

## Health System Reform in the United Kingdom

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### Abstract

How to control the increasing health expenditures is a common problem in the developed countries. The main causes of this increase are ageing of the society and medical innovation. The UK government has introduced a market oriented health reform in order to balance the increasing expenditures and the quality of care. For example, they have introduced the GP Fundholding, Private Financial Initiative (PFI) for construction of public hospital, and personal budget system (a patient owns a budget for buying health services in the deregulated market). However, there is little evidence indicating the effectiveness of these programs. On the other hand, it is important to strengthen the labor policy in order to maintain the social security system. For example, programs for increasing the employment rate and those for increasing productivity work sharing are such policies. From this viewpoint, the EU countries have introduced a series of active employment policies, i.e., job training for unemployed persons and work sharing. Furthermore, as other authors report in other articles of this volume, the government of the UK has introduced the Fit for Work (FFW) program that intends to medically support workers.

**Key words:** national health service, market mechanism, United Kingdom, Fit for Work

### ❖ Introduction

With the aging society, changing disease structures and medical innovation, how to control the increasing health expenditures is a common issue in the developed countries. The social security system is based upon the transfer of incomes from the younger to elderly generation whichever the tax revenues or insurance fees are used to fund the system. Therefore, on the other hand, it is important to strengthen the labor policy in order to maintain the social security system. For example, programs for increasing the employment rate and those for increasing labor productivity are such policies. From this viewpoint, the

EU countries have introduced a series of active employment policies, i.e., mandatory job training for unemployed persons and work sharing. Furthermore, as other authors report in other articles of this volume, the government of the UK has taken the lead in introducing the Fit for Work (FFW) program that intends to medically support workers for the purpose of returning to their work and continuing employment. Our group has started to investigate this program since 2012 and has been studying its feasibility in Japan. However, it is essential to understand the fundamental social security system in the UK to introduce this program. Hence, the health system reform which has been conducted since 1970's in the UK is explained in this article, together with the changing political environment during this period. In addition, the system of industrial physicians (Kubo), the social security system and the employment insurance related with employment (Muramatsu) and Fit Note (Fujino) are also explained in this volume.

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## ❖ Recent Political Trends in the UK

### Major Political Parties and Their Characteristics

The major political parties in the UK include the Conservative and Unionist Party, the Labour Party and the Liberal Democrats. The brief summaries of their political philosophies for these parties are described as follows. However, the recent trends are characterized by the neutralization of the parties and the difference in their idealistic policies between the parties has become ambiguous.

*Conservative and Unionist Party:* They traditionally value the individual ownership of property and the freedom of economic activities. They have the strong Christian view toward family and society while not so much enthusiastic about promoting the social liberalism such as the right for homosexuals. They aim to establish the small government. The landed class, business people and the former aristocracy advocate the party.

*Labour Party:* The party was inaugurated in 1906 with the Labour Representation Committee (Political division in the labour union) established in 1900 as its parent organization. The characteristics of the party was the socialistic political management by the big government including the publicly-owned procedures of manufacturing and public interests (Article 4, Platform) and the enhancement of the social security system. However, Blair administration launched in 1997 abandoned the publicly-owned procedures of manufacturing and public interests and aims to realize the new welfare society based on communities. The working class and middle class advocate the party.

*Liberal Democrats:* They value the human rights and global warming countermeasures. They are in the position of promoting the social liberalism such as the rights of homosexuals. They are skeptic about economic policies base on the market fundamentalism.

### Thatcher and Major Administration (1979 ~1997)

The UK had been in a difficult economic era due to distressed domestic economy because of the war despite of victor country, the diplomatic environment in which the series of independences occurred in the UK colonies, and the two oil shocks experienced from 1960's to the late 1970s, although the situation temporarily improved because of the economic reconstruc-

tion in 1950's. In addition, the UK financial services led by the City were a kind of the landlord and financial capitalism which benefits from lending assets to someone (so called "gentlemanly capitalism) and it did not make enough investments to the north-central industrial area. It was considered that this two-tiered economic structure in the UK resulted in being left behind the innovation in the manufacturing industry and the cause of losing a competitive advantage against Japan and Germany. Because of the intensive progressive taxation, high rate of the property tax, too strong labor unions, too many workers for public services and the national budget excessively focusing on social welfare under the administration of Labour party, the UK fell into the economic depression called "British Disease." Thatcher came in the UK government when people actively discuss the "Decline of the Britain." Thatcher proactively utilized this "Decline of the Britain" in her political campaign and for example, she moved forward drastic reforms by arguing "The country which has strong labor unions and excessively focuses on social welfare is economically depressed. To cope with this situation, the neo-liberal reform will be necessary." For example, as the series of economic reforms, Thatcher Administration privatized national companies, liberalized foreign capital activities in the City, restricted the strike rights of working people, reduced a large number of public servants, and suspended the aid for promoting local industrial development, which is a public investment in the UK. Medical services were also included in their target to be reformed and the administration aimed to reduce the medical-related budgets and streamline the medical services by enhancing the competition of market-oriented principles. However, these reforms deteriorated the working environment in medical practices and many of healthcare providers consequently flew outside the country.

It is also the fact that the series of the above mentioned reforms revitalized the UK economy and brought the increase in the middle class. However, Thatcher Administration was forced to step down in 1990 because the opposing position of the UK toward the EU countries with more social democratic trends caused a protest among people having the pro-EU stance within the UK, and there were objections against the reforms requiring public's burdens such as the trial of the poll tax implementation and the increase in educational expenses.

Although the following Major Administration basically took over these reforms in the Thatcher style, they controlled the consensus-building government in order to address the domestic criticism. Nevertheless, the financial gap between the newer middle class and the lower-income class widened in the process of the market-oriented reforms. The newer middle-class people were able to build their assets by utilizing their financial resources and real estate while the lower-income group couldn't. This financial gap eventually increased the dissatisfaction in the society. On the other hand, people in the UK, especially in the majority of the newer middle-class people had a strong feeling of distrust toward the Labour Party which seemed largely controlled by the labor unions and therefore Major Administration was able to maintain the relatively stable control of the government. The policies of Major Administration were characterized by the further implementation of the privatization and they announced the policy in which the construction and management of public facilities were left to the private companies. For example, the Private Finance Initiative (PFI) was implemented in 1992 based on this policy.

### **Blair and Brown Administrations (1997 ~ 2010)**

In the late 1980's, there was a movement that some members of the Labour Party began to seek the new people's party appealing the improvement of the traditional dependence on the labor unions to the middle class. Blair and Brown, called "modernizer (modernist)" were the core members of the movement. In 1994, Blair amended Article 4 of the founding charter "Sharing the means of production (Article of Nationalization)" which had been observed for a long time by the party as if it were a golden rule and rewrite the Article to allow the business activities based on the market and competitions by deleting this wording. This amendment generated huge protests among leftists within the party, but Blair gained supports from the public, especially in the middle class by appealing this amendment as a symbol of the New Labour (new Labour Party). In 1997, Blair who came in the government advanced measures based on the concept of free economy including holding down the income tax in his economic policy, encouraging a low inflation and decreasing the public expenditure and debt. However, these measures were a kind of mixed economy

which can be achieved based on the balance between regulations and deregulation.

On the other hand, Blair Administration set a goal to revitalize the community based on the solidarity of residents in their social policy and tried to achieve the establishment of the new Welfare State which can be built on individual rights and responsibilities. For example, they did not intend to aid (negative welfare, dependent welfare) the vulnerable sections of the society. They intended to support the people who had been waiting for being motivated to "participate in the society" including setting up a family and working (positive welfare, independent welfare) and to carry out the Public-Private Partnership (PPP) between the public and private sectors in the social services. Blair put the top priority on education in order to achieve such civil society. He presented this kind of policy of centrism as "The Third Way" to the public. In calling for this third way politics, Blair worked with Professor Giddens as his key adviser. The summary of the third way politics is presented in Figure 1.

The global financial crisis started with Lehman's fall hit the UK economy. Although measures taken by Prime Minister Brown temporarily improve the UK economy, the increase of the unemployment rate and the instable economic situation which correlated with that of the EU escalated the distrust toward the EU among the people, especially in the middle class. Due to the restricted freedom of firing permitted in employment contracts because of the pro-EU stance by the Labour Party and the increased employment cost, employers increasingly got frustrated. Furthermore, with the inappropriate comments by Brown, the Labour Party had a rapid slide in their support rating as a consequent.

### **Cameron Administration (2010~)**

Due to the economic depression, distrust toward the EU and getting weary of the long-term administration by the Labour Party for about 10 yr, the Labour Party was defeated in their election in 2010 and the coalition government of the Conservative Party and the Liberal Democrats launched its administration. This was because the Conservative Party alone could not establish the single-party administration. However, there are many differences in their political beliefs between the Conservative Party which values the Christian view of family and society and the Liberal Democrats which values the liberality including

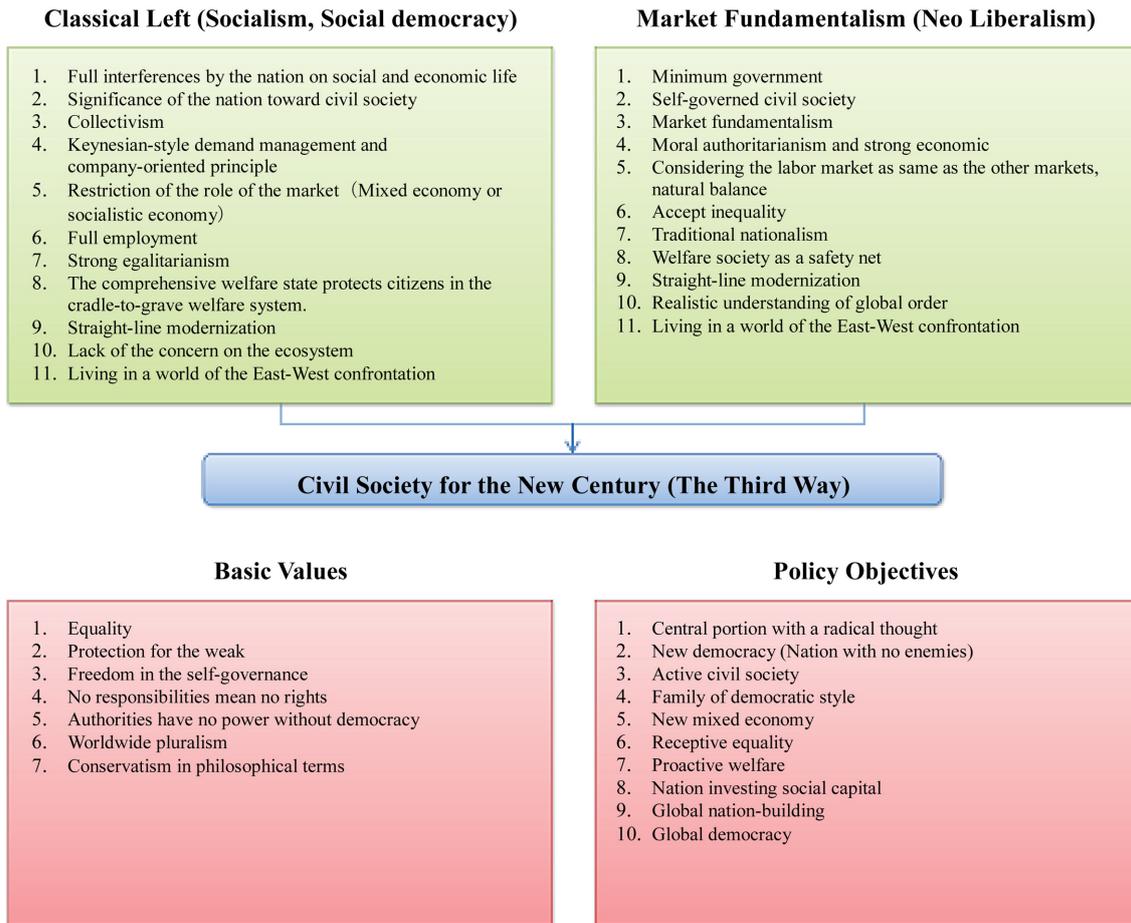


Figure 1 The Third Way

Fukushima<sup>2)</sup>: Table 3-1 The New Civil Society Described by Prof. Giddens (Historical background). European Capitalism, Break from the American market fundamentalism. Kodansha Gendaishinsho 1628. Kodansha, Tokyo. Citation from the page 180 with a permission of reprint.

the measures for environment and the social acceptance of homosexuals. Especially for the policies based on the market fundamentalism, the Conservative Party takes the position to enhance these policies while the Liberal Democrats clearly shows their oppositions. This is the current situation that these differences make the handling of the government difficult. However, it is the national consensus to maintain the medical and welfare policy including NHS (National Health Service) beyond the bounds of the parties (Conservative, Liberal Democrats, Labour Parties) and the problem is merely a difference in methodologies between the parties to improve the efficiency and quality of the policy. In this regard, Cameron Administration also gives weight on the right and responsibility of the people and communities along with Blair and for example, they aims to achieve the big society

in which more authorizations are to be granted to volunteer organizations, community groups and local governments in order to address the UK social issues such as poverty and unemployment.

### ◆ Health System Reform in the UK

Based on the descriptions regarding the historical background of the UK political trend in the previous section, this section again explains how the health system reforms were conducted in the UK. In order to describe this section, Boyle S<sup>5)</sup> was used as reference information.

The health system provided in the UK is called National Health Service (NHS) which has been implemented since 1948 based on the Beveridge Report (1942). The NHS provides the people in the whole

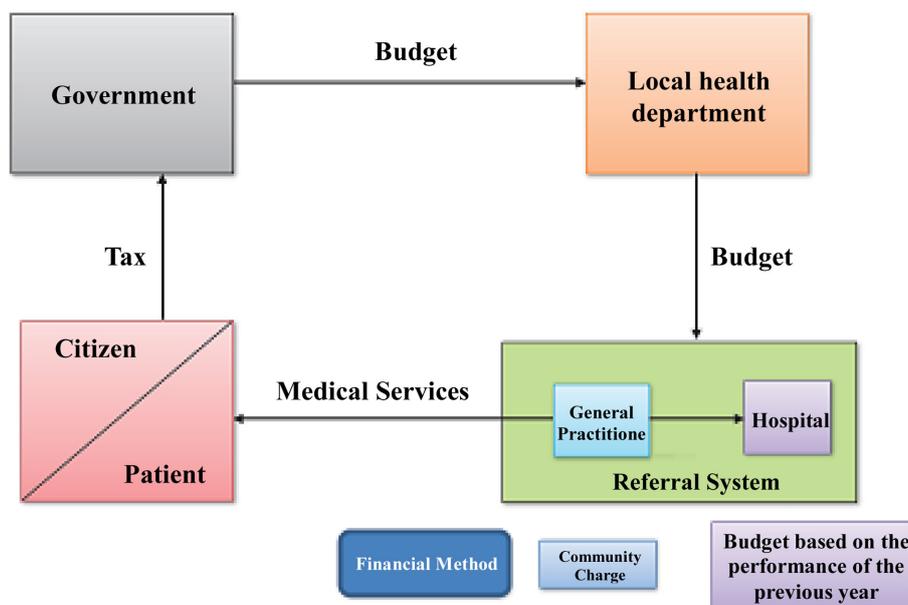


Figure 2 National Health Service  
(Before reformed by Thatcher)

nation with comprehensive medical services financed by tax incomes from preventive cares to rehabilitations (Fig.2).

People in the UK need to decide and register their General Practitioner (GP) in advance and have to see the registered GP for a usual medical care first. In the UK, the gatekeeping system has been introduced in which the patient will then be referred to specialists at hospitals when the GP considers it necessary. Although patients do not need to pay for the medical care provided by their GP or at hospitals, there will be an individual payment for medicines and dentistry.

Medical services in the UK are controlled under the budget system and therefore the proportion of medical expenses in the national income is lower than other developed nations. However, the increase in the medical expenses became a controversial issue in the process of deterioration in the economic situation after the oil shocks in 1970's. On the other hand, the inefficiency of the public healthcare system, as represented by the longer waiting period for hospitalization, was also a problem. For the purpose of improving the inefficiency of the medical services in parallel with controlling medical expenses, the National Health Service Community Care Reform (Fig.3) was implemented in 1990 by Thatcher Administration. Until then, district authorities (corresponding to Japanese prefectural government) had an

overall responsibility in managing healthcare finance and providing medical services. After the implementation of this reform, functions of district authorities were divided into a provider and a purchaser to introduce the internal market (quasi market) in the regional medical services. In this internal market, the district authority is responsible for negotiation and purchasing the service provided by the hospital as an independent management agency (NHS Trust Hospital). In addition, as a measure of improving business efficiency, hospitals with poor financial condition (=inefficient hospital) were closed and divisions/resources for cleaning, linens, food services and nursing aid were outsourced to private human resources companies. Major continued the privatization of public hospitals after succeeding Thatcher. Private sectors constructed hospitals and the Private Finance Initiative (PFI) was introduced into the NHS Trust Hospitals. In this scheme, the construction of hospitals and its management will be conducted in private funding and Trust Hospitals will pay rent-fees or management fees to the operating company to provide medical services. The contract generally will be valid for 30 years or more.

In addition, the new system was introduced with respect to general practitioners. In this system, GP will have the right and the budget to purchase medical services provided by hospitals for their registered

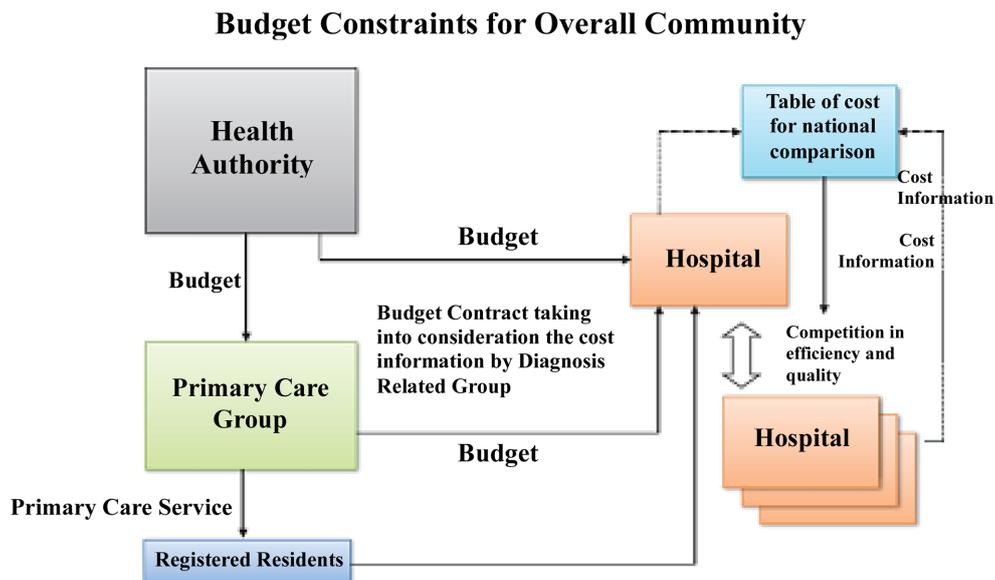


Figure 3 Health System in the UK  
(After the NHS Community Care Reforms)

patients (which is called the GP Fund Holder). This reform partially brought a positive effect such as improving the position of general practitioners and controlling the amount of prescribed medicines. However, costs for clerical works increased due to this reform, sufficient competitions based on the market fundamentalism did not occur as expected and no improvement effect was observed in quality and costs.

### ❖ Blair's Reform and Following Situation

The Labour Party which took power in 1997 following the Conservative Party set their goal for establishing the comprehensive service delivery system, not the competitive system, based on the partnership, not competitive system, among those concerned and presented the public with the following 6 principles with regard to the NHS (Our Healthier Nation, 1997).

1. People in the whole nation can access to high-quality medical services.
2. Providing medical services which meet the national standard based on the responsibility of the local government.
3. Establishing a partnership between NHS and local governments (Establishment of Local health improvement programme).
4. Eliminating bureaucracy and achieving to provide efficient medical services based on the evaluation of performances

5. Focusing on the quality of services.
6. Rebuilding the people's trust toward the NHS as the public medial services.

To advance the reform in accordance with the 6 principles above, Blair Administration established the 3 frameworks: the National Service Framework (NSF) for ensuring an access to the high-quality medical services; the National Institute of Clinical Excellence (NICE) for providing the medical services of high cost-effectiveness; Commission for Health Movement (CHI), currently called as the Commission for Quality Control (CQC) for evaluating the quality of the medical services. Each of these frameworks is explained as below.

*NSF*: The NSF is a project which sets the standard of medical services and the service model for each therapeutic area and also supports the implementation after being programmed. The performance index is defined in the service model and the progress of its implementation will be monitored during the agreed time period. For example, treatments for cancers have a layer model which consists of the first-line therapy (appropriate referral and follow-up), the second-line therapy (general treatment) and the third-line therapy (professional treatment/specialty care).

*NICE*: NICE is an organization in which clinicians and the NHS staffs systematically evaluate the cost-effectiveness of the medical services to investigate that they should be included in the service pro-

vided by the NHS. Activities and guidelines provided by the NICE are not only important for the NHS measures, but they also have a great impact on foreign countries including the EU because the NICE activities and guidelines are considered to be the institutionalized Medical Technology Assessment (MTA).

*CHI:* Varieties of organizations in the UK have been trying to evaluate the quality of medical services since 1980's, but these efforts never be reflected to the political measures due to no standard infrastructures. In addition, there was no need for evaluating the quality of the business operation because of the national healthcare services. The CHI was established as a framework to improve the situation and to evaluate the quality of medical services provided by the NHS and of its business operation. In order to advance the CHI projects, the NHS Performance Assessment Framework was established at a national level and it defines indexes for each therapeutic area focusing on 6 themes: Improving health condition, fair access, providing appropriate care in an effective manner, efficiency, evaluation by patients and their caregivers, and clinical outcome.

Blair Administration attempted to improve the management skill at a community level to achieve the policy objectives. For example, they introduced the system of the Primary Care Group (PCG) or the Primary Care Trust (PCT) in which a group of healthcare providers (about 50 members consisted of general practitioners, local nurses, physical therapist, etc.) manages the budget related with comprehensive medical services, not the system in which individual general practitioners manage the budget. In implementing the new system, they put focus on the commissioning function of the PCT. Regarding the definition of commissioning, the NHS defines it a process of ensuring the target patients get the medical/welfare services to meet their needs in an effective manner. In particular, it is the process in which the PCT take responsibilities in evaluating the need of the target patients, coordinating the necessary service for them based on the evaluation results and priorities, and managing the status of the service provision. In addition, the new system values preventive services more compared to the previous system and people can consult with nurses about their health conditions for 24-hours a day via a telephone or internet in the newly provided service (NHS Direct).

For improving the comprehensiveness of the ser-

vices, GP clinics (GP Surgery) which basically have performed solo practices were reorganized to the clinic performing group practices step by step and in general, a group of 5 GPs and Practice Nurses jointly see patients in that structure. Practice Nurse is a so-called Nurse Practitioner who is responsible for a medical check-up for infants, health management for pregnant women, protective inoculation, management for patients with a chronic disease, etc.

Furthermore, the traditional Regional Health Authority was reorganized into the Strategic Health Authority (SHA) to implement local medical policies more effectively. This was because the government believed that it was desirable to develop the policies taking into more consideration the status of each region in order to achieve the health policy which was designed at a national level, and as a consequence, the decentralization of the authorities was necessary. Additionally, the government allowed the SHA level to have strategic management functionality while they left the operational management of the policy objectives to the PCT in the reform.

However, they had a hard time to improve the quality-related issues in medical services which was represented by the longer waiting period for hospitalization. The root cause of the problem was that the budget for medical expenses was too small. In order to resolve the situation, Blair Administration announced the public commitment for raising the medical budget in the NHS Plan 2000 and then they actually increased the medical budget considerably. They set the target timeline of 2010 and carried out the following objectives?

- Increasing the number of hospital bed by 7,000 in the whole nation.
- Constructing 100 new hospitals and establishing 500 One-stop Primary Care Services.
- Modernizing 3,000 and more GP clinics
- Newly introducing 250 CT scanners
- Increasing healthcare providers: 7,500 Hospital Doctors (Consultants) , 2,000 GPs, 20,000 nurses, 6,500 therapists (OT/PT/ST), 1,000 capacity for medical college

While increasing the resource investment for overall healthcare, several important reforms were conducted to improve the efficiency of medical services. First, the system of the Foundation Trust (FT) was introduced in order for individual hospitals to manage the operation at a considerable discretion. To

be a member of the FT, a hospital needs to meet the conditions including the stability of their financial status or medial experiences and once a hospital is certified with the FT they can obtain loans from private financial institutions. The certified hospital is also able to prepare and coordinate facilities or resources at more considerable discretion.

Second, resources for the medical services at hospitals were reallocated to the Primary Care. For the resource reallocation, it was essential to improve the efficiency of the medical care at hospitals. Objectives for achieving the reallocation were set and the monitoring system for these objectives was introduced. This is the previously-mentioned framework of the CHI. In addition, it was recommended that hospitals specialize in the therapeutic areas of which medical care needs to be conducted at hospitals and that medical care which can be delegated to the Primary Care be addressed at GP level. For the purpose of achieving this system, the PCT was required to establish at least one Community Health Center (Polyclinic) in the area and as a result of it, the system building was carried out to provide both the first-line therapy and a certain level of the second-line therapy at a community level.

The third one was further implementation of the privatization. In the NHS Plan 2000, it was agreed between the Health Authority and the association of private healthcare providers that three areas of elective surgeries, emergency medical care and sub-acute healthcare (such as rehabilitation) can be provided by the private healthcare providers in the NHS funding. After 2002, the utilization of private companies further advanced and the Independent-sector Treatment Centers have been increasingly constructed which perform the elective surgeries including cataract operations, hip replacement surgeries, replacement of knee joints, cardiac operations, etc. At the centers, people in the UK are able to undergo a surgery under the contract with the NHS. With the increasing utilization of the private sectors in the primary care area, profit-oriented organizations are able to provide the GP services under the NHS. For example, it is also possible for a GP surgery to outsource the after-hours visits only to the private company. However, there has been a concern about the excessive utilization of the private sectors in terms of an increase in the medical expenses and the Preferred Practitioner Model was introduced in 2009 in which the NHS designates a service provider.

The fourth one is a change in the payment method. For example, the previous payment method to the traditional Trust Hospitals was based on the Block contract which predicted what kind of, and how many surgeries would be performed. However, the Payment by Result (PbR) was introduced to make a payment based on the performance as a result of refining the Healthcare Resource Group (HRG), which is the UK Diagnosis Related Group (DRG), and the creation of cost data. The cost for each HRG was initially defined as the average national cost, but it was changed to the best performance level over time. Besides, the Pay for Performance (P4P) system has been implemented to pay an additional bonus to hospitals with excellent performances. The Quality Account system has also been introduced as recommended by the Darzi Report to be described later. In this system, each hospital measures the performance level of clinical indicators defined by the CQC (the former CHI) and submits the measurement result to the NHS authority at a quarterly basis. Each hospital receives the payment which is adjusted based on the result.

The fifth reform includes the empowerment of individual patient and development of healthcare providers who support the empowerment. For example, the Expert Patient Programme was initiated to support the improvement of the self-care ability of the patients with a chronic disease and the development of NPOs which support the preventive care by patients has been conducted. In addition, the role of a pharmacist has been increasingly focused in supporting the self-care activities by the patients with a chronic disease and advices from a pharmacist with regard to the usage of the Over The Counter (OTC) drugs have received a high evaluation. Regarding the empowerment of the patients, the advisory system called the NHS Direct has also been introduced. The NHS Direct provides the 24-hour services for healthcare consultations and information sharing to people in the UK via a telephone or Internet. In 2010, it was reported that there were 5 million telephone consultations and 42 million Internet accesses in a year. However, this system did not contribute to a reduction of GP's burden which was the initial objectives in the reform and some criticize that it rather stimulated the potential needs and resulted in overload of GPs.

The sixth one is laying weight on the quality. While the free-of-charge medical services have received the widespread support from public citizens,

people were concerned about another issue related with the quality of the UK medical services which was characterized by the long waiting period for hospitalization. The safeguard obligation of the quality was stipulated in Health Act in 1999. For the purpose of ensuring the obligation, the CHI (reorganized to the CQC in 2009) to take a role in securing the quality was established, the star system (evaluation based on the number of stars: currently abandoned) was implemented as a comprehensive evaluation for the defined index, and the payment method linked to the quality-related systems such as P4P or Quality Account was introduced. Additionally, the patient murder by Harold Simpson, GP and the excessive deaths due to in-hospital infection from *Clostridium difficile* resulted in increasing the public interest toward the quality of medical services.

The NHS reform implemented by the Labour Party was characterized by the setting of reform objective in the white paper and the laws which are issued every year. (For example, The New NHS in 1997: Modern, Dependable? A First Class Service in 1998: Quality in the New NHS Our Healthier Nation in 1999? NHS Plan 2000 in 2000? The Health and Social Care Act in 2003? Keeping the NHS local-a New direction of Travel in 2003? Our health, our care, our say in 2006? The World Class Commissioning Framework, and Trust, Assurance & Safety in 2007).

In order to monitoring the implementation status of these objectives, medical services were getting more computerized. The information about medical performances is systematically collected through a personal computer in the GP surgery office in associated with daily clinical practices and then the collected information will be analyzed.

The important aspect in considering the recent trends in the NHS reform is the Darzi Report (High Quality Service for All) published in 2007. Adhering to the content of the 1997 NHS White Paper, including the enhancement of the preventive care service to maintain the people's health, the empowerment of patients, provision of effective treatments and focuses on patient safety, this report newly proposed that the PCT should establish the commissioning system for the comprehensive medical service which meets the needs of individual patient in cooperation with the local government, the NICE should expand the target medical services for performing the quality evaluation (e.g. social welfare), and the systematic evaluation to

assess the quality of care and the information disclosure for the evaluation result (Quality Account) should be established. The government actually took these proposals into practice afterwards. In addition, the proposal saying "Clinicians should be a primary player in the reform" in this report led to the establishment of the Clinical Commissioning Group (CCG) subsequently.

What kind of outcomes did the NHS reform as described above by the Labour Party's Administration achieve? It is the fact the NHS medical services improved in terms of the amount and quality, and computerization and transparency in medical practices have advanced by utilizing the private sectors as the Conservative Administration did. The number of surgeries significantly rose because of the increase in the budget. For example, there have been significant increases in the number of surgeries performed in 2009-2010 compared to that in 1998-1999, 73% for cataract operation, 47% for hip replacement surgery, 227% for Percutaneous Coronary Intervention (PCI), increase from 0.5 million to 2 million cases for examinations with MRI, increase from 1.25 million to 3.72 million cases for examinations with CT. In addition, because of the newly introduced economic incentive to the extension of the service hours, 77% of GP in the UK extended their clinic hours and the people's access to the GP services has improved as a result in 2009. The reform brought other improvements in the quality of medical services which Blair Administration set as objectives. For example, resolution of the long waiting period for hospitalization in 100 thousand patients (achieved in March, 2000), and decreases in the time between clinic appointment and consultation (decreased to 4.3 week in 2010 compared to 12.7 week in 2002). However, on the other hand, there is a criticism that the majority of the increase in the NHS budget has been used for staff salaries and productivity and efficiency in the service have not improved. Some also criticize that the introduction of the Private Finance Initiative (PFI) to hospitals, continuing from the former Administration does not contribute to the cost reduction. The most effective measure for the cost reduction was selling of real estate which accounted for 10% of the NHS property and there are opinions that while this measure strengthened the management practices, it also restricted the access to a hospital in local regions (widening gap in providing healthcare services between regions). Furthermore, the preparation of evaluation criteria for the quality of

medical services started and the disclosure system for the evaluation result (Quality Account) was introduced when the information systems at hospitals were not sufficiently established. This causes the increase in the clerical works at hospitals, as a result of it, workloads and resource cost have increased. In the chapter of Conclusion in “Health in Transition –United Kingdom– published in 2011, it was concluded that the Labour Party’s Administration contributed to increasing the number of elective surgeries and decreasing the number of waiting patients, but they failed to achieve the Value for Money reform. The important aspect here is the series of these reforms had been conducted supported by the favorable economic condition. In 1980, the medical fee and the proportion of public sector-related expense in the overall healthcare cost for each person was £231:89%, while £1168:74% in 2000. However, due to the increase in the NHS budget and impacts from economic depression following the Lehman’s fall, these values changed to £1852:83% in 2008.

### ❖ NHS Reforms by Cameron

With regard to the NHS reforms by Cameron Administration, there is no major difference in the fundamental policy compared to that of the Labour Party’s Administration. They set out the goal of enhancing the privatization and decentralization, and independent individual and communities were desired as the premise for achieving this goal. However, as described in the last part of the previous section, the financial condition is very difficult at the time of Cameron Administration unlike the Blair and they cannot afford to offer great deals in the NHS reform.

In the 2010 White Paper “Equity and Excellence” issued by the Cameron Administration, they call for “more freedom, more transparency” and announce the following proposals of the NHS reform.

- Enhancing the public health service
- Establishing the Health and Social Care Information Center
- Evaluating social care areas by the NICE
- Abandoning NHS Trust hospitals and complete transition to FT
- Strengthening the quality evaluation by CQC (Enhancement of Quality Account)
- Strengthening the monitoring of financial and healthcare quality by Monitor

The proposed reforms are not greatly different from the previous policies of the former Administration. However, because of the poor financial condition, these reforms focus on generating financial resources and refining its allocation by the improvement of efficiency as the premise of achieving their policy objectives. For example, they will streamline the medical services at hospitals to generate £20 billion for financial resources (Efficiency Fund) and transfer the allocated resources from the funding to the community care. The first measure for this financial plan is to dismantle the PCT and to establish the CCG.

The PCT was a breakthrough challenge to comprehensively respond to the multiple needs of elderly people, but due to the two separate financial resources in the NHS (healthcare) and local government (welfare) for providing the medical services, the commissioning function of the PCT staffs responsible for coordinating the two separate financial resources did not work successfully. Based on the analysis of the cause, it was concluded that a person who has more clinical skills should take responsibilities for the commissioning to generate the patient flow from hospital to community care to receive medical services. According to these results from examinations, Cameron Administration finally dismantled the PCT and established the new organization, the CCG.

Figure 4 explains the structure of the CCG. Because of the NHS reorganization, it has been decided the healthcare policies should be implemented in the hierarchy consisted of 4 Regional offices and 27 Local offices. Each Local office has its CCG on a regional basis (212 groups in the whole nation). The CCG consists of GP, Nurse Practitioner (NP), social worker, etc. and both of the NHS and local governments allocated the budget for the CCG. Among doctors in a GP group, those who are assigned to take a role of commissioning in addition to the daily clinical services need to purchase services of primary care, hospital, welfare (caring), and mental health for patients as their customer based on the assessment result made by the multi-professional team, and systematize the provision of medical services. The attention is particularly focused on here is the CCG values the role of private sectors to provide medical services and the Personal Budget system is available. The Personal Budget system allocates the budget for users to purchase the welfare service, for example, and users themselves are allowed to purchase the necessary ser-

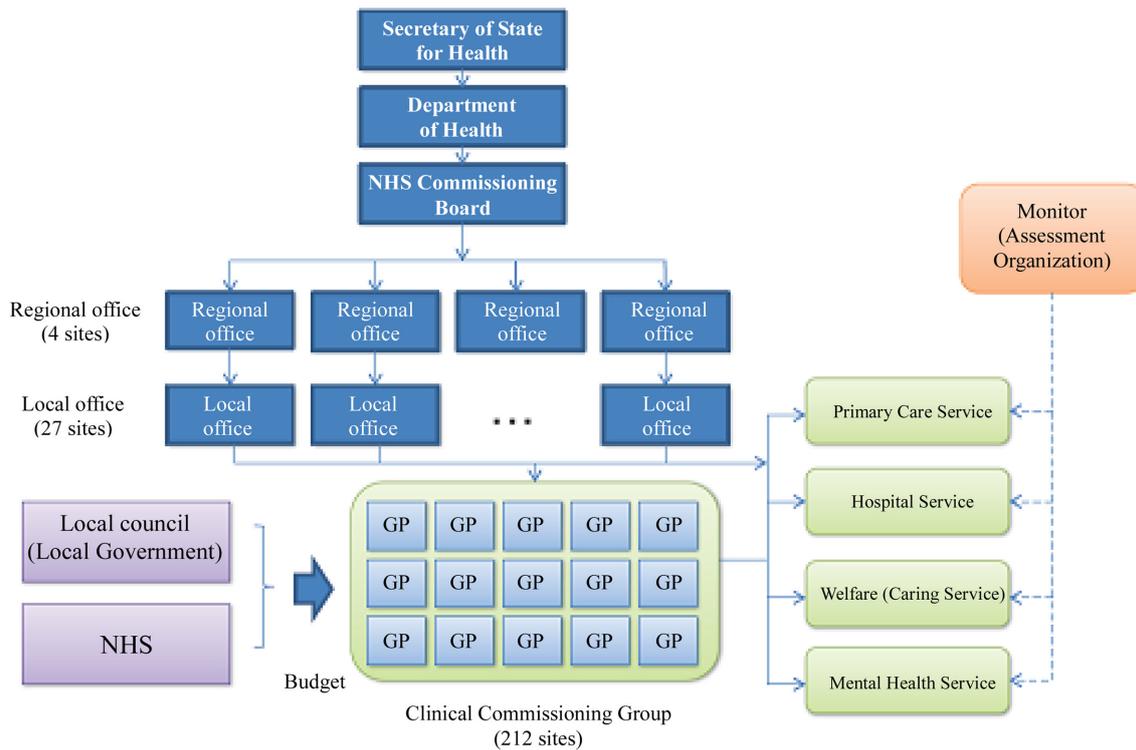


Figure 4 Clinical Commissioning Group in the UK

Doctors in GP group purchase the primary care service, hospital service, welfare (caring) service, mental health service from the service provider and provide to patients.

vice from private markets. It is sated that objectives of the reform intend to control the cost of the services by stimulating the price competition and to increase the amount of the services to be provided.

Regarding the FT, a new form of hospitals, the reform has been advanced to expand the targeted hospitals and enhance its activities. The government aims to reorganize all of the Trust hospitals to FT by 2016. In addition, the increasing number of FT which is responsible for the acute phase inpatient care have an outpatient center and clinics as the outreach and the NHS pay-beds or the NHS amenity-beds has been allowed to provide private care in Trust hospitals with a certain condition. Furthermore, private hospitals in the UK had limited roles in the past, but recently there has been an increase in the cases that the NHS covers the healthcare services provided at the non-NHS hospitals for the purpose of enhancing the more efficient services (£6.8 billion in 2008).

As described above, the current UK is again carrying out the health system reform based on the market fundamentalism under Cameron Administration maintaining the framework of the NHS.

## ❖ Conclusion

We reviewed the content of the health system reform conducted in the UK after the Thatcher Administration came in the government. Because of aging of the population, change to the disease structure focusing on chronic diseases, increasing public needs to quality of the medical service and its performance and advance in healthcare technology, medical expenses are rapidly increasing. It is the common system among the developed countries in which public people share the medical expense based on the principle of solidarity, even though there is a type of difference in the expense, such as tax or social insurance fee depending on its resource. However, it is becoming difficult to maintain this kind of system due to the slowdown in the economic growth in developed countries.

As explained in this article, the UK adopted the methodology based on the market fundamentalism and intends to resolve the issues they are facing by improving the efficiency in the health system. However, the current Cameron Administration is trying to

develop further policies to control the public expenditure because a series of reforms has not worked successfully as expected by the Authority. These policies include a measure for controlling the medical expense by focusing on the primary care and enhancing self-care by patients. In addition, under the slogan “Big Society”, the government aims to integrate the formal care and informal care including the enhancement of the community care. The reform which has been conducted in the UK over 30 years is the one being discussed for implementation into Japan and therefore, it is worthwhile for examining the content, effectiveness and limitations of the UK reform in determining the modality of health system reform in Japan.

To address the increasing medical expenses, it is necessary to strengthen the policy for ensuring the financial resource in addition to the above mentioned measure for controlling the medical expense. In order to increase tax incomes and insurance fees, a government has no choice but to increase the working population or improve productivity for each worker. As reported by other authors of our study group in this journal, the UK has implemented Fit for Work (FFW) which is the system to comprehensively support “people to keep working”, “to maintain the productivity of working people”, and proactively enhances the system. This framework will be considerably useful for examining how the industrial health system in Japan should be in the future. As indicated by the framework

of the FFW, clinical medicine and industrial health should be comprehensively examined in the aging society with chronic diseases as the primary disease. We would like to expect the study for developing the Japanese FFW will be conducted at our university.

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