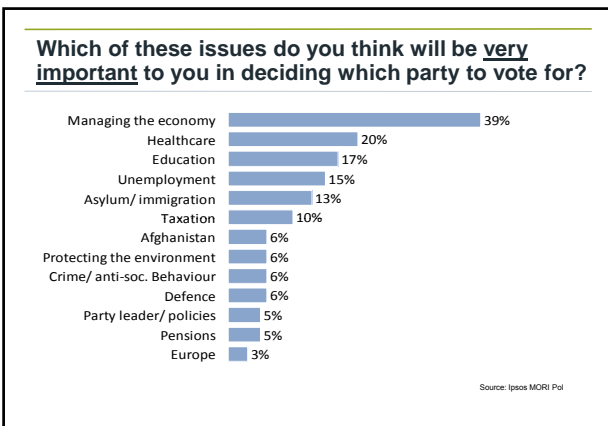
Source: HM Treasury

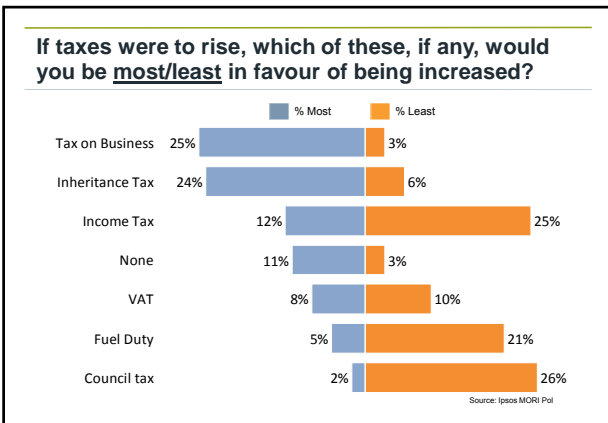


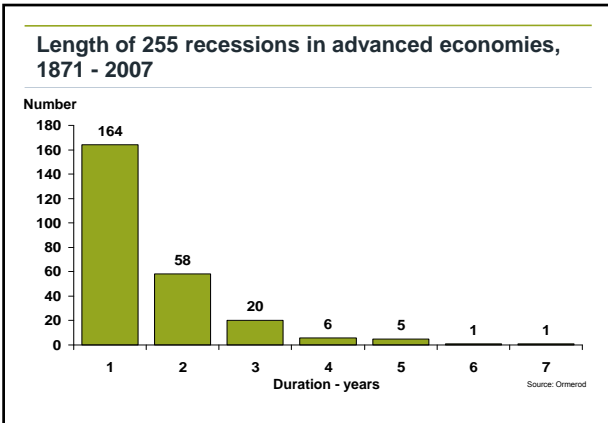












A smaller role for Government

- Public spending increased by 50% or £200 billion in a decade, driven by growing economy and state expansion – no longer possible
- Health & education had disproportionate increase, more physical inputs but less outputs demonstrate declining productivity across public sector
- Political response to state over next decade will focus on prioritisation, efficiency, effectiveness and service transformation coupled with innovation and workforce reform
- State functions will need to get smaller, more plural and flexible with less public capital available
- Among EU15 countries only Portugal and UK increased size of state over decade while others got smaller
- Doubt next Government will radically 'attack' NHS but will be on unrelenting quest for economy, efficiency and effectiveness
- Leaner bureaucracy with larger transactional capabilities

The Wolf is at the Door

- "The Wolf is at the Door" - KPMG Global Government Practice review commissioned April 2009
- 84% respondents budget static or shrinking
- 63% respondents yet to significantly change their strategies, full impact of recession anticipated 2011/2012
- Less than 20% respondents preparing to make radical changes to their organisation but most focusing on efficiency
- KPMG research suggests £1 in every £3 dedicated to planning service delivery, not delivering services in adult social care
- Yet, personalised budgets only account for 3% of total spend, despite policy alignment

What does this mean for the next Government and the NHS?

- Priority will be to fix the annual deficit in public expenditure which currently stands at nearly 13% of GDP
 - Close to Greece's debt which stands at 13.5-14% for 2009
- Next government has three key levers to pull
 - i. **Increase tax revenues** – we can expect some economic growth but this will not solve the problem alone; should also consider sale of government assets
 - ii. **Reduce spending commitments** – need for immediate impact must not lead to a top down, one size fits all approach; international examples shows this often leads to innovation being stultified
 - iii. **Achieve more for less out of current spending** – the only real way to solve the problem but this will take longer; need to create enduring value through innovative approach to asset management and other initiatives

Source: Eurostat

International evidence advocates radical measures to innovate

Sweden in the 1990s:
Public debt hit 80% of GDP

- Top down reductions of 11% were imposed across all departments.
- Targets were achieved, but the cuts did not reform the public sector.
- Innovation was suffocated. Medium term capacity and capability to respond to the inevitable second crisis was undermined.

Canada in the 1990s:
Debt peaked at 102% of GDP

- After a public consensus, spending was reduced by 12.7%.
- A Program Review Board, led by politicians, was more discerning in targeting expenditure reductions.
- But structural reform was still largely ignored resulting in further financial difficulties a decade later.

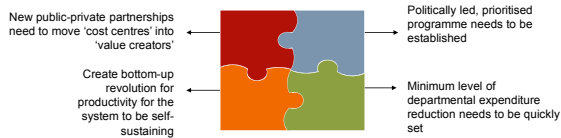
International evidence advocates radical measures to innovate

Ireland in 2009
Budget deficit reaches 12.1%

- The Govt established a Special Working Group to reduce spending in a targeted fashion by 9.3%.
- Welfare budgets were reduced and workforce reform was grasped. A pension levy reduced public sector pay by 7% and based entitlements on 'career averages' not final pay.
- Government reaction was swift and, not surprisingly, union opposition was strong.

A combination approach is likely to produce the most positive effect

- Real prize will come from true public service reform and embedding a new culture of productivity amongst the professions
- It would take a £15bn efficiency drive to leave UK deficit at 8% of GDP and the lowest in Europe
- Global evidence shows that all major levers need to be pulled simultaneously if we are to create self-sustaining systems which produce superior levels of productivity and cost reduction



History tells us that we can meet this challenge

In previous times where large financial squeezes have occurred, dramatic examples of productivity have followed suit:

- Between 1987 and 1996 the NHS reduced its bed capacity by 31%
- The number of acute bed days in Canada reduced by 25% from 1995 to 2000
- All these changes rely on improved acute sector productivity, re-configuration of capacity and the effective and efficient re-provision of services at lower cost in primary and community care settings
- Typically, savings and productivity gains across the healthcare spectrum are found as follows: 50% acute, 5% mental health, 23% primary and community care, 12% prescribing, 5% long term conditions, 5% continuing care and learning difficulties

Impact on clinical practice: Profound changes to delivery of care

- Optimise urgent care flows into community settings
- Stratify and actively manage long term / chronic conditions and case manage complex and frail patients at home
 - Will present new business opportunities, solutions and alliances e.g. Healthcare at Home
- Improve access to diagnostics and tests, facilitated by electronic transfer of information
- Implement dignified and high quality end of life care
- Re-design mental health pathways towards community and home support

Impact on clinical practice: Profound changes to delivery of care

- Optimise service configuration for maternity, newborn and child health
- Cost evaluate prevention and ensure good Return on Investment
- Deliver consistent evidence based prescribing
- Shift care to lower cost staff and settings where possible, enabled by quick decision support technology systems
- Use competition and innovation to make step changes in model of delivery

Impact on providers: Balance quality with productivity improvement

- Improve safety and clinical quality allied with a quest to be the best
- Reduce length of stay, improved efficiency and staff utilisation in acute settings
- Increase productivity in primary care, community services and mental health leading to better informed commissioning
- Adopt lean and best practice for rigorous staff development, appraisal and rewards systems that are integrated with performance (quality accounts and service line reporting)
 - Greater need for staff flexibility and transferability
- Reduce/share/outsource back office functions

Impact on providers: Balance quality with productivity improvement

- Rationalise estate and create value through third party ventures
- Re-configure services, capacity, sites and organisations to deliver safe, high quality care at affordable prices
- Have employment policies which transcend individual organisations – passport for NHS funded services
- Implement tactical vertical integrations if business case is strong
- Embed new, disruptive technologies and innovations, possibly in association with local government and other sectors

Impact on the system: More transparent engagement with patients, partners and providers

- Focus managers and clinicians on 'big ticket' prizes and align objectives and incentives to these challenges e.g. estate optimisation, property deals, back office deals and supply chain efficiency including pharma
- Enable wide scale access to best practice to allow innovation from consumers and practitioners alike
- Publish the cost, price and value of procedures to patients and taxpayers
- Alter individual and organisational incentives to transcend primary and secondary divide
- Create new 'partner' class of health professionals that won and will lead change

Impact on the system: More transparent engagement with patients, partners and providers

- Create new integrated organisations that take capitation risk and harmonise terms and conditions for key 'partner' staff
- Establish competition where it adds value, especially around integrated care provider
- Increase in M&A, re-structuring, re-financing, re-configuration, new entrants, transactions within, and between, sectors e.g. recent restructuring of Four Seasons
- Highly leveraged private sector operators may need to restructure if they wish to participate in the transformation and efficiency agenda e.g. recent acquisition of Claimar Care by Housing 21

We have been researching successful productivity and efficiency initiatives from around the world

Geisinger Health System



Insurer and provider working together to align financial incentives with outcomes


- Reduced hospital admissions by up to 50% and re-admissions by up to 80%
- Through aligning financial incentives with outcomes, and rolling out a technology enabled medical home initiative
 - Predictive analytics
 - Remote monitoring
 - Electronic health records
- The product of cooperation between insurer and the care delivery team

Virginia Mason Medical Centre




Applying Japanese manufacturing principles to a not-for-profit, integrated care system

- Using the Virginia Mason Production System to streamline processes
- Productivity gains of 90% in some targeted areas
- US\$11M saved in capital investment by using space more efficiently
- Reducing inventory by half
- Now rated among the top 37 hospitals in the US for quality and safety

New South Wales 


Clinical Services Redesign Programme

- How state-wide redesign of clinical services achieved a 30% reduction in mortality rates and a 5% reduction in length of stay on a bed base of 3 million bed days
- Saving \$125M over 10 years
- Ran for three years across 60 hospitals
- Includes 10 lessons learned for implementing and sustaining system-wide improvements

CASAP 


Extending roles and performance related pay

- How an 'outsourced' primary care centre in Catalonia achieved dramatic improvement in primary care and national recognition by redesigning staff roles and introducing a pay for performance scheme
- Much better job satisfaction scores with nurses resolving:
 - 84% of demands such as injuries & diarrhoea
 - 40% of emergencies such as thoracic pain, dizziness and shortness of breath
- Up to three months wages for 100% achievement of targets

McMaster University 


Integrating health services to serve vulnerable people more effectively

- Proof that targeting vulnerable people with proactive, comprehensive and integrated care is more effective and usually less expensive than on-demand care
- Summarises 10 years of research led by Gina Browne's specialist research unit
- Savings derive, not because interventions are cheap, but from healthier people being better able to cope with life circumstances, and this delivers savings elsewhere
- Separate funding of the various sectors is the greatest barrier

Torbay Care Trust 


Integrated community care teams meeting the needs of the elderly

- How fully integrated community health and social care teams have reduced emergency bed days for over 85s to only 47% of peers, and delayed transfers of care from hospital to only 25% of peers
- With 1 in 4 already over 65, Torbay already has a demographic the same as the UK in 2050
- Dedication to partnership working
- Pilot sites providing concrete examples of benefits
- Inspiration from Kaiser Permanente

Intermountain 



Enhanced mental health services in primary care

- How treating adults with depression in mental health integration (MHI) clinics in primary settings resulted in a lower rate of cost growth for all services:
 - Av. charges increasing by 73% for MHI patients vs. 100% for traditional clinics
 - Patients with one other diagnosis in addition to depression had only an 8% increase in charges vs. a 90% increase in traditional clinics
 - MHI patients 54% less likely to visit ER
- Improved physician, staff and patient satisfaction

PHARMAC 

Pharmaceutical procurement

- How New Zealand tripled its spending power over the last 7 years by establishing one national organisation with a single minded commercial focus on doing business with pharmaceutical companies
 - Managing expenditure by regional health authorities on all medicines
 - Promoting responsible use of medicine
 - Leading national procurement
 - Managing the 'exceptional circumstances' scheme
- New Zealand is today paying in some cases less than 10% of the price seen in other countries for comparable medicines

<p>Techniker Krankenkasse</p>  <p>Using health coaches to successfully change patient lifestyles</p> <ul style="list-style-type: none"> How the second largest statutory insurance fund in Germany is providing health coaching for people with long term conditions, and achieving self-reported health gains AND decreased costs of care Professionally trained coaching, once a week initially, falling to once a month For patients with heart failure, type II diabetes, myocardial infarctions and ischemic heart disease 5,000 insurants benefiting so far Early days, but indications of decrease in OP and hospital IP costs 	<p>NHS Institute Productive Ward</p>  <ul style="list-style-type: none"> How principles of lean thinking are being applied at ward level in over 60% of NHS trusts, and having a "high" impact on efficiency in over 80% of cases Time spent on direct patient care typically increases by 13% (e.g. equating to 255 extra full time nurses in London) Increases in staff satisfaction and retention Up to £30k savings per ward Hand over time reduced by a third Medicine round time reduced by 50% Average 30% drop in patient falls Being adopted in Canada and New Zealand
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We now have a clear understanding of what seems to work

"There are more similarities than differences between the challenges facing national health systems. This creates the opportunity to share knowledge about what works more than ever before"

- Projects need inspirational and determined sponsorship from leaders
- Disruptive innovation often comes from use of external agencies
- Clinicians and staff need to be supported to critically re-examine processes
- Sustainable change in healthcare comes from:
 - working from the patient's point of view
 - an individual and organisational ability to partner
 - innovation needs to be supported with evidence
 - the alignment of organisational objectives, accountability and personal incentives

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