

Social and economic conditions and their impact on nhs funding



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Introduction:

In the middle ages, access to health care and sanitation facilities was only available to people belonging to a sound socio-economic background. Hill, Griffiths and Gillam (2007) state that in earlier time, even ensuring the supply of clean water and sanitation facilities was a tough task for municipal authorities. It was not until eighteenth century when provision of health services began to get recognition as government's responsibility.

The NHS was founded in 1948 and is the currently the world's largest health service that is publicly funded. The basic idea behind the establishment of the NHS was to ensure that people from all kinds of socio-economic backgrounds receive health facilities without any discrimination. This makes the service free for any individual who is a resident of the UK. According to the official statistics of the NHS, it deals with about 1 million patients every 36 hours. Funds for the NHS come directly from taxation. The NHS budget for 2008-2009 was more than £100 billion, which means a contribution of about £1980 by every individual in the UK.

Considering the fact that health and education are the most important public services on any government's priority list, however the functionality of these services is directly related to the social and economic conditions. Same goes for the NHS, which has faced management crisis during times of economic austerity, both in present and the past. Although the NHS has seen a sharp increase in funding over the last few decades, however, given the current economic recession, the chances of future funding are quite uncertain. It is

feared that either the NHS will go through a funding cut or the government will have to resort to tax-raising measures.

Health Care and Social and Economic Conditions:

Although good health is a need of every individual, however, the access to health care services is greatly dependent on the social and economic conditions of both the individual and the country he is residing in. An individual can either opt for a private health care service, which is subjected to his willingness and ability to pay for it, or is dependent on the services provided by the government. A large proportion of the population goes for the latter option. A poor socio-economic condition of the country means that either a person sacrifices on his health or will forgo any other of his basic needs in order to pay for medical bills. According to the Social Care Report 2008-2009 issued by the Health Committee of the House of Commons, A care gap may occur if people avoid using services either because of affordability issues or if the services do not meet their requirement. The report also claims that the past three years have seen a significant drop in the number of people using the public sector health services, despite of the fact that the country's ageing population have increased by 3%. This makes it apparent that either the public cannot afford to pay for the health care services or the government is finding it difficult to ensure the provision of standardized health facilities on equality basis.

At the same time, given the economic crises, the government itself also gets stingy with providing funds due to lack of resources. Consequently, the quality of service provided by the NHS is compromised. Fowler (Taylor and Field 1998, p. 158) states that lack of resources means that new hospital <https://assignbuster.com/social-and-economic-conditions-and-their-impact-on-nhs-funding/>

building would not be built advanced medical technology and equipment could not be purchased and the staff would be working under conditions that would demotivate them. This directly questions the value for money provided by the NHS services.

George and Miller (1997) state that in 1960s and 1970s politicians started to doubt the economic viability of a “ universalist welfare state”. They argued that achieving economic growth is the government’s primary objective that is being sidelined due to increasing public expenditure. Consequently, they demanded a cut in public expenditure, which meant less funding for public sector health services.

Powell (George and Miller 1997, p. 8) claimed that public expenditure has overshot economic growth by a substantial margin, thus resulting in disastrous financial effects including internal inflation, external devaluation and foreign indebtedness. Lees (George and Miller 1997, p. 8) argued that medical care should be treated like any other commodity available in the private market. This will not only make the NHS more cost efficient, but will also make it less politicized and will offer more consumer choice.

Although while debating on making the public health services free at the point of use, many social scientists and economists agree that it can be easily funded by taxation, they tend to overlook other factors, which may directly or indirectly effect the NHS funding. McLeod and Bywaters (2000) argue that the inflationary pressures on the NHS funding of the pharmaceutical and medical technology industries and the continued presence of private health care services are two major constraints on

measures for equitable health care. Moreover, the deteriorating condition of hospital buildings and their repair and maintenance costs also add to the financial pressures.

Funding Public Health Services:

Although the funds for the functionality of the NHS are directly acquired from taxation, however, it should be noted that all the capital works such as building hospitals are funded through Private Finance Initiative (PFI). This means that these capital works are being financed through loans raised by private sector financing institutions. According to Pollock, Shaoul and Vickers (2002) this is a very expensive way of financing the NHS. Using Private Finance Initiative requires the NHS to pay an annual fee including the cost of borrowing. Considering the fact that the NHS is a free service at the point of use, this method leads to an affordability gap for the NHS trusts. As a result, the NHS is forced to resort to external subsidies, charitable donations, sale of assets and even cuts in bed capacity and hospital staff. This in return makes the NHS questionable as the idea behind its establishment was to ensure access to health facilities to everyone without any class difference.

When a large proportion of a service is being funded by the tax payers, then the service providers are supposed to make sure that they are being cost efficient and provide the value for money. Unfortunately, this has not been the case with the NHS. Davies (2007) states that the NHS was provided with unprecedented funds, however it still overspent by a substantial amount.

Moreover, clinical outcomes, waiting periods and the level of satisfaction of patients are all less as compared to that provided by private health care

services. According to Davies (2007), the government argues that if the NHS <https://assignbuster.com/social-and-economic-conditions-and-their-impact-on-nhs-funding/>

manages itself efficiently, the NHS trusts can achieve significantly positive results.

Conclusion:

The problems in the health sector are similar to any other economic problem. It is facing a price hike due to gaps in demand and supply. The list of people waiting to get medical treatments is mounting up but there is a shortfall of resources to cater that list.

One suggestion given to deal with the problem is to impose user charges on the services provided by the NHS. Some critics argue that if user charges are imposed it will give two benefits. Firstly, it will generate funds for the NHS to finance the shortfall. Secondly, people will start taking care of their health and will make healthy choices in order to avoid seeking a medical care. The first argument is a socially unfair argument. The current economic conditions are such that people make sacrifices even when choosing in between the basic necessities. Imposing user charges on health means that they will start avoiding seeking medical treatment not because they do not need it, but because they cannot afford it. The second argument requires one to assume that people are aware and educated enough about what “right” choices they need to make in order to seek minimum medical help. Countries like France and Germany have already tried this approach and it only resulted in undermining the efficiency of public sector health services, rather than helping to achieve the required results. Therefore, imposing user charges for the NHS consumers should not be considered. Instead, the government and the NHS trusts should look for alternative instruments.

In order to deal with the problem the government will have to make both short term and long-term strategies. In short term, it should be ensured that the NHS becomes cost efficient and the consumers get value for their money. This can be done by minimizing dependency on the private finance initiative.

On long term basis, preventive measures should be taken and the emphasis should be on primary care. People should be educated such that take care of their health so that they are least prone to diseases.

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