The UK Health Care System

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UK Healthcare System Overview

The United Kingdom is a sovereign state located off the north-western coast of Europe. The country includes the island of Great Britain, the north-eastern part of the island of Ireland and many smaller islands. It has a population of 62,262,000 people and a reported GDP of $2.260 trillion Great Britain Pounds.

The United Kingdom provides public healthcare to all permanent residents, about 58 million people. Healthcare coverage is free at the point of need, and is paid for by general taxation. About 18% of a citizen's income tax goes towards healthcare, which is about 4.5% of the average citizen's income. Overall, around 8.4 percent of the UK's gross domestic product is spent on healthcare (an amount of around 0.18984 trillion GBP). UK also has a growing private healthcare sector that is still much smaller than the public sector.

History of UK Healthcare System

The National Health Service (NHS) was founded in 1946, and is responsible for the public healthcare sector of the UK. Before this, healthcare in UK was generally available only to the wealthy, unless one was able to obtain free treatment through charity or teaching hospitals. In 1911 David Lloyd George introduced the National Insurance Act, in which a small amount was deducted from an employee's wage and in return they were entitled to free healthcare. However this scheme only gave healthcare entitlement to employed individuals.
After the Second World War, an endeavor was undertaken to launch a public healthcare system in which services were provided free at the point of need, services were financed from central taxation and everyone was eligible for care. A basic tripartite system was formed splitting the service into hospital services, primary care (General Practitioner's) and Community Services. By 1974 concerns over problems caused by the separation of the three primary areas of care had grown, so a drastic reorganization effort was made which allowed local authorities to support all three areas of care. The Thatcher years saw a restructuring of the management system, and in 1990 the National Health Service and Community Care Act was passed, which set up independent Trusts that managed hospital care.

Continued reformation has occurred since the time of the Blair government, including the formation of NHS Direct, which aimed to improve healthcare standards and lower costs and waiting times.

Recent changes in the NHS include the dissolving of the current government management structure by 2014, which would put some 30,000 administrators out of work. Also, 80% of the NHS budget will be turned over to doctors to have them spend as they see fit. The purpose of this reform is to encourage the ongoing privatization of the healthcare industry in order to give more choices to the patients. The reforms are put in place to help lower medical costs and patient waiting times.

Trends and Developments

Since the 1980s, total healthcare expenditure as a percentage of GDP has in general trended up. Also, the private sector for health insurance has taken on a more prominent role, accounting for about 16.7% of healthcare spending in 1999, up from 10.6% in 1980. According to a report by Towers Watson, medical trend rates in 2006, 2009, 2010 and 2011 were 6.0%, 9.3%, 8.8% and 9.5%, respectively.

In the 1990s, the UK government put into effect one of the most significant changes for the NHS in recent times by creating the internal market. Doctors must now be part of the internal market (later, the NHS Trust) to be able to compete for patients. These markets were independent organizations that were individually managed and that competed with each other. It started with 57 trusts and by the mid 90s all healthcare in the UK was provided

through these trusts. In 1998, UK instituted the NHS Plan, which helped modernize the NHS. Up until this point, the NHS was operating using a 1940s system in a 21st century world. The system was lacking in national standards; it lacked incentives and means to improve performance and it over-centralized and took power away from the patient.

Current Healthcare System in UK

The UK has a government-sponsored universal healthcare system called the National Health Service (NHS). The NHS consists of a series of publicly funded healthcare systems in the UK. It includes the National Health Services (England), NHS Scotland, NHS Wales and Health and Social Care in Northern Ireland. Citizens are entitled to healthcare under this system, but have the option to buy private health insurance as well. The NHS Plan promises more power and information for patients, more hospitals and beds, more doctors and nurses, significantly shorter waiting times for appointments, improved healthcare for older patients, and tougher standards for NHS organizations.

The UK's health care system is one of the most efficient in the world, according to a study of seven industrialized countries. The Commonwealth Fund report looked at five areas of performance - quality, efficiency, access to care, equity and healthy lives, The Netherlands ranked first overall, closely followed by the UK and Australia. UK performed well when it came to quality of care and access to care. The UK also ranked first in efficiency, which was measured by examining total national spending on healthcare as a percentage of GDP, as well as the amount spent on healthcare administration and insurance.

In regards to access to care, the study states: "The UK has relatively short waiting times for basic medical care and non-emergency access to services after hours, but has longer waiting times for specialist care and elective, non-emergency surgery."

Healthcare Systems in Different Regions of UK

Healthcare in the United Kingdom is a devolved matter, meaning England, Northern Ireland, Scotland and Wales each have their own systems of private and publicly-funded healthcare, as well as alternative, holistic and complementary treatments. The fact that each country has its own varied policies and priorities has resulted in a number of differences between the systems. Each country provides public health care to all UK permanent residents, and each also has a private healthcare sector which is significantly smaller than the public sector.

Most healthcare in England is provided by the National Health Service (NHS), England's publicly funded healthcare system. Social care services are a shared responsibility between the local NHS and the local government’s Directors of Social Services, and falls under the guidance of the Department of Health. Similarly most healthcare in Scotland and Wales are provided by NHS Scotland and NHS Wales, respectively. The majority of healthcare in Northern Ireland is provided by Health and Social Care in Northern Ireland, which is still often referred to as "NHS" for convenience.

The actual delivery of health care services is managed by ten Strategic Health Authorities and, below this, locally accountable trusts and other bodies.

Healthcare in the United Kingdom is publicly funded, generally paid for by taxation. However, the UK also has a private healthcare sector, in which healthcare is acquired by means of private health insurance. This is typically funded as part of an employer funded healthcare scheme or is paid directly by the customer. Private healthcare has continued to exist, paid for largely by private insurance.

Most health insurance products are distributed by the National Health Service (NHS); only a very small sector is distributed by private insurance companies.

Rural vs. Urban

On average, residents of more affluent rural areas live longer and lead healthier lives than many of their urban counterparts. Research done on UK healthcare usually tends to focus on urban environments, where higher levels of deprivation, poor health, social need and inequity may occur. However, rural communities often find the affluent and poor living in close proximity to one another. Rural poverty, social exclusion, and levels of ill health and need amongst particular groups (for example, the growing numbers of older people, families with young children and the younger unemployed) are often hidden.

Urban health seems to be generally worse that of more rural areas, but there are exceptions to this rule. Data gathered on quality of care suggests that service accessibility is a central problem, and rural populations have poor access when compared to other populations. Within rural populations, this disadvantage is not uniformly experienced - it affects some groups more than others. In addition, the NHS does not seem to have a consistent policy about whether rurality should influence resource allocation, and how it should be incorporated.

Programs

Urban

Department of Health
The Department of Health is responsible for improving the health and wellbeing of the people of England. Its website offers the latest on the Department's work, publications and policy, as well as health and social care guidance.

Primary Care Trusts
NHS Primary Care Trusts have been established to improve the health of their local population, to work jointly with a wide range of partner agencies, to commission hospital and community services and to develop primary and community care services. The Public Health team within the local PCT is a useful first point of contact for information.

Strategic Health Authorities
The goal of these Authorities includes ensuring that national priorities for health are integrated into local plans and strategies, building the capacity of the health service, and ensuring high-quality performance is found within the NHS.

Rural

The Countryside Agency
The Countryside Agency's stated mission is to "make life better for people in the countryside, and improve the quality of the countryside for everyone."

The Institute of Rural Health
The Institute of Rural Health is a UK-wide academic charity, established in 1997, which works to inform, develop and promote the health and wellbeing of rural people and their communities through its three main

academic program areas: research and projects (contributing to the evidence base), education and training (developing a workforce fit for purpose), and policy analysis (including rural proofing).

The Top Healthcare Carriers in UK

The health insurance system in UK is governed and guided by National Health Services which aims to publicly fund the healthcare companies in all of the different parts of UK. According to the World Health Organization, government funding covers 85% of healthcare expenditure in the UK. The remaining 15% is covered by private sector. Private insurance is usually accessed through employer groups or, more rarely, by wealthier individuals seeking additional benefits who access the carrier directly. The NHS covers healthcare for the majority of the population, and is completely tax-funded, but there are still many popular private health insurance companies that cover UK residents, including but not limited to:

BUPA: The single largest British health insurance company in UK. It is a private healthcare company, making it an alternative to the tax-funded coverage provided to all residents by the NHS. It provides extensive coverage for a wide variety of medical expenses, including cancer, heart and dental treatments. It is affiliated with more than 400 accredited hospitals.

AVIVA: The sixth largest insurance company in the world, with over 53 million customers in 28 countries. AVIVA is based in Great Britain. Their health insurance company, AVIVA Health Insurance, is recognized as one of the leading health insurance company in UK. They cover all the major types of medical expenses and allow access to the best treatment, hospitals, pharmaceutical medicines and medical specialists.

AXA: A French insurance company. They provide health, life, and other forms insurance. Their health insurance segment is known as AXA PPP Healthcare.

Medicare International: Offers full coverage for chronic conditions such as asthma, diabetes. Also covers comprehensive check-up procedures like X-rays, general visits and specialist's fees. With over 20 years of experience they are known as one of the best health insurance companies in the UK.

Freedom Health Insurance: Perhaps the best provider of medical, sexual and aesthetic healthcare in the UK. Freedom Health offers a wide range of services, including access to private GUM clinics, syphilis tests and treatment, Chlamydia tests and treatment, HIV tests, Hepatitis A, B & C tests, Mycoplasma & Ureaplasma testing, and full STD screening for all enrolled males and females.

Other notable insurance companies in the UK include National Friendly HealthCare, PruHealth, Simply Health, Saga Health Insurance, and Helpucover Health Insurance.

People with Special Needs

Generally speaking, the National Healthcare System (NHS) is provided to all permanent residents of the United Kingdom that is free at the point of use and paid for from general taxation. However, the NHS provides special service for certain classes of people. For example, for patients with terminal illnesses, home nursing can be provided instead of the typical care given at hospitals or nursing homes.

In the National Service Framework for older people, the Department of Health of the British government stated their goal to improve the quality of health care service provided to older people:

Improve standards of care: Generally improve the quality of in-home care through the new National Care Standards Commission, and through the Better Care, Higher Standards Charters.

Extend access to services: Free NHS sight tests for those aged 60 or over, improved access to cataract services, extension of the breast screening program to women aged up to 70. Caregivers' needs are particularly important; their access to services in their own right has been ensured through the Carers and Disabled Children Act of 2000.

Ensure fairer funding of long term care: Nursing care will be free this year for people in nursing homes.

Develop services which support independence: New intermediate care services to help people avoid unnecessary hospital admissions and speed their recovery and rehabilitation are being put in place. The Promoting Independence Grant supports council to help people retain their independence until a greater age. A new initiative to help vulnerable people live independently in the community by providing a wide range of housing support services is also being developed

Help older people to stay healthy: Free influenza immunization for everyone aged 65 and over is now provided. Action is being taken to improve oral health in older people and increase access to dentistry. Keep Warm, Keep Well campaigns are helping to prevent deaths from cold each winter.

For disabled people, a Disability Living Allowance and Attendance Allowance are provided. The Disability Living Allowance (DLA) and Attendance Allowance (AA) are for people who have a disability and as a result need help with personal care (care component), getting around (mobility component) or both.

These allowances provide much-needed financial support for the extra costs associated with personal care (for example, washing, dressing and bathing), supervision and getting around for disabled peoples. It does not include help for activities such as shopping or housework.

The care component is payable at one of three rates (highest, middle or lowest) for those who need help with personal care. The lowest rate is for people who only need basic help related to their basic bodily functions and require attention for some portion of each day for things activities such as eating, washing and dressing themselves, and using the toilet, or preparing a cooked meal (if over the age of 16). The middle rate is for people who need frequent attention or even continual supervision throughout the day in order to keep them from hurting themselves or others. They also require someone's prolonged attention at night in connection with bodily functions. The highest rate is for people who satisfy the middle rate criteria for both day and night.

The mobility component is paid at two rates – lower and higher. Lower rates are paid for people who are able to walk but need someone with them to provide guidance and supervision when they are outdoors on unfamiliar routes. Higher rates are for those who are unable or virtually unable to walk.

The Attendance Allowance is for people over 65 and only has a care component. The lower and higher rates are equivalent to the middle and higher rates of DLA, respectively.

The NHS accounts for about 85% of total health expenditure. It is mainly funded by general taxation, but also by national insurance contributions and user charges. NHS receives some income from the provision which provides prescription drugs and dentistry services to the general population; it also derives a small amount of income from other fees and charges, particularly those associated with private patients who use NHS services.

Regulation and Policies

Quality of care one of the key focuses of the NHS. Indeed, one of their stated goals is to enhance the quality and safety standards of health and social care services. Quality issues are addressed in a variety of methods. There are a number of regulatory bodies in place which monitor and assess the quality of health services provided by public and private providers. This involves regular, periodic assessment of all providers, investigation of all individual issues that have been drawn to the attention of the regulatory body, and careful consideration in order to recommend the best methods of practice. The three bodies previously responsible for healthcare insurance regulation in England (the Healthcare Commission, the Commission for Social Care Inspection and the Mental Health Act Commission) were merged into Care Quality Commission in 2008. Quality of care delivered is not monitored by the regulatory bodies mentioned above alone; it is also monitored on a regular basis either by the Department of Health or its regional organizations, which consists of ten Strategic Health Authorities.

In 1998, the Department of Health developed a set of National Service Frameworks intended to improve particular areas of care, such as coronary, cancer, mental health, diabetes, etc. This set national standards and identified changes that needed to be made for certain defined services or care groups, such as coronary, cancer, mental health, and diabetes. They were one of a range of measures used to raise quality and decrease variations in service.

Finally, the UK has a Quality and Outcome Framework, which measures the quality of care delivered by General Practitioners. It was introduced in 2004, and has been in operation since 2005. This framework provides incentives for improving quality: practices are awarded points related for how well the practice is organized, how patients view their surgical experiences, whether extra services (such as children's health and maternity) are offered, and how well common chronic diseases such as asthma and diabetes are managed. GP's are then paid fees based on their earned points. Participation is voluntary, but most GP's opt in due to the opportunity for increased income.

Disadvantages and Shortcomings of the Current System

There as certain disadvantageous side effects to the government's participation in the healthcare system. Their active role in healthcare weakens the functionality of market mechanisms. In addition, the tight control undertaken in regards to medical expenses has resulted in a lack of medical resources, such as equipment, doctors and nurses in public hospitals. Finally, with free medical services provided to all citizens, the public tend to make extensive and even excessive use of these medical services. As such, it is common to encounter long lines in public hospitals.

UK Healthcare vs. US Healthcare

In a study that compares 7 industrialized countries, UK was ranked 2nd, while the US consistently underperformed in most areas of health care relative to other countries. The US healthcare system is the most costly in the world. Of the countries studied, it was the only one that did not have a universal health insurance system. The US is last in terms of access, patient safety, coordination, efficiency, and equity.

The US has the highest healthcare spending in the world. Of the 15% of GDP the US spends on healthcare annually (that's about $2.2 trillion dollars), around 50% is spent by the government (around $1.1 trillion). By contrast, the UK spends only around 8% of its GDP on healthcare. The UK National Health Service cares for 58 million people (100% of the population of England), where the US's public healthcare currently covers about 83 million (around 28% of the US population). Also, US healthcare sets age and income requirements (Medicaid or

Medicare) on public healthcare coverage, whereas UK made public health care accessible to all UK permanent residents by making it free at the point of need.

The US does hold certain advantages over UK when it comes to the private healthcare sector. For instance, the UK rates 40% higher than the UK in percentage of men and women who survived a cancer five years after diagnosis. The US also ranks higher in percentage of patients diagnosed with diabetes who received treatment within six months. The number of US patients who received timely treatment for diabetes was more than 6 times that of the UK, and twice that of Canada. Similarly, the percentage of US seniors who received hip replacements within 6 months of diagnosis of need is more than 6 times that of UK and twice that of Canada. Finally, the percentage of seniors (Age 65+) with low-income who say they are in “excellent health” in US was far and away greater than that of any other nation.

Roles of Actuaries in UK Healthcare System

“In the UK, where there are about 9,000 fully qualified actuaries, typical post-university starting salaries range between GBP £25,300 and £35,000 and successful more experienced actuaries can earn well in excess of £100,000 a year”(Lomas 2009). The governing bodies for actuaries in the UK are the Institute and Faculty of Actuaries and the Association of Consulting Actuaries.

Reinsurance in UK

In 2007, UK finalized the implementation of the Reinsurance Directive into UK law. Its key provisions include authorization and financial supervision by a reinsurer's "home" state regulator, mutual recognition of such authorization between member states, the abolition of collateral requirements (funds pledged to cover a reinsurer's liability) and the harmonization of minimum standards across the European market.

The major reinsurers in the UK include Towers Watson, Swiss Re and R&Q Reinsurance Company (UK) Limited. They provide Property & Casualty and Life & Health clients and brokers all over the world with reinsurance products, insurance-based capital market instruments and risk management services; they also offer solutions in the areas of employee benefits, talent management, rewards and risk and capital management.

There are other reinsurers (who account for a relatively small portion of all reinsurers) that cover Non-Life and Health reinsurance in the UK.

Appendix

Charts:

Country Rankings
1.00–2.33
2.34–4.66
4.67–7.00

	AUS	CAN	GER	NETH	NZ	UK	US
OVERALL RANKING (2010)	3	6	4	1	5	2	7
Quality Care	4	7	5	2	1	3	6
Effective Care	2	7	6	3	5	1	4
Safe Care	6	5	3	1	4	2	7
Coordinated Care	4	5	7	2	1	3	6
Patient-Centered Care	2	5	3	6	1	7	4
Access	6.5	5	3	1	4	2	6.5
Cost-Related Problem	6	3.5	3.5	2	5	1	7
Timeliness of Care	6	7	2	1	3	4	5
Efficiency	2	6	5	3	4	1	7
Equity	4	5	3	1	6	2	7
Long, Healthy, Productive Lives	1	2	3	4	5	6	7
Health Expenditures/Capita, 2007	$3,357	$3,895	$3,588	$3,837*	$2,454	$2,992	$7,290

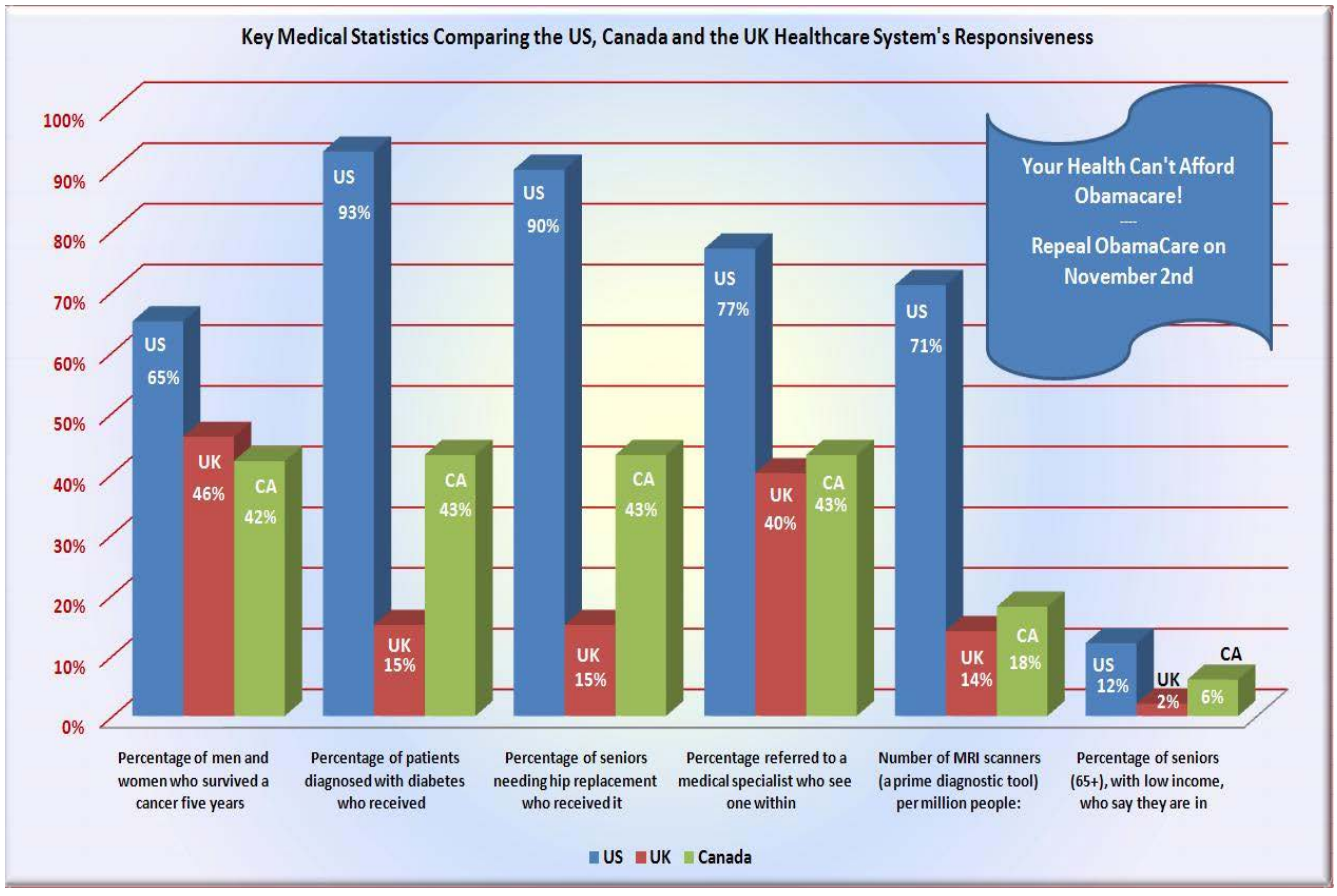
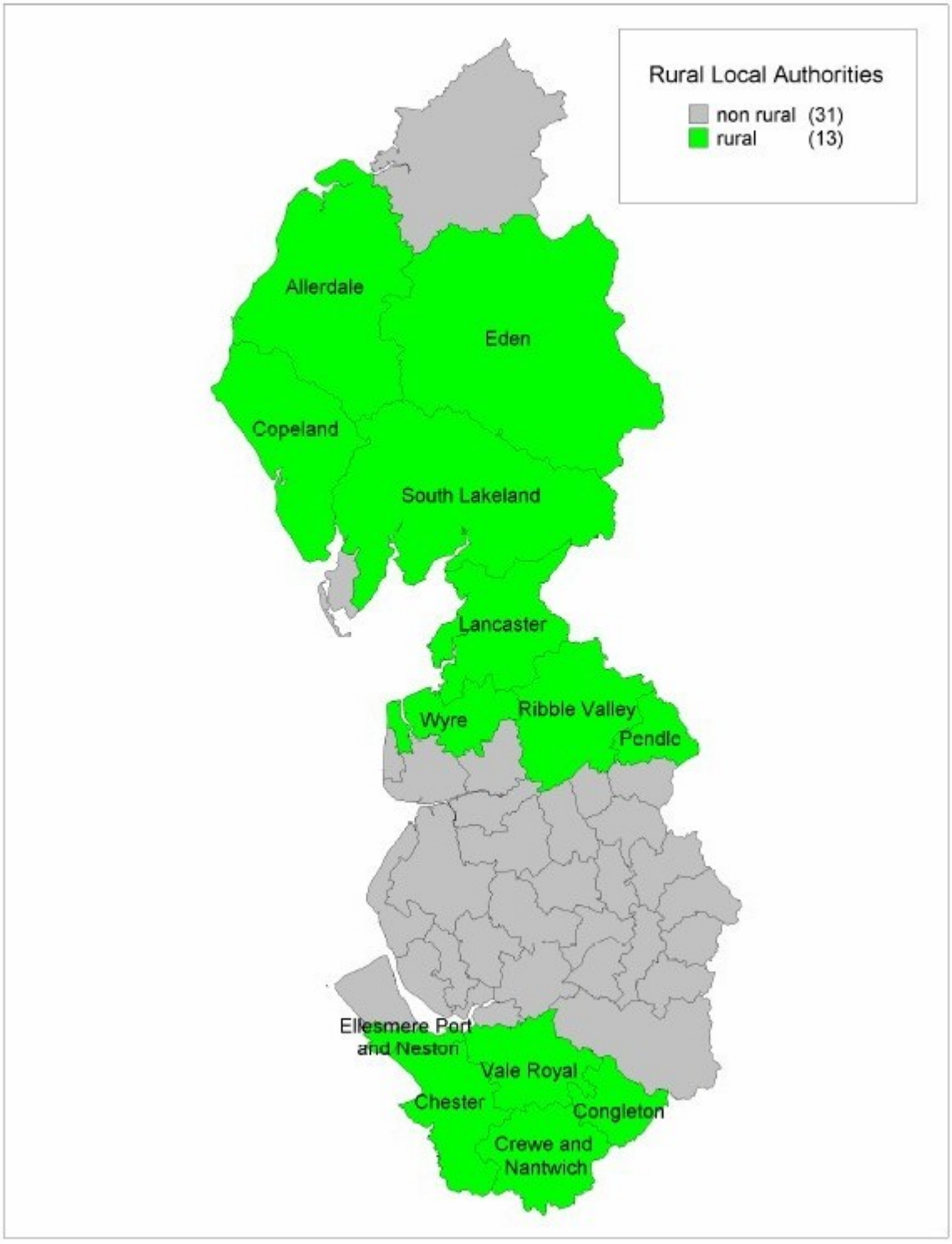


Figure 2(i): Rural local authorities



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