

# Health Economics News

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*Welcome to the CHE Newsletter*

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## ***Improving NHS productivity***

**Despite promising to ring-fence the NHS budget, the Coalition government is requiring the NHS to make efficiency savings of £5bn a year, to be re-invested in front-line services. Reductions in the variation of productivity across England would go some way to achieving the government's ambition.**

**The NHS could cut expenditure by £3.2 billion without reducing the number of patients treated if all parts of the country were as productive as the South West.**

The amount and quality of hospital and community care provided to patients in each Strategic Health Authority was assessed in relation to resource use. The methodology we used is consistent with how NHS productivity is measured in the national accounts and exploits routine data sets including the hospital episode statistics, reference cost returns and financial information for all NHS organisations.

Productivity is 5% higher than the national average in South West SHA and 6.5% lower than the national average in East Midlands SHA. The geographical variations in productivity are not due to differences in the types of patients treated; nor to differences in quality of care as captured by inpatient and outpatient waiting times and hospital survival rates; nor to regional differences in the prices that organisations

pay for staff, buildings and capital. All of these are taken into account.

Output per head of the population is below average in the East Midlands, where more inputs are used to produce these outputs than elsewhere.

In the South West, output per head is above the national average while input per head is below average, the net effect accounting for higher productivity.

The observed geographical variation in productivity shows that gains could be made if performance across England matched that achieved in the South West. The next steps would be to identify the reasons why organisations in the South West are more productive than elsewhere and to share best practice.

For more details go to [www.york.ac.uk/che](http://www.york.ac.uk/che)

**Project team** - Chris Bojke, Adriana Castelli, Mauro Laudicella, Andrew Street, Padraic Ward

## Quality in primary care and hospital admissions

It is commonly believed that better management of chronic disease in primary care can reduce hospital admissions for complications of such diseases, thereby reducing hospital costs as well as improving health.

We looked at the association between general practices' quality of care for diabetes and their admission rates for

diabetic complications. Cross-sectionally, practices with better quality of diabetes care had fewer emergency admissions for short term complications of diabetes.

Over time, after controlling for national trends in admissions, improvements in quality in a practice were associated with a reduction in its admissions.

For more details go to [www](#)

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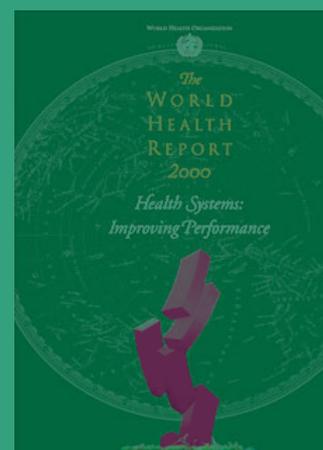
**Project team** - Mark Dusheiko, Tim Doran (NPCRDC, Manchester), Hugh Gravelle, Cath Fullwood (NPCRDC Manchester), Martin Roland (PCRUC, Cambridge)

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## Inequality and polarisation in health systems' responsiveness

The World Health Report 2000 proposed three fundamental goals for health systems encompassing population health, health care finance and health systems' responsiveness. Each of the goals incorporates both an efficiency and equity dimension. While inequalities in population health and health care finance have motivated two important strands of research, inequalities in responsiveness have received less attention. This paper uses data from the World Health Survey to measure and compare inequalities in responsiveness across 25 European countries. We employ measures that take account of the ordinal nature of the responsiveness data. The results suggest that, in the face of wide differences in the health systems analysed, there exists large variability in inequality in responsiveness across countries.

For more details go to [www](#)



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**Project team** - Andrew Jones, Nigel Rice, Silvana Robone, Pedro Rosa Dias

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## Latest CHE Research Papers [www](#)

### **CHE Research Paper 57**

Regional variation in the productivity of the English National Health Service  
*Chris Bojke, Adriana Castelli, Mauro Laudicella, Andrew Street, Padraic Ward*

### **CHE Research Paper 58**

Foundation trusts: a retrospective review  
*Chris Bojke, Maria Goddard*

### **CHE Research Paper 59**

Hospital car parking: the impact of access costs  
*Anne Mason*

### **Policy Briefing**

Health systems performance: how can we secure robust international comparison?  
*Nigel Rice, Silvana Robone, Peter C Smith*

## Staff news



Above left: Michael Drummond  
Above right: Maria Goddard

**Michael Drummond** has been elected as a member of the prestigious Institute of Medicine, of the National Academies in the USA. Most of the IOM's 1800 members are from the US; Michael becomes the 28<sup>th</sup> member from the UK.

**Maria Goddard** has been elected onto the Women's Committee of the Royal Economic Society from April 2011-2014. The society is one of the oldest economic associations in the world. The Women's Committee was established in 1996 to promote the role of women in the UK economics profession. Members are drawn from academia, business and the civil service.

**Luigi Siciliani and Hugh Gravelle** have been awarded a prize for the best submission published in the journal *Health Economics* during 2008-2009.

'Is waiting time prioritisation welfare improving?' (2008:17(2):167-184)) was judged to have addressed an issue that is of substantive importance in health policy – whether to prioritise patients on a waiting list – and does so using a systematic and rigorous application of economic analysis.



Above left: Luigi Siciliani  
Above right: Hugh Gravelle

## Conference, seminar and workshop presentations

In November **Maria Goddard** gave an invited keynote presentation on expenditure on health care services at the 7th Swiss Congress on Health Economics and Health Sciences held in Bern, Switzerland.

**Roy Carr-Hill** presented a paper at an invitational conference organised by the Middle East and North Africa Health Policy Forum in Amman, Jordan on 'Achieving better

health equity and efficiency in the Middle East and North Africa'.

At the 8<sup>th</sup> European Conference on Health Economics held in Helsinki, Finland **Hugh Gravelle** gave the opening plenary entitled 'Connecting health and economics' and CHE staff were involved as authors on 14 papers presented at the conference.

## Courses and Workshops

**Introduction to measuring efficiency in public sector organisations**  
8-11 March 2011

**Advanced modelling methods**  
30 March - 1 April 2011

**Regression methods for health economic evaluation**  
4-7 April 2011

**Analysing patient data using hospital episode statistics**  
14-15 June 2011

**York expert workshops in the socio economic evaluation of medicines**  
27 June - 1 July 2011  
4 July - 8 July 2011  
11 July - 13 July 2011

For more details on all our courses go to [www](http://www.che.ac.uk)

## CHE Publications July - October 2010

Austin PC, **Manca A**, Zwarenstein M, Juurlink DN, Stanbrook MB. A substantial and confusing variation exists in handling of baseline covariates in randomized controlled trials: a review of trials published in leading medical journals. *Journal of Clinical Epidemiology* 2010;63(2):142-53.

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