Marketisation and Health Care Inequality

The Public Services Programme
Quality, Performance & Delivery

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Background

The introduction of market-based reforms to improve efficiency in the public sector is becoming increasingly common – recent reforms in the English NHS under the banner of 'choice' are a prime example. But, what effect does marketisation have on other cherished goals, such as equal access to services – the principle on which the NHS was founded? There were major concerns in the 1990s that market reforms in England would lead to 'cream-skimming' of low-cost, affluent patients, thus increasing health inequalities, but there has been remarkably little quantitative research on this issue – thus little evidence on which to base such claims.

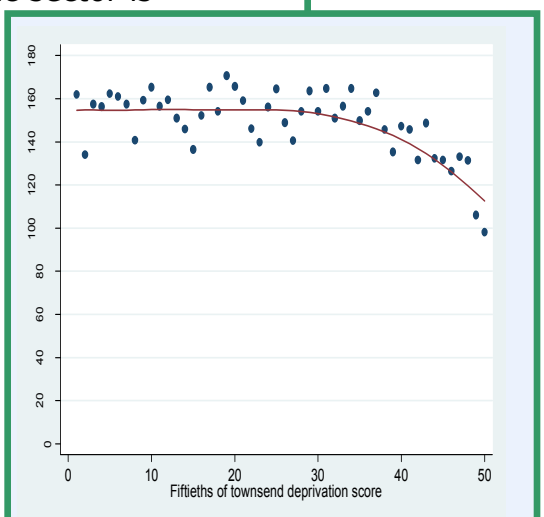

Figure 1
Hip replacement rates by deprivation quantile in 1991 (Rate per 100,000 population, adjusted for age and sex; lowess smoother applied)

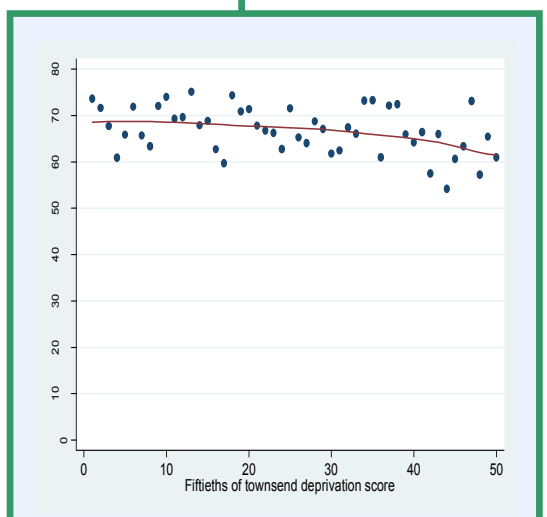

Figure 3
Revascularisation rates by deprivation quantile in 1991 (Rate per 100,000 population, adjusted for age-sex fractions, all emergency admissions and proportion white ethnicity; lowess smoother applied)

What We Did

To analyse the effect of market reforms on inequality we assembled a large dataset from various sources, including:

- Hospital utilisation data on hip replacements and revascularisation from Hospital Episodes Statistics
- Census data on population characteristics further analysed to show socio-economic status and relative need of health care
- The proportion of local 'ward' populations registered with fundholding GPs, used to measure the penetration of market reforms
- A number of indices to estimate hospital competition, such as the number of beds within a 20km radius
- Regression analyses were used to determine the effects of GP fundholding and hospital competition on access to hip replacement and revascularization.

Aims

To explore the impact of marketisation on equity of access, we aimed to undertake the first large-scale statistical analysis of whether either of the two major market-oriented reforms of the NHS in England during the 1990s—GP fundholding and 'internal market' hospital competition—had any effect on socio-economic inequalities of access. Specifically, we aimed:

- To assemble the requisite new longitudinal small area data set from 1991/2 to 2001/2 that would allow us to tackle this question;
- To develop a methodology and dataset that could be re-used in future studies of the impacts on inequality of access of changes in incentive structures over time;
- To assess the policy implications what we found.

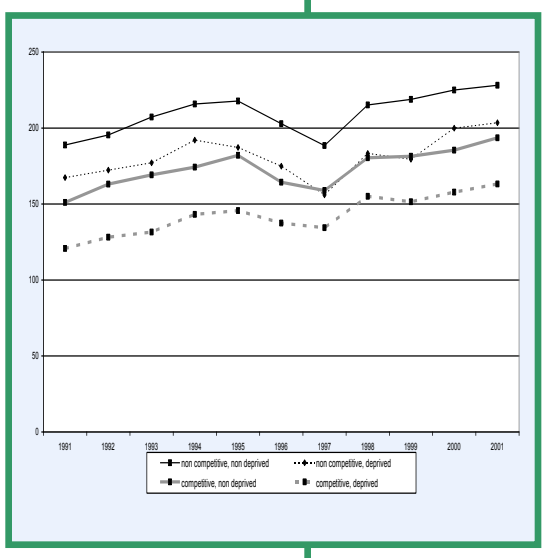

Figure 2
Hip replacement rates per 100,000 population by competition and deprivation

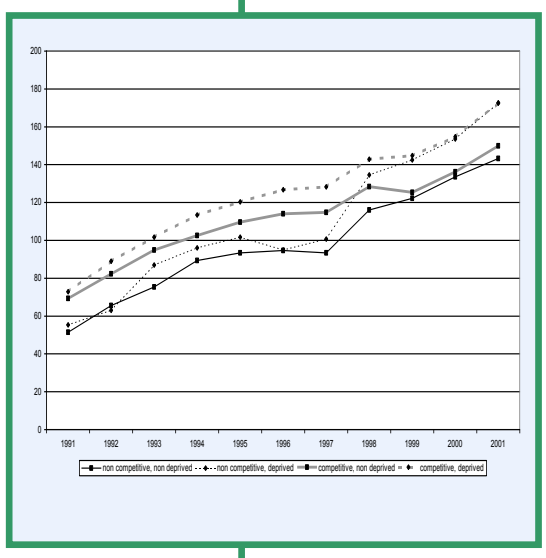

Figure 4
Revascularisation rates per 100,000 population by competition and deprivation

Notes to Figures 2 and 4
1. "Non-competitive" refers to wards in the most concentrated third of local hospital markets in 1994 based on number of Trusts within 20km, and "competitive" refers to all other wards.
2. "Deprived" refers to the most deprived fourth of wards by Townsend score, and "non-deprived" refers to all other wards.

Findings

'Internal market' competition had no identifiable effect on health care inequality for either hip replacement or revascularisation. There is no evidence that competitive incentives increased health care inequality, whether through "cream skimming" or any other mechanism.

This finding may not surprise seasoned observers of the NHS, since the 'internal market' reforms were limited and the competitive incentives small. Nevertheless, there were some competitive incentives, as evidenced by testimonials of market participants and evidence of competitive effects on hospital behaviour and costs.

Our finding therefore suggests that small competitive incentives are unlikely to have much effect on health care inequality, and that more powerful underlying forces are at work in generating health care inequality.

Find out more…

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