

‘Paying the Piper or Cutting the Cloth’: Funding Ireland’s Health System into the Future

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Doolin Lecture December 2nd, 2023.

Speaker: Dr Brian Turner, Senior Lecturer in Economics, University College Cork.

Dr Brian Turner delivered this year’s Doolin lecture. He is a senior lecturer in the Department of Economics at UCC. His research interests focus primarily on health economics, in particular the funding of healthcare and health insurance, as well as wider developments in the Irish health system. His lecture was delivered to a full and appreciative audience.

He began with Benjamin Franklin’s quotation ‘the only certainties in life are death and taxes’. For an economist last October 10 was an important day. It was the announcement of the Government’s annual budget. It was heralded by the Minister as a record health budget. Dr Turner pointed out that the use of ‘record’ is an overblown term. On a personal level people reach a record age for themselves each day until one day they finally don’t. Similarly if a health budget is not a record one, things are going to go backwards.

Health spending is increasing globally on a per capita basis. The cause of the greater spend is multifactorial. There is the growing age of the population. There are the high cost technological and therapeutic advances. There is the catch-up from the cut-backs of previous decades. There is the perennial demand-capacity imbalance for Irish healthcare. Currently there are insufficient hospital beds, the waiting time for services are long, and now there is the addition pressure of the healthcare needs of the newly arrived migrants. The growing and ageing population and improvements in medical technologies are global factors, but many of the remainder are Irish-specific.

The new demands on health are due in part to the expansion of the GP visit cards for an additional ½ million patients. Sláintecare was launched in 2017, with a follow-up Health Service Capacity Review published in 2018. It called for a 48% increase in the primary care workforce and is a 10 year programme to transform the health and social care services. As anticipated, it has resulted in a shift from the private to public sector. This places a greater burden on the latter. There is a planned 20% increase in consultants and a 40% increase in the primary care workforce. It is proposed to build 3 standalone national elective hospitals in Cork, Dublin, and Galway. They are considered as essential for addressing the demands for

outpatient procedures and waiting lists. When the project was launched it was stated that the new facilities would be operational in 2027. However, infrastructure building costs have become very challenging. Tender prices have increased. The construction industry is only half the size it was in 2007.

With the roll-out of Sláintecare, the public health service spending will need to increase by 2.8 billion Euro. Buried deep in the Slainte care document it states that there will be just under a 1.5 billion Euro reduction in private spending. Furthermore, the financial calculations for Sláintecare were based on the population projections in 2016, and there has been an increase in the population over the past 7 years. The population growth is higher than expected. Between the 2016 and the 2022 census the population has increased by 7% from 4,715,790 to 5,056,936.

There is good news about life expectancy. In 1926 the life expectancy for men and women was 57.4 years and 57.9 years respectively. By 2016, the life expectancy for men was 79.6 years and 83.4 years for women. Dr Turner raised the concept that medicine doesn't save lives, it just extends lifespan. For example a patient may survive one cancer and live long enough to get a second cancer. People are living a generation longer than at the foundation of the State. Those over 65 years constitute 15% of the population and they account for 58% of the bed nights in hospital. The proportion of the population over 80 years is 3.6% The ageing population poses important financial challenges. Currently there are 4 workers to each retiree, by 2050 there will be 2 workers for each retiree.

Global warming has an impact on healthcare. It is estimated that it will cause 1.2 billion climate migrants by 2050. The healthcare sector in the US contributes 8.5% to the carbon emission due to its high energy demands. Another matter touched upon was antimicrobial resistance (AMR). According to WHO, AMR is directly responsible for 1.27 million global deaths in 2019 and contributed 4.95 million deaths. There are antibiotic pipeline challenges. Pharmaceutical companies find that the investment in drugs other than antibiotics is more profitable. Similar to the Covid vaccines, there will need to be public-private partnerships for the development of new antibiotics.

Reducing taxation and relying on economic growth has its risks. If growth falters, austerity measures are needed. Dr Turner concluded by saying that he hopes that there will be continued year-on-year record health care budgets.

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Editor