



Tackling Wasteful Spending on Health

Learning from OECD countries' experience

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Delivering high value health care

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Outline

Overview on wasteful spending in health systems

1. Wasteful clinical care
2. Operational waste
3. Governance-related waste

Tacking wasteful spending: in sum



Overview on wasteful spending

Waste in health systems

- Adverse events in 1/10 hospitalisation, **add between 13 and 17% to hospital costs** and up to 70% could be avoided
- **Geographic variations** in rates of **cardiac procedures (x3)** and **knee replacements (x5)** are largely **unwarranted**
- Up to **50% of antimicrobial prescriptions are unnecessary**
- **12% to 56% of emergency department visits inappropriate**
- **Share of generics varies between 10% and 80%**
- **Administrative expenditure varies more than seven-fold**
- **Loss to fraud and error averages 6% of payments**

A significant share of health spending in OECD countries is at best ineffective and at worst, wasteful



Overview on wasteful spending (cont.)

Tackling waste: A smart move

Up to a fifth of health spending could be channeled to better use

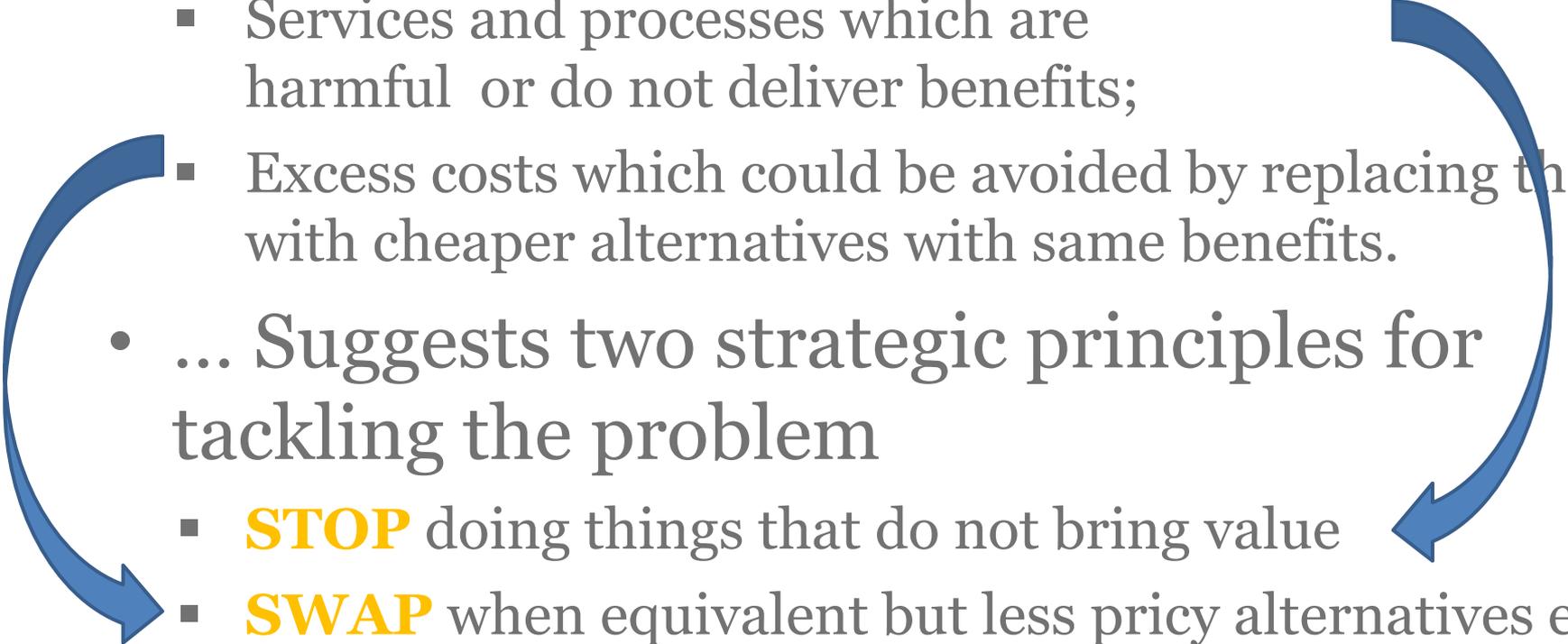
Difficult admission but:

- ✓ **Strategic**: eliminating waste releases resources
- ✓ **Transformative**: puts value at the core of the policy debate
- ✓ **Necessary**: paves the way for re-engineering of health systems: patient centeredness, streamlined hospital infrastructure, etc.



Overview on wasteful spending (cont.)

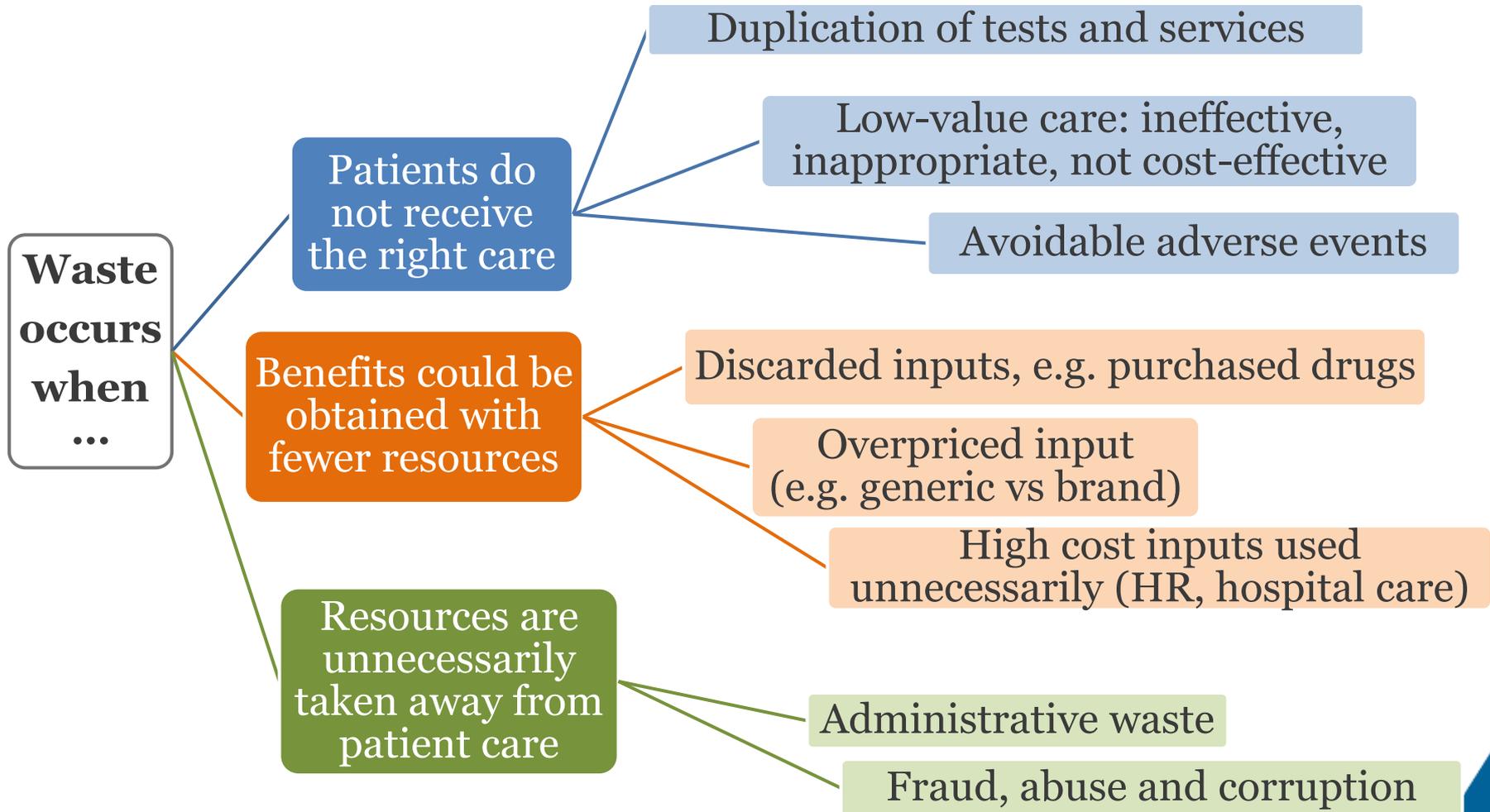
From definition to solution

- A pragmatic definition of waste ...
 - Services and processes which are harmful or do not deliver benefits;
 - Excess costs which could be avoided by replacing them with cheaper alternatives with same benefits.
 - ... Suggests two strategic principles for tackling the problem
 - **STOP** doing things that do not bring value
 - **SWAP** when equivalent but less pricy alternatives exist
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Overview on wasteful spending (cont.)

Identifying wasteful clinical care, operational and governance-related waste





1. Wasteful clinical care

Some UK numbers (but story far from unique)

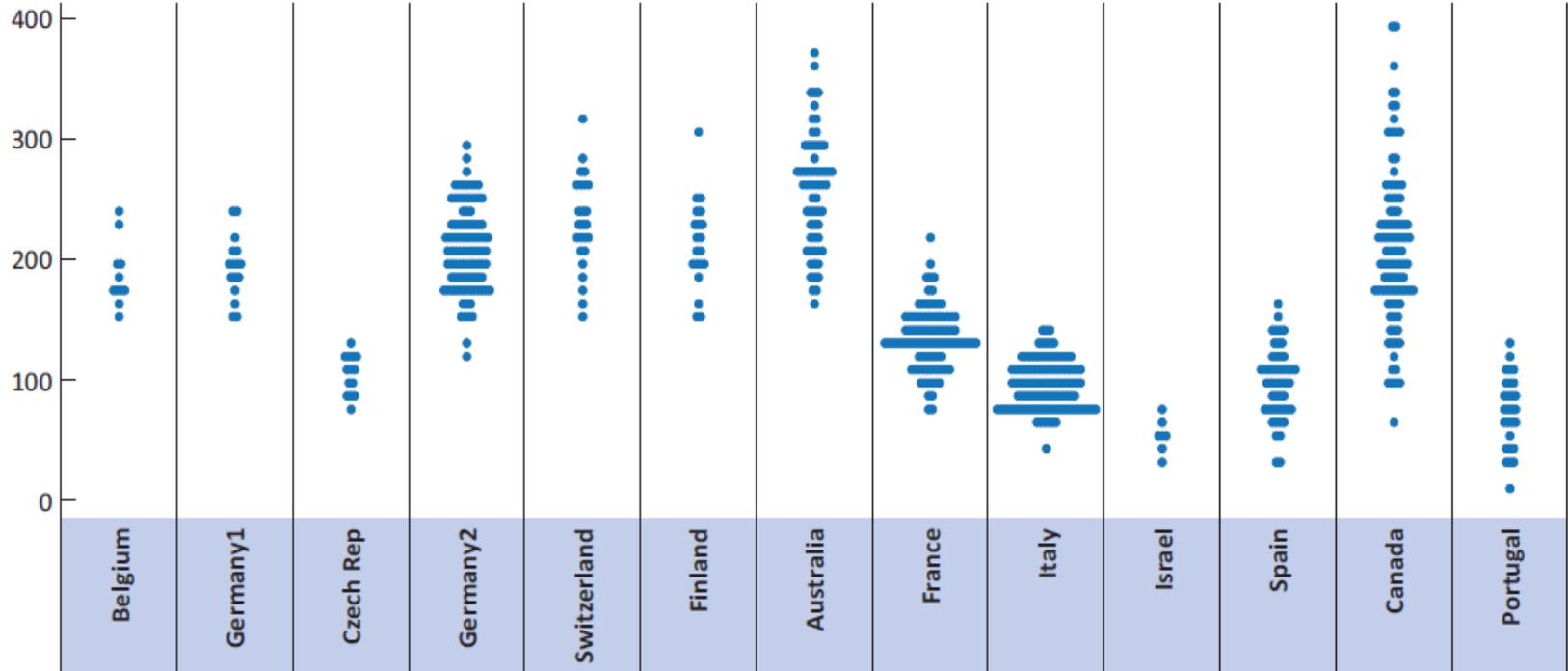
- For every 10 000 British women aged 50 invited to screening for the next 20 years:
 - 43 deaths from breast cancer will be prevented
 - 129 cases will be over-diagnosed and treated
- *An Organisation with a Memory:*
 - Adverse events occur in 10% of admissions in NHS England hospitals, half may be avoidable
 - Cost: GBP 2 billion per year
 - Hospital-acquired infections (15% of which avoidable)
 - Cost: GBP 1 billion every year



1. Wasteful clinical care (cont.)

Large variations in the volumes of services delivered cannot be medically justified

Standardised rates
per 100 000 population



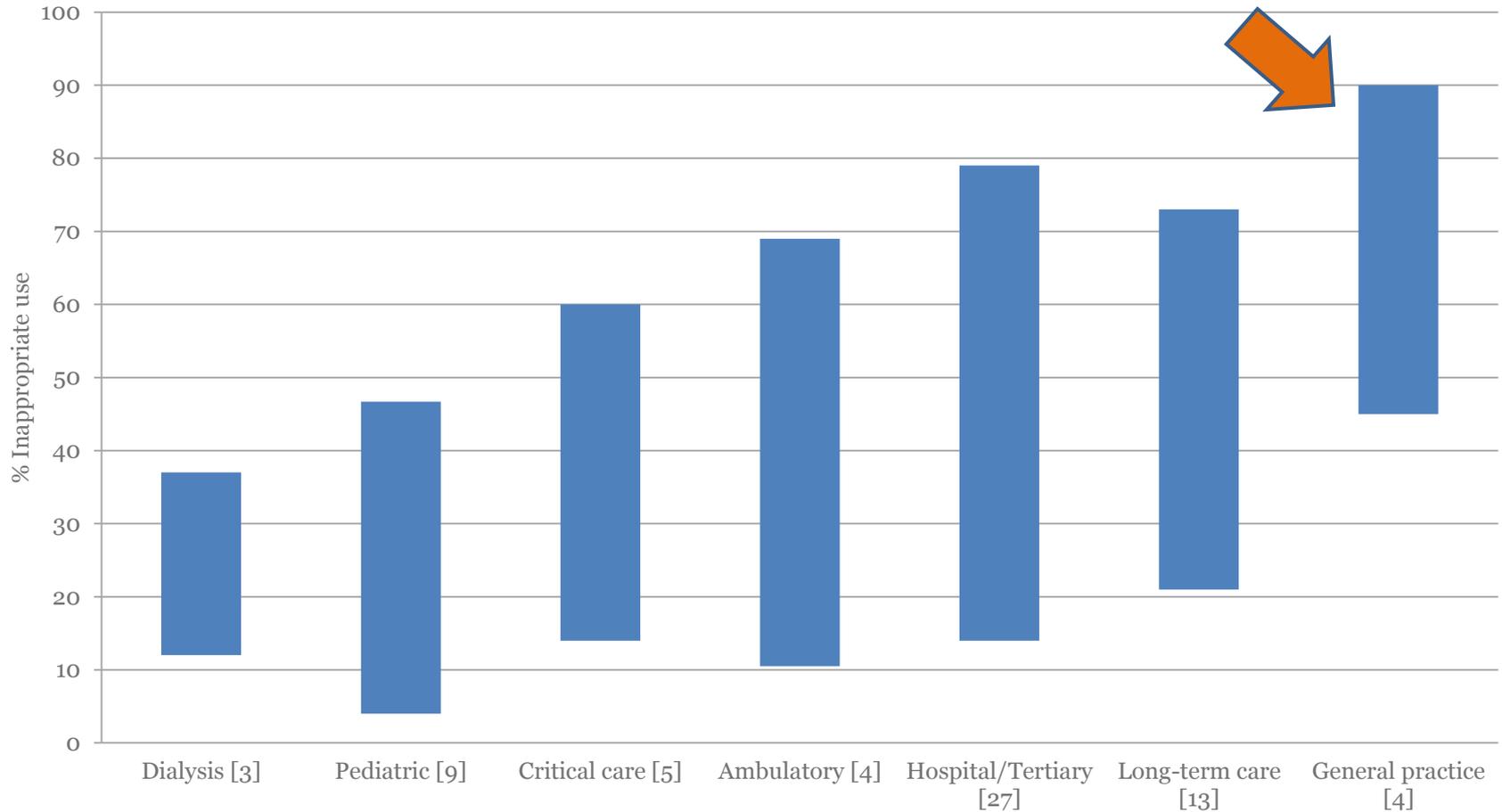
Crude rate	210	215	113	215	257	240	238	133	122	45	106	193	77
Std rate	186	194	105	209	230	213	257	135	96	56	98	213	74
Coeff. of variation	0.14	0.15	0.16	0.17	0.17	0.18	0.19	0.19	0.20	0.28	0.31	0.32	0.39

Knee replacement rate across and within selected OECD countries, 2011 (or latest year). Source: OECD (2014).



1. Wasteful clinical care (cont.)

Inappropriate use of antibiotics by type of health care service is high, especially in general practice



Estimates of the proportion of inappropriate use based on literature by service (range)
Numbers in squared parentheses indicate the number of studies available.



1. *Wasteful clinical care (cont.)*

Combination of policy levers to tackle wasteful care

- Information systems
- Clinical guidelines and protocols
- Behaviour change campaigns
 - ➔ Choosing Wisely® campaign in a third of OECD countries
 - ➔ Antimicrobial stewardship programme. Kaiser Permanente's obtained 45% drop in prescriptions
 - ➔ Safety campaigns: *WHO SAVE LIVES: Clean Your Hands* initiative, active in 174 countries
- Financial incentives and nudges

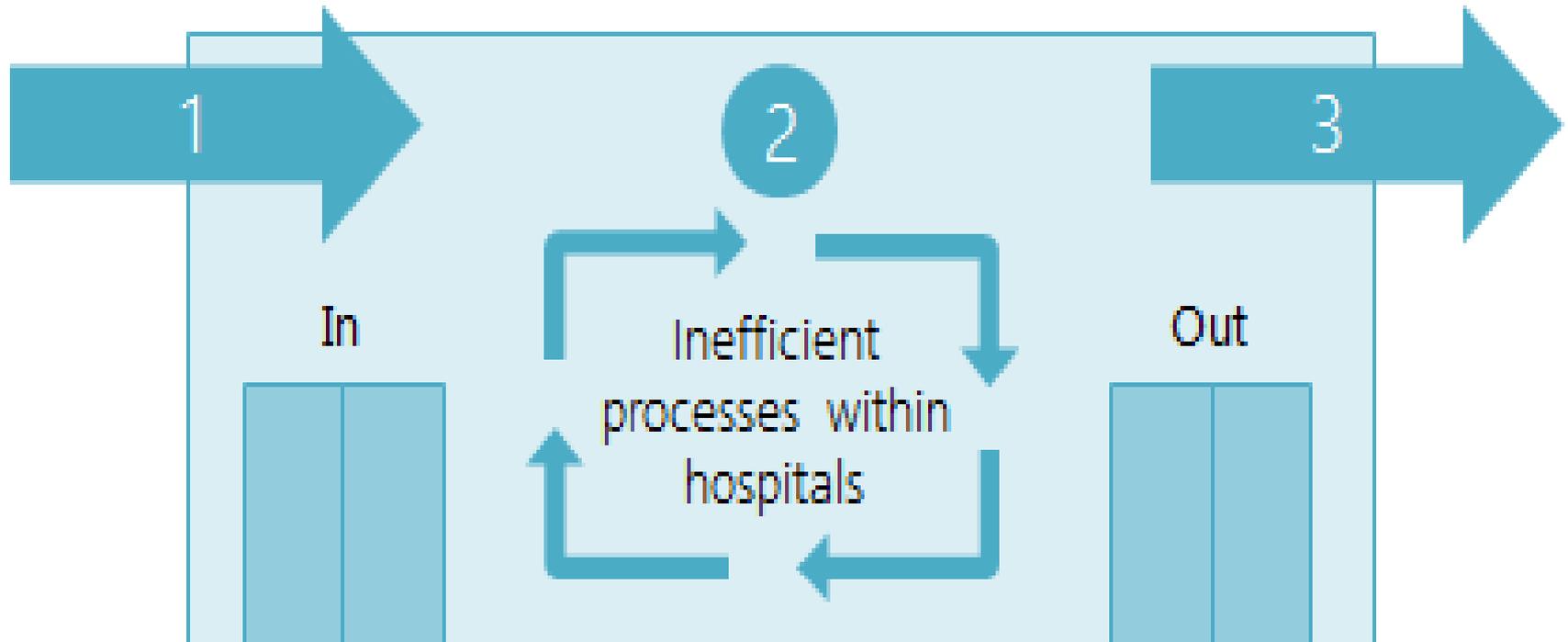


2. Operational waste

The example of hospitals (an expensive care setting – where the best data is available)

Unnecessary hospital attendances

Delays in discharging patients

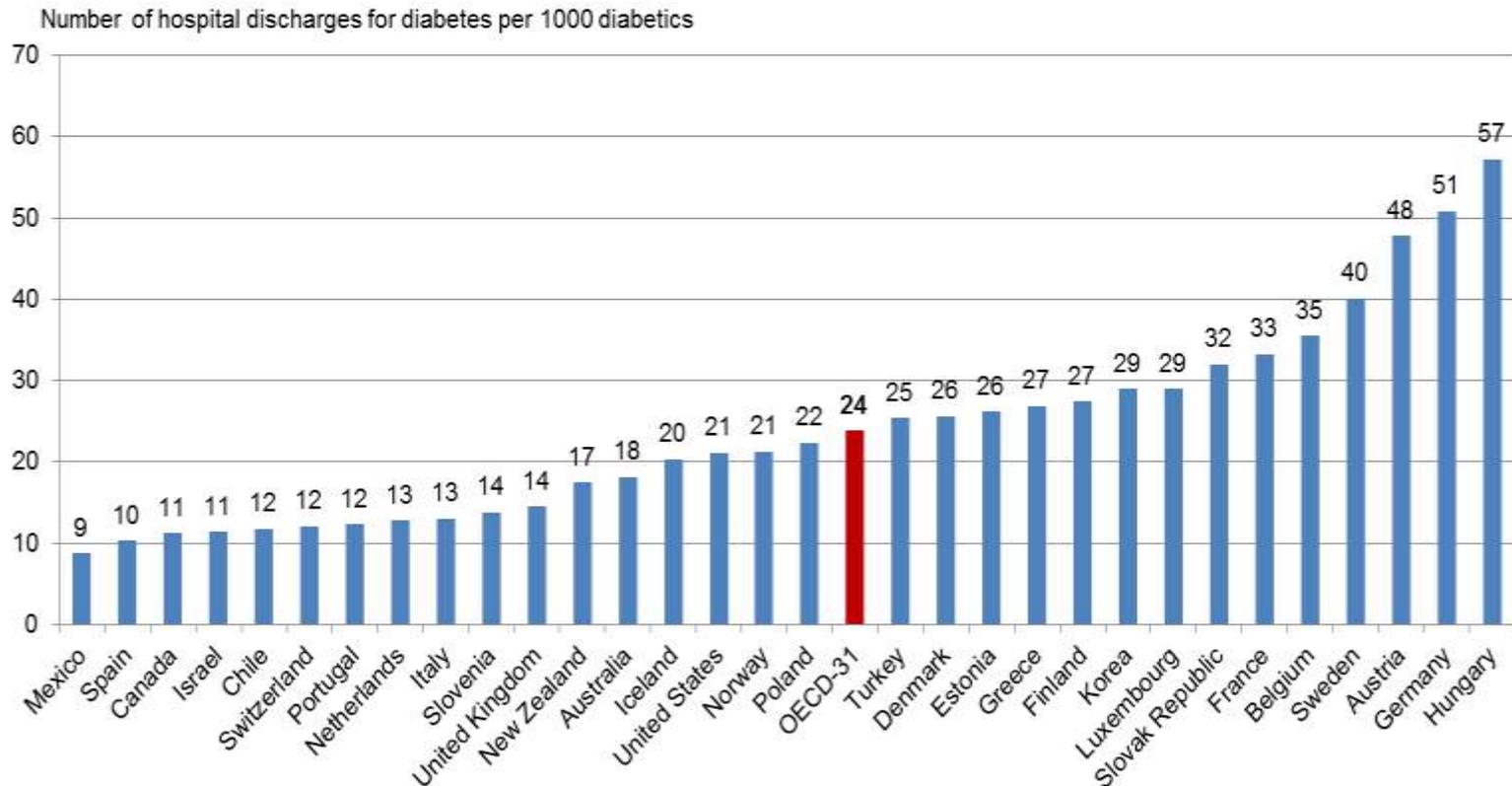




2. Operational waste (cont.)

Hospital admissions for chronic conditions are often avoidable

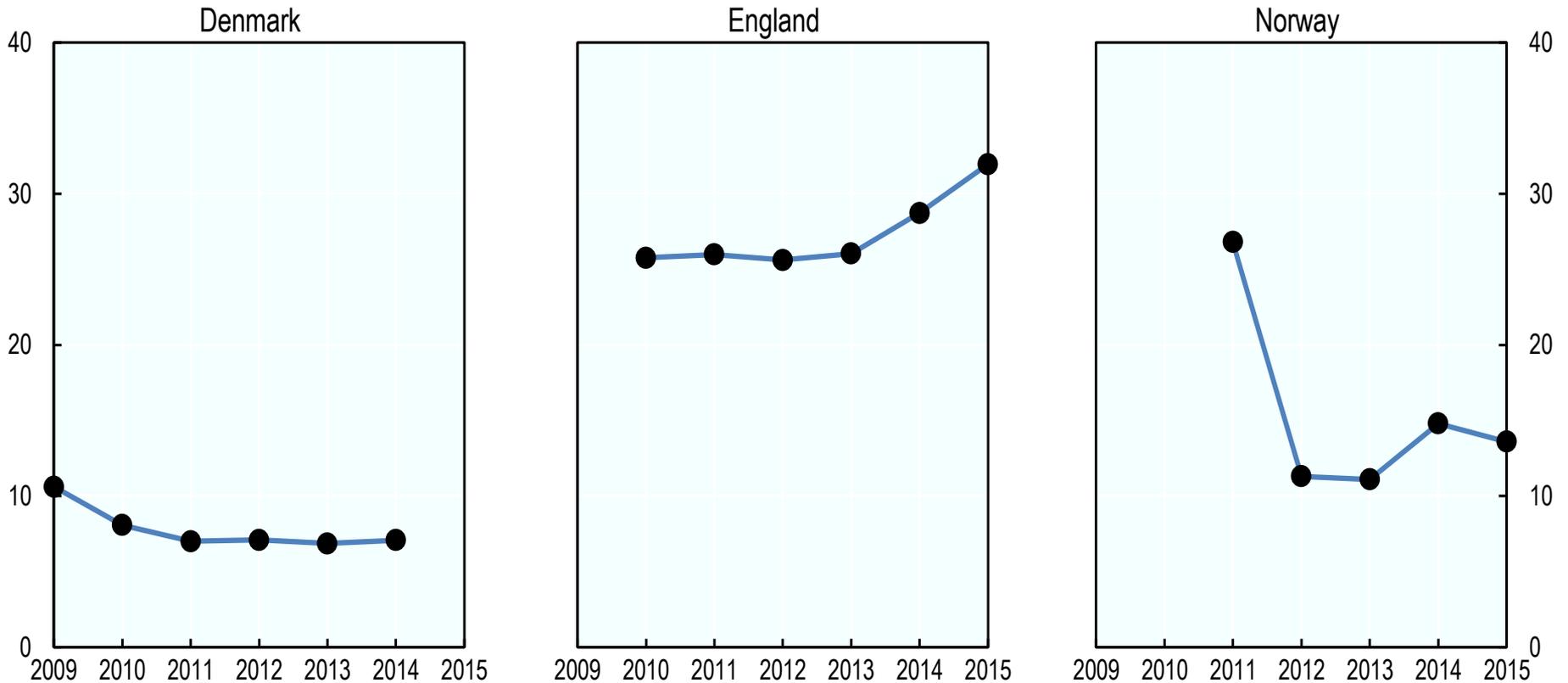
Diabetes admissions per 1000 patients with diabetes





2. Operational waste (cont.)

Delays in transferring patients from hospitals in three OECD countries 2009-15



(Total number of days per year per 1 000 population).
Only 3 countries collect the numbers.



2. Operational waste (cont.)

Policy levers to better target hospital use (examples)

Payments and financial incentives:

- ➔ To promote day-surgery
- ➔ Bundled or population-based payments (Best Practice tariffs in England, Sweden)

Behaviour change for providers and patients:

- ➔ Clinical guidelines, disease management
- ➔ Self-management by patients, education campaigns

Strengthening of alternative services:

- ➔ Out of hour care can be provided by on-call physicians, (SOS médecins France), larger PHC facilities (Norway), community services (US rapid access clinics)
- ➔ Hospital at home (France)



3. Governance-related waste

Administrative costs: a low hanging fruit?

Only represents 3% of THE on average

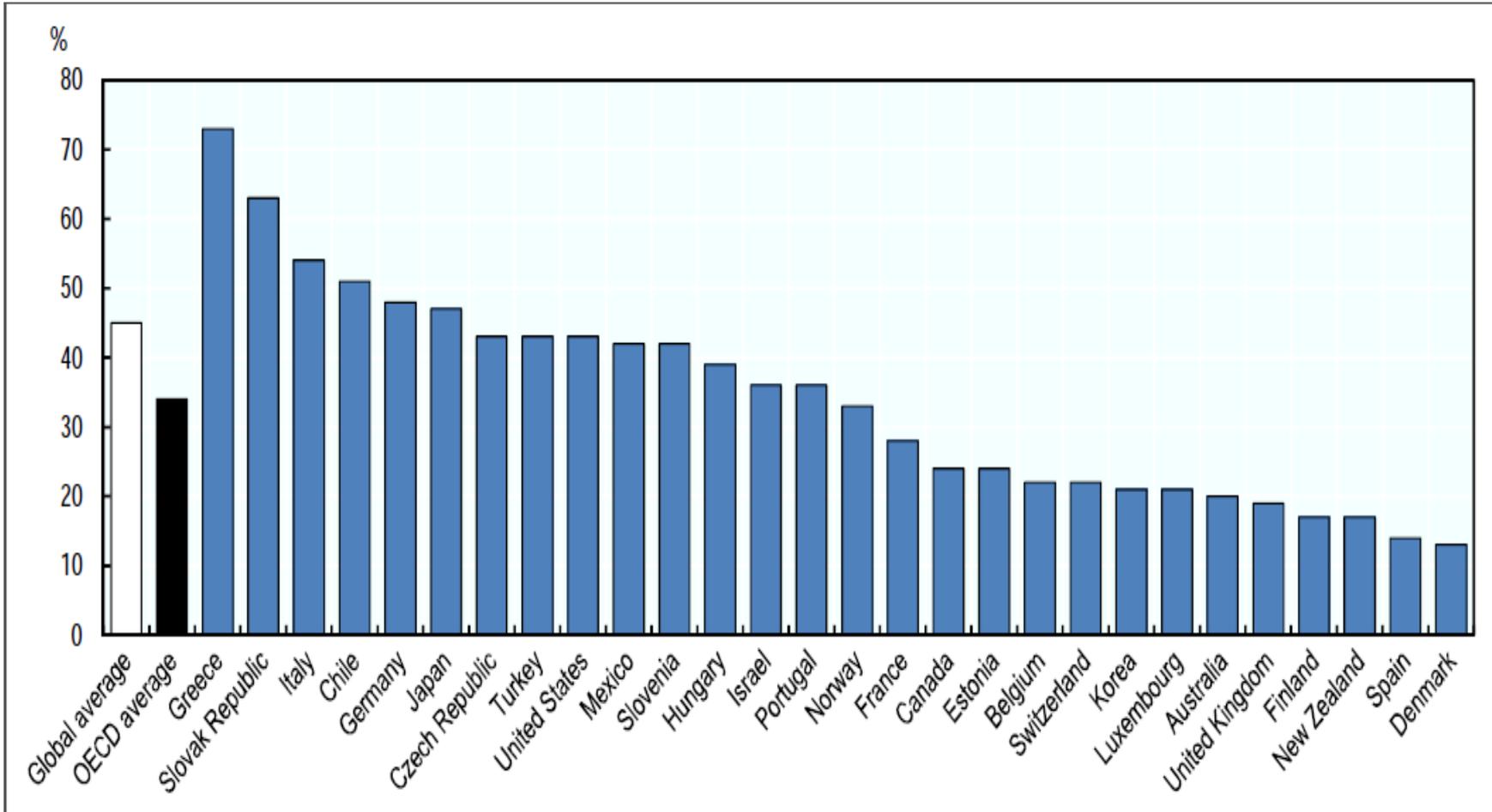
- Multiple-payer systems cost more than single-payer ones
- Free choice multi-payer systems cost more than automatic affiliation ones
- Private insurance has higher administrative costs

Functional reviews (Australia) or multi-stakeholders reviews of processes (Germany, the Netherlands) help identify administrative processes and structures that add little value



3. Governance-related waste (cont.)

A third of OECD citizens believe the health sector is corrupt or very corrupt



Source: Transparency International.



3. Governance-related waste (cont.)

Country differ in their level of effort and approach to tackling various forms of fraud and corruption

- Detection, prevention and response to fraud in the delivery and financing of care:
 - Dedicated and specialized department
 - Data mining, campaigns targeted at specific areas susceptible to abuse
- To combat inappropriate business practices
 - Countries mostly rely on self-regulation
 - Increasingly, some practices are being regulated (e.g. Sunshine-type of regulations which mandate disclosure of financial ties: US, France)



Tackling wasteful spending:

In sum

Acknowledge – that the problem exists

Inform – generate and publicize indicators on waste more systematically

Persuade - patients and clinicians must be persuaded that the better option is the least wasteful one

Pay – reward the provision of the right care in the right setting



Read more about this work



OECD (2017), *Tackling Wasteful Spending on Health*, OECD Publishing, Paris.

URL: oe.cd/tackling-wasteful-spending-on-health

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