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TO/ THE CHAIRMAN AND EACH MEMBER OF THE BOARD.RE/ NATIONAL PLAN.

The health decisions of the National Plan "Building on Reality" are broadly in line with the recommendations of the National Planning Board "Proposals for Plan 1984 - 1987" already considered by the Board. The decisions contained in the Plan envisage a shift towards the prevention of disease, an emphasis on community care and an overall substantial reduction in the resources available to the health services during the period of the plan.

The plan bases its decisions on health on the preventability of much illness, and consequent demands on the health services, and on measures to alter unhealthy lifestyles, to reduce the level of smoking, to improve dietary and exercise patterns and to reduce accidents. Many of these measures are, of necessity, longterm and will have little effect on health patterns during the period of the Plan. Neither does the Plan give any detail on what new measures or policies will be introduced to give effect to the decisions of paragraph 5.34. Many of the items listed require action outside the health services, and are the responsibility of other Departments, acting either individually or collectively.

The emphasis on the provision of services on a community or out-patient basis is underlined as a major element of future health policy (par. 5.35) and is further developed as a redistribution away from institutionalised to community services (par. 5.37). Yet in stressing the need for adequate community services and facilities for those formerly cared for within institutions (par. 5.37) we come up against one of the major dilemmas of the Plan, that the provision of community and non-institutionalised services as an alternative to hospital services should precede the reduction in hospital services. This would mean an increase in the resource inputs to these services before hospital resources are reduced. The Plan, however, indicates further immediate reductions.

The Plan accepts the need to expand some of the most expensive of our hospital services (par. 5.38), and these will be funded by the closure of some facilities and by improved efficiency. Also envisaged are developments in services for the disabled, for the travelling people and in the field of child care.

In the section which deals with the level of resources to be provided, the Plan indicates a cut in the pay costs ranging from £10M in 1985 to £30M in 1987. Incomes are anticipated from increases for hospital private and semi-private charges and from consultants making payments in respect of private patients. A substantial saving in G.M.S. drugs is planned for 1985 increasing in later years.

The degree to which these incomes are realised or savings made in drug costs will depend on negotiations, and if unrealised will fall to be compensated for by savings elsewhere in the health service. These, together with an as yet unquantified further

HEALTH

5.33 In recent years, the growth in population has added to the demand for health services but, despite these pressures, there has been a relative reduction in health expenditure brought about mainly through increased efficiency. The future objectives of health policy have been shaped by this continuing context of an increasing need for services at a time of great financial shortage. The major change for the future will be a shift towards prevention of disease, and an emphasis on community care ensuring that scarce resources are directed more specifically towards those in greatest need. These are the main elements in the development of policy.

Promoting Health and Preventing Illness

5.34 Much of the illness treated by the health services and most of the premature deaths in this country could be prevented. Foremost among the areas for prevention is smoking, which accounts for about 5,000 deaths annually. In addition the air quality in urban areas, abuse of alcohol, unbalanced dietary patterns, lack of exercise, and carelessness leading to accidents on the road, in the home and in the work-place account for a major proportion of mortality and morbidity levels. In the context of the pressing demands on limited resources, it will be a major concern of future health policy to reduce avoidable expenditure on alleviating the consequences of unhealthy lifestyles. Measures already decided upon include stricter controls on smoking, a new nutritional surveillance scheme, and an improved vaccination service, including measles immunisation, to be introduced in 1985.

Promoting Community Care

5.35 The emphasis on the provision of services on a community or out-patient basis will continue to be a major element of health policy for the future. Substantial progress has been made already in this regard, notably through the reduction in the number of patients in psychiatric hospitals by over one-third since the late 1950s.

5.36 The core elements of community care are general practitioners and community nursing services. Arising from the Report of the Working Party on the General Medical Service, steps will be taken in the immediate future to increase the effectiveness of general practitioners through closer contact with hospitals and health services and to develop a style of

restriction on the filling of vacancies (par. 7.25) will mean a substantial overall cut in health service resources, broadly in line with the levels outlined in the proposals of the Planning Board.

The Plan is very general, and we must await the details which will no doubt be conveyed to us during the coming weeks. But it is clear that in the context of the cuts which have been made in Health Board allocations over recent years, culminating in the 5% cut made in 1984, the coming three years are going to be very difficult for the health services. Major decisions will have to be made, either at national or at local level regarding our ability to maintain the present level of services, and the priorities we set in the context of decreasing resources.

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8TH OCTOBER, 1984.

practice which is less dependent on drug therapy. The provision of an effective home nursing service, especially in regard to care for the aged, will be a priority, and the role of the existing public health nursing service will be reviewed as part of this process. The future development of non-institutional modes of care for the psychiatrically ill and the mentally and physically handicapped, and for child care through the provision of day-care facilities, sheltered workshops, family-size hostels etc. will be given special attention. In particular, new legislation to strengthen the statutory framework within which services for children are provided will be introduced shortly, as will legislation to effect radical improvements in the provisions for adoption, details of which are given in paragraphs 5.41-44 following.

5.37 It is the intention in the medium to long-term to bring about a redistribution away from institutionalised services, which currently account for over 70 per cent of total non-capital expenditure, to community-based services. This process will take due account of the limitations of community-based services in respect of highly dependent patients or those who are geographically dispersed. Furthermore, it will be imperative to ensure that community services and facilities are adequate to cater for those formerly cared for within institutions.

Hospital Development Programme

5.38 There has been an expansion in the capacity of the health services to provide effective diagnostic and treatment services for conditions which were previously beyond the scope of active care. These include coronary by-pass surgery, renal transplant programmes and total hip replacement. The community expects that these life-saving and life-enhancing techniques should be available to all those for whom they are effective. While health policy will aim to reduce the need for such services by preventing the associated illnesses, it will continue to be policy to make necessary care available to all. In addition the efficiency and cost-effectiveness of the hospital system will be improved by the closure of facilities which are

out-moded or no longer necessary, and by using modern management information systems in administration.

Caring and Support Services

5.39 The Department of Health is responsible for a wide range of non-medical services which in other countries are organisationally separate and charged to other expenditure areas. The integration of medical and social services, however, holds the potential to ensure a comprehensive and planned response to the needs of vulnerable groups. Of particular concern will be the development of child care services as recommended by the Task Force on Child Care; emphasis on the provision of accessible "reach out" services to low income groups who have an exceptionally high level of illness but make inadequate use of existing services; and the provision within the community of services to the disabled following the recent Green Paper on the Disabled.

The Travelling People

5.40 Special attention will be given to the needs of the travelling people. In addition to developing health services which are geared towards their particular needs, the Department of Health will exercise a particular responsibility to oversee the implementation of the Government's programme of action to effect a substantial and immediate improvement in this situation.

Child Care Legislation

5.41 It is intended to introduce three Bills in relation to the care and protection of children. Much of the existing legislation in this area is now outdated and not sufficiently in keeping with current concepts in regard to the well-being of the child.

5.42 The *first* of the new Bills is at an advanced stage of

children and the dispensation of agreement to placement for adoption in certain instances.

5.44 The Government are also committed to bringing forward revised measures in regard to juvenile justice. This will be the subject of a *third* Bill which is under examination at the moment.

Efficiency

5.45 There is a pressing need to ensure that scarce resources are not wasted on services and activities which are not achieving worthwhile results, or which are doing so at unnecessarily high cost. Evaluation of services is therefore being improved through an extensive programme of new management information systems which is now being actively pursued at all levels in the health services.

5.46 A major obstacle to cost-effectiveness has been the insulation of health care providers and, to a lesser extent, consumers from the full economic consequences of their actions. Providers, especially doctors, are being encouraged to become more aware of the financial implications of their decisions, for example through the establishment of drugs and therapeutics committees in hospitals. A major effort will be made to involve general practitioners in the efficient use of scarce and costly medical resources. Specific incentives to influence their behaviour in these areas will be introduced. Clinicians and others will be involved in the management of budgets and the development of information systems.

5.47 The forthcoming Green Paper on the health services will examine the extent to which the existing eligibility and insurance arrangements may encourage an inappropriate use of expensive hospital services.

5.48 The rate at which the health services can be re-organised towards the major objectives of disease prevention, community care services and, especially, effective care for the poor and disadvantaged is limited by two factors: first, the general opposition to any change when this involves reducing or eliminating some services (such as some hospitals) and second, the lack of adequate finance. Despite this, many innovative services and improvements are proposed for the course of the Plan to provide health services which are up-to-date and appropriate to the future needs of the country.

7.24 The Government have also reduced by half the food subsidies, introduced in 1975 when inflation was running at 21 per cent. The timing of this reduction, coinciding with a sharp drop in potato prices which had been at an exceptionally high level, has left the overall cost of food, and indeed of the foodstuffs most used by less well-off people, unchanged between mid-May and mid-August. Moreover, the increased social welfare provisions introduced a few weeks earlier were set at a level that matches the present inflation rate and is somewhat higher than the rate of inflation expected to mid-1985. The impact in the case of working families with low incomes has been offset by the introduction of the Family Income Supplement, entitlement to which has been brought forward to 1 September, 1984.

7.25 In addition to these measures already announced, the decision in relation to public service and parliamentary pay, and the elimination of wasteful or unproductive expenditures, a number of other policy decisions have also been taken with the objective of reducing current public expenditure as a proportion of GNP. In particular these include

- rationalisation of State bodies, some of which have been mentioned earlier, while the details of others will be announced shortly;
- limitation of Rate Support Grants;
- suspension of the Coastal Protection Service for the duration of the Plan period;
- limitation on allocations for opening of new hospital units;
- limitation of rate support grants;
- curbs on recruitment to local authorities, health boards and grant-aided bodies to complement the embargo on replacement of two out of three vacancies in the Civil Service which will be maintained;
- reductions in the cost of the health service by increases in charges for private and semi-private patients, and secur-

ing contributions from consultants for private use of public facilities;

Further reductions in food subsidies will be deferred until the introduction of the Child Benefit Scheme which will compensate low-income families for increased food costs.

7.26 Details of the planned current expenditure allocations for Departmental groups are given in the following paragraphs, which also identify some significant increases being provided for in particular key areas, while Table 7-1 sets out these allocations by Ministerial Group.

TABLE 7-1
Current supply services expenditure by Ministerial Group¹

Ministerial Group	Budget Provision 1984 ²	Planned provisions		
		1985	1986	1987
	£m	£m	£m	£m
Taoiseach (excluding CSO)	8	11	10	11
CSO	6	7	12	9
Finance	192	211	217	235
Public Service	52	54	59	65
Justice	285	308	331	365
Environment	533	580	638	695
Education	842	850	904	987
Fisheries/Forestry	29	30	31	32
Gaeltacht	7	7	7	8
Labour	107	145	150	158
Agriculture (excluding food subsidies)	184	199	198	198
Industry, Trade, Commerce and Tourism (excluding food subsidies)	101	111	114	121
Food Subsidies	97	51	2	2
Communications	116	117	121	142
Defence	264	279	291	303
Foreign Affairs (excluding ODA)	23	24	25	28
ODA ³	17	21	26	30
Social Welfare	1,254	1,345	1,438	1,543
Health	966	1,019	1,078	1,123
Energy	8	8	8	9
TOTAL ⁴	5,120	5,360	5,630	6,060

¹The expenditure profiles for 1985 to 1987 are subject to variation in the light of the annual estimates procedure.

²The 1984 total includes a provision of £54 million for extra remuneration which is not reflected in the individual Departmental provisions.

³Certain ODA items are also included in the Central Fund services and in other Departmental Votes and these increase the total of £34 million for all ODA in 1984 to £50 million by 1987.

⁴The above totals are net of Departmental balances.

7.45 The Health Services The level of resources available to the health services during the period of the Plan will necessarily be constrained. But the Government have decided that health services which are essential to the well-being of the community must continue to be maintained.

7.46 The Government remain fully committed to fulfilling the social obligation which society owes to all who may find themselves in need of health care. Health services will be available either free or at tolerable levels of cost to all those who need them.

7.47 Health Staffing The overall number of health staff in the various agencies has grown very considerably during the past fifteen years — from 40,000 to 60,000. About two-thirds of all health expenditure is in the pay area and accordingly the Government intend to achieve savings in payroll costs ranging from £10 million in 1985 to £30 million in 1987 in the health services generally. These savings will be achieved through a combination of measures and will involve redeployment of some staff, and a reduction in overall staffing levels.

7.48 Health Charges In relation to public hospital services, the Government have decided to increase existing private and semi-private in-patient charges from 1 January, 1985.

7.49 Negotiations will be resumed on the question of the arrangements to be made to secure payments from hospital consultants in respect of their use of State-provided facilities when treating private patients, beginning in 1985.

7.50 The increase in hospital charges and the payment from consultants will yield savings of about £6 million in 1985.

7.51 Working Party on the General Medical Services The Working Party on the General Medical Services, in its recent report, pointed the way to a more effective service to the most disadvantaged in our society. The Government agree with the broad thrust of those recommendations and intend, through negotiation, to improve the efficiency and effectiveness of the General Medical Services on the lines

proposed. It is intended to make a substantial saving in the drugs area in 1985: these savings will increase in later years.

7.52 *General Strategy* Improvements have been made to the infrastructure of the health service in recent years, particularly in the area of hospital services. The period ahead, the Government have decided, will be one during which the emphasis will lie on rationalising the existing system of health facilities.

7.53 Projects now under construction, when complete, will afford opportunity for improved care in modern, up-to-date surroundings. Such new facilities will be treated, largely, as replacements for existing out-dated institutions rather than as additions to the overall system. In the process of rationalisation, hospitals and other institutions which are redundant to the essential requirement of the services will be closed. This will be a major factor in the programme to secure reductions in overall staffing levels.

7.54 The Government are setting aside funds to enable a small number of improvements to be effected in community services, notably for children, the disadvantaged and the handicapped.

7.55 In the light of the very limited resources available to the health services targeted in this plan, it is essential that efforts to contain expenditure within approved levels in 1984 are maintained and, where necessary, intensified, so as to avoid the very serious future implications of excess expenditure in the current year.

7.56 The Government are confident that the dedicated staff in our health services will co-operate with whatever controls may be necessary because of the economic circumstances of our country while ensuring the well-being of their patients at all times.

7.56 *Health* The Government intend to continue the development and improvement of the facilities in which health services are delivered. As has been the case in recent years, the Exchequer will provide virtually the whole cost of this development over the Plan period. However, a small amount of the total outlay will be financed through the disposal of existing institutions made redundant by new projects. Because of the substantial running costs involved in the operation of in-patient facilities, the pace and thrust of capital development must be constrained to align with the prospective non-capital resource availability.

7.87 The Government propose to continue with the rationalisation of the acute general hospital services, with the improvement of psychiatric, geriatric and mental handicap facilities, and with the development of community health centres and clinics and of centres in which the specialist requirements of the physically handicapped, including the deaf and the blind, are provided.

7.88 So far as acute general hospitals are concerned, the programme includes provision for major developments at Ardkeen, Blanchardstown, Castlebar, Kilkenny, Mullingar, Naas, Sligo, Tal-laght and Wexford. Certain of these developments would be in the

context of reorganisation and consolidation of bed-provision in the relevant Health Board areas. In addition, the programme enables the contracts entered into in respect of projects at the Mater, St. James's and Cavan to continue.

7.89 The scale of a number of acute hospital developments has been reduced by the Government. There will be a concentration upon meeting deficiencies in certain specialities such as orthopaedics, obstetrics and paediatrics. A particular priority will be afforded to out-patient departments and day hospitals.

7.90 In the psychiatric services there will be a continuation of the programme of improvement of living conditions for long-stay patients.

7.91 The development of a comprehensive range of community based psychiatric facilities including day hospitals, day care centres and hostels, will also be provided for in the programme.

7.92 There will similarly be a special concentration upon community facilities for the mentally handicapped, as well as the provision of major day care and residential complexes as are being planned at, for example, Enniscorthy and Loughlinstown.

7.93 It is the Government's intention to make provision for the needs of the growing elderly sector of the population. Improvements are urgently required in many of the institutions which provide for geriatric patients and the programme provides the resources necessary to undertake this task. The programme includes provision for planning and construction of major replacement facilities, for example, at Dundalk, Carlow and Dunigarvan, as well as schemes to provide a range of geriatric and psycho-geriatric facilities in the Eastern Health Board area.

7.94 In line with the Government's concern to strengthen the non-institutional elements of the health services, provision is made which will enable the improvement and development of community health facilities such as health centres and clinics throughout the country, particularly in areas of high population concentration and growth.

7.95 The programme also makes provision for additional facilities for the treatment and rehabilitation of drug abusers, particularly the young abusers. It will also enable the completion of the Youth Development Centre at Dundrum.