Evaluating market reforms in the English NHS:
introduction to the reforms and the Health Reform Evaluation Programme
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English NHS ‘reforms’

Three main phases:

1991-1997
   Predominantly ‘internal market’, supply side competition, variable prices, ‘patients follow contracts’

1997-2004(?)
   ‘Command and control’, targets, performance management, investment in return for ‘modernisation’

2002/03-2008
   Quasi-market for NHS services, including private & Third Sector, fixed prices and patient choice of hospital
   Gradual shift towards a ‘self-improving’ NHS
The return of the market: towards a ‘self-improving’ NHS

- Concerns about adequacy of system’s response to increased funding
  - e.g. variations in performance, productivity
- Limitations of ‘top-down’ targets and ‘terror’
- Desire to increase capacity by involving private providers
- 18-week target from GP appt. to treatment including
The re-invented NHS market in England

Money following the patients, rewarding the best and most efficient providers, giving others the incentive to improve

(transactional reforms)

Better care
Better patient experience
Better value for money

A framework of system management, regulation and decision making which guarantees safety and quality, fairness, equity and value for money

(system management reforms)

More diverse providers, with more freedom to innovate and improve services

(supply-side reforms)

More choice and a much stronger voice for patients

(demand-side reforms)

Main components of quasi-market reforms

1. Increased diversity of providers
   • DH-led ISTC procurement, 2002-
   • Encouragement to private hospitals, etc. to enter NHS market
2. Foundation trusts, 2003-
   • High performers with earlier access to PbR, greater autonomy
3. ‘Payment by results’ (administered prices), 2004-
4. Patient choice of 4+ hospitals, 2006, and any hospital, 2008-
Choice and competition reforms

- 2001: Choice pilots begin for heart disease and elective patients in London
- 2002: 
- 2003: 
- 2004: April 2004: “Payment by Results” for 20 Foundation Trusts
- 2005: April 2005: “Payment by Results” for all NHS providers
- 2006: Jan 2006: All patients can choose from 4-5 providers. “Choose and Book” system for online bookings.
- 2007: NHS Choice website goes online. Website has provider quality information
- 2008: Patients can choose to attend any provider in England for care

Consistent increases in NHS-wide funding

Private sector hospitals increasingly enter the market to offer elective care to NHS patients
Studies in DH PRP HREP

• Mechanism-specific projects
• Whole system studies of ‘local health economies’
  ... while it is useful to categorise the reforms into these four strands, in practice the benefits will be realised through the interactions between all four elements’ (Health reform in England: update and next steps DH December 2005: 9)

• National and local studies
• Mix of routine and primary data
First wave projects

*How patients choose and how providers respond*
  lead, Anna Dixon (King's Fund)

*Effect of competition under fixed prices on patient care*
  lead, Carol Propper (University of Bristol)

*Provider diversity in the NHS: Impact on quality and innovation*
  lead, Will Bartlett (University of Bristol)

*Effects of choice and market reform on inequalities of access to health care*
  lead, Richard Cookson (University of York)

*Comparative case studies on the impact of the health reforms in England*
  lead, Martin Powell (University of Birmingham)

*National evaluation of Payment by Results (PbR)*
  lead, Shelley Farrar (University of Aberdeen)