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CAN WE AFFORD THE NHS IN FUTURE?

If England keeps on spending on health at the current rate, the NHS will be unaffordable in 20 years' time, says the health secretary. Not necessarily, finds **John Appleby**

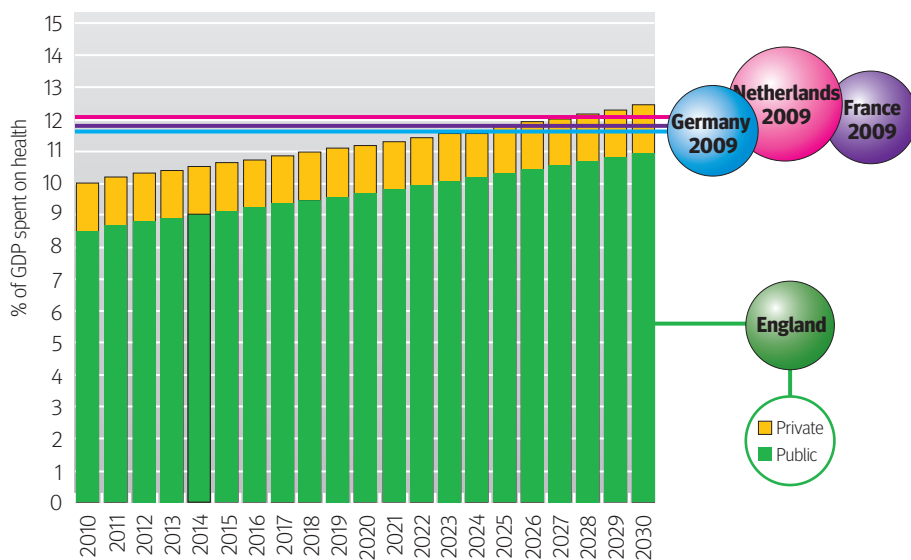


Fig 1 | Possible future English healthcare spending 2010-30 as proportion of GDP.³ Figures are hypothetical and assume English private spending is 1.5% of GDP

In an article for the *Daily Telegraph* in June, Andrew Lansley, England's health secretary, made an interesting prediction. By 2030, he said (referring to England), "If things carry on unchanged, this would mean real terms health spending more than doubling to £230 bn." He also stated that, "This is something we simply cannot afford."¹ It is of course then a short step to an argument that the NHS must change (because unchanged equals unaffordable) and that the change it needs are the secretary of state's reforms. This is a version of the "politician's syllogism":

- 1 The NHS must change (otherwise it is unaffordable)
- 2 This (the reforms) is change
- 3 Therefore we must do this (the reforms).

As the "pause" and subsequent changes to the NHS reforms have shown, such logic is debatable. But perhaps the premise is also questionable. £230bn (€260bn; \$379bn) is certainly a lot of money—as Mr Lansley points

out, that's equivalent to spending at a rate of over £7000 a second. But in what sense is it actually unaffordable?

If the NHS in England were currently consuming £230bn then as a proportion of (England's) gross domestic product (GDP) this would amount to 18% of GDP devoted to health. That compares with the actual figure of 8.5% of GDP. But the £230bn is not spending now, but what spending might be in 20 years' time. It is equivalent to average real increases in spending of just over 4% a year—a bit more than the long run average for the NHS since 1948.

Crucially, however, the country's capacity to afford higher spending will change over time. Over the next 20 years it is likely that the economy will grow in value. Between 2011 and 2015 for example, the UK economy is forecast to expand by nearly 30% in cash terms—around 14% in real terms and an average of around 2.5% a year.² It is not unreasonable to assume that this real growth will continue

for the next 20 years such that GDP (at today's prices) will rise from £1.5tr this year to £2.5tr in 2030.

Assuming England's share of this remains the same (at around 84%), then £230bn as a proportion of GDP in 2030 will amount to 10.9%. This is certainly more than is currently spent—2.4 percentage points of GDP more—but is it "unaffordable"? Adding private spending on health care to NHS spend (to enable better comparison with other countries), total spend in 2030 could be around 12.4% of GDP (up from around 10% this year). This would make England the highest spending country in the Organisation for Economic Cooperation and Development bar the United States—but only assuming no other country increased its spending on healthcare (fig 1). Even in 2009, seven of the EU-15 countries spent over 10% of GDP on healthcare. The highest spender—the Netherlands—devoted 12% of its GDP to healthcare (fig 2).

Spending on health will be a matter of choice, not affordability. The real question to ask about health spending is what we think we might get in return as a result of forgoing the benefits of spending increasing amounts of our wealth on other things. For example, is the two year increase in life expectancy at birth we might possibly enjoy as a result of higher health spending (fig 3) worth the benefits we will not get to enjoy from spending more on education, food, or housing?

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- 1 Lansley A. Why the health service needs surgery. *Daily Telegraph* 2011 Jun 1. www.telegraph.co.uk/health/8551239/Why-the-health-service-needs-surgery.html.
- 2 HM Treasury. Budget 2011. HC836. http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf.
- 3 OECD. OECD health data 2011—frequently requested data. www.oecd.org/document/16/0,3746,en_2649_37407_2085200_1_1_1_37407,00.html.

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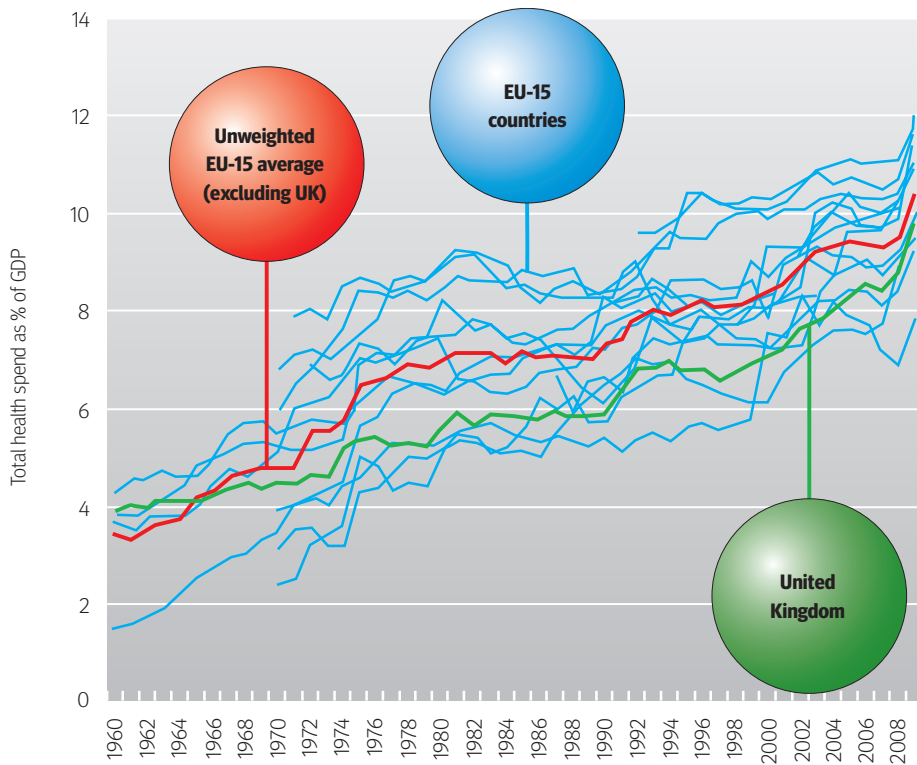


Fig 2 | Total healthcare spending of EU-15 countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and UK) as proportion of GDP, 1960-2008.³ Unweighted average=sum of percentages/number of countries submitting data in each year

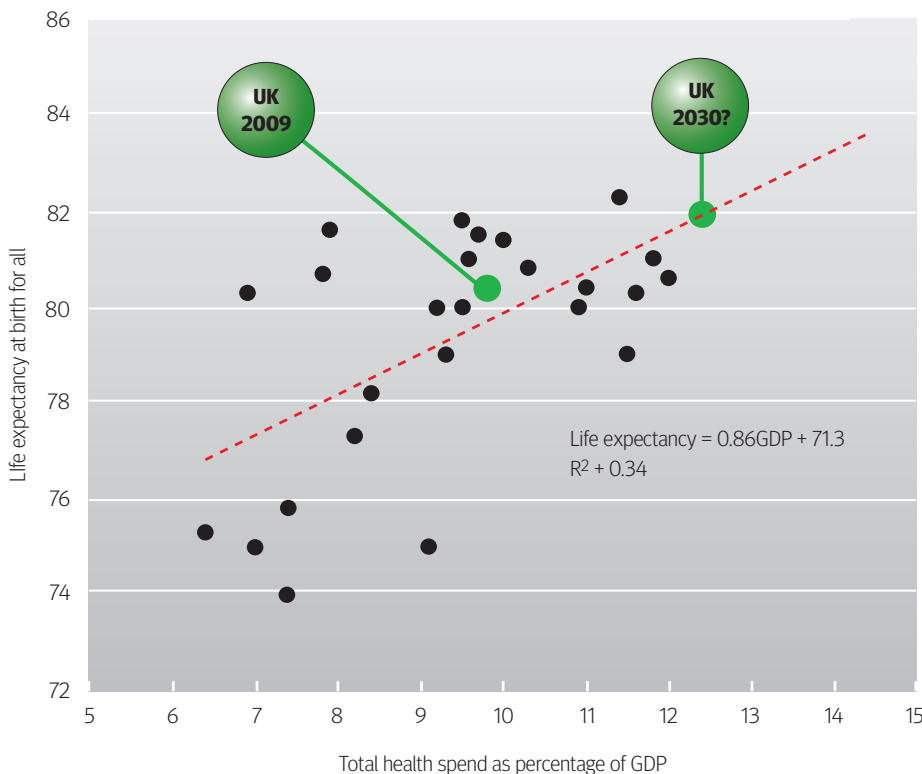
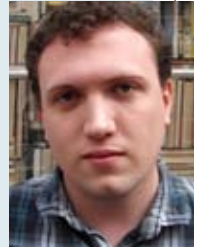


Fig 3 | Higher health spending, longer lives? Data on the relation between spending and life expectancy from OECD countries³

BMJ BLOGS

Ollie Ellis: Health records in the cloud



On my first ever hospital placement, the thing that most struck me was just how antiquated the records system was. Junior staff were writing with pen and paper; the grander ones used a tape (an actual magnetic tape!) to dictate letters to a secretary. To find something in a patient record you couldn't type a few terms into a search box, you had to flip through the pages and decipher scrawl.

It just didn't seem very 21st century. So I've been following the emergence of electronic healthcare record systems (EHRs) and the NHS National Programme for IT (NpfiT) with a great deal of interest.

I was especially interested to read recently that one London NHS trust is testing out a new cloud based system for storing patient records. Meanwhile, news has leaked that other parts of the NHS are looking at getting cloud computing.

In the past, if you wanted to create an EHR system you had to buy expensive hardware (a server or servers) and software. During quiet times the expensive server would be sitting almost idle. And during peak times it might get overloaded with too many users, making it slow and unresponsive.

Enter cloud computing. It's a service provided by companies (cloud hosts) that own big rooms full of servers. A healthcare provider can pay for the use of those servers on a timeshare basis. Doctors and other healthcare professionals can then access them over the internet.

An all-in package could provide everything that's needed for a complete EHR. The cloud host saves all the data, makes sure everything is backed up, and supplies a web browser based interface that healthcare workers can use from any computer.

If they suddenly double the number of patients on their list, the cloud host can automatically give them more resources. If they are having a quiet day, they aren't paying for computer time they don't need.

Oliver Ellis is the departing student editor of *Student BMJ*

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