

Lay Summary

Drivers of Health Care Expenditure

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To ensure the health and care system remains sustainable and affordable, governments need to plan the numbers of staff, the mix of services, buildings and equipment that will be needed in future. Mathematical models that make ‘projections’ – expectations, based on a clear set of assumptions – of how health care expenditure may grow in the future can be very useful. This is partly because the models also shed light on what drives growth in health care expenditure, drivers such as changes in the age of the population, disease prevalence, public expectations or technological developments.

Our aim was to identify the drivers of health care expenditure in the English NHS between 2008 and 2017. We also examined drivers of long-term care, such as services provided in people’s own homes or in nursing homes.

We did two pieces of work. First, we reviewed the literature. We examined studies of the drivers of health care and long-term care expenditure, focusing particularly on studies that quantified how much each driver contributed to expenditure growth. This included analyses by care setting, such as A&E or outpatient departments. Second, we analysed detailed information on trends in expenditure in different NHS settings. As well as examining total growth in each setting, we separated the growth into the part due to changes in the costs of care, and the part due to changes in activity.

As expected, the literature was mixed in how expenditure was defined, in the methods used and the drivers considered. High cost drugs (231%) and chemotherapy (113%) were the types of NHS expenditure that grew most over our study period, with large increases in spend on A&E (59%) and outpatient visits (57%) also evident. Although studies showed that technology in general led to rises in expenditure, there was little or no evidence on high-cost drugs specifically or on other potentially important drivers such as public expectations. Overall, the more robust studies showed the relationship between expenditure and its drivers was highly complicated, and varied over time and across different countries. In light of these findings, we offer recommendations for developing health care expenditure projection models in future.

Full paper available at

https://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP169_drivers_health_care_expenditure_final_report.pdf

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The Economics of Social and Health Care Research Unit was a joint collaboration between the Centre for Health Economics (CHE) at the University of York and the Personal Social Services Research Unit (PSSRU) at the London School of Economics and the University of Kent. ESHCRU was funded by the National Institute for Health Research (NIHR) Policy Research Programme (reference 103/0001). The views expressed are those of the authors and not necessarily those of the NIHR or the Department of Health and Social Care