

**MEDICAL SPENDING AND HOSPITAL INPATIENT CARE IN ENGLAND:
AN ANALYSIS OVER TIME**

by Maria Jose Aragon Aragon, Martin Chalkley, Nigel Rice

Expenditure on the National Health Service (NHS), which is funded mainly through taxes, has risen since its foundation in 1948. By 2012 it constituted 7.9% of total economic output in the UK (GDP).

Almost 25% of NHS expenditure is spent on hospital inpatient care. In this paper we examine growth in this spending over a 15 year period, from 1998/99 to 2012/13. The aim is to understand what has driven this increase in hospital expenditure.

The key findings are:

(i) that growth in expenditure mainly reflects increases in the number and type of treatments. In other words, more patients are being treated in hospital now than in the past.

(ii) some, but not much, of the growth in expenditure reflects higher treatment costs.

(iii) expenditure is substantially higher for individuals with multiple diseases. More people are living longer with multiple conditions, and the NHS is identifying and treating more of these conditions. Hospital spending has increased as a result.

(iv) hospital treatment and expenditure are substantially higher just before somebody dies. This holds irrespective of age at death, and has increased over time.

In summary, these results indicate that higher expenditure on hospital inpatient care has not been driven by increases in costs. Rather it is mainly determined by the diseases affecting the population, the population's age, and greater provision and intensity of treatments.

Full report available at:

http://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP127_medical_spending_hospital_inpatient_England.pdf

Contact Nigel Rice: nigel.rice@york.ac.uk

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