LETTER FROM WESTMINSTER

The price of success

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As Nye Bevan might have said about a review of the National Health Service, "Open that Pandora's box and you never know what Trojan horses you'll let out." Now 40 years on Mrs Thatcher has done it. In the event, it wasn't so much Pandora as *Panorama* which got the Prime Minister moving. A looming television interview did the trick. John Moore was summoned and told that he had the green light to initiate the review he wanted. It was as simple as that.

Mrs Thatcher was then able to tell the watching nation that while there will be no independent review the government will carry out its own inquiry. "We are looking at all possibilities. It is our bounden duty to do so," the premier said. Could it be the start of something big?

The inquiry, of course, will be strictly private within the corridors of Whitehall. That way you guard against the Trojan horses. Maybe so, but there is rejoicing in the Department of Health and Social Security. Never mind Trojan horses, didn't Mr Moore in his inaugural speech last year vow to slaughter sacred cows? Indeed he did. Now we shall see. Serious debate on reforming the health service has been brought forward by at least a year. So the "Moore package" could come rather sooner than I predicted two weeks ago.

The provisional timetable is to produce a consultation paper in six months followed by legislation next year, which is uncommonly fast by DHSS standards. That will be the first instalment. It will bring about the so called internal market, by which health authorities can buy and sell treatment among themselves. It could have a dramatic impact on waiting lists.

Extensive study remains to be done on how to create the internal market. The NHS has no accurate costings. Nobody really knows what a given operation should cost. Or how do you prevent the big teaching hospitals simply sucking more money into London? Even so, the Treasury likes the idea of an internal market if all it means is making the same amount of money go further. So beware.

Looking ahead, some important changes are in prospect affecting the delivery of clinical care and more two way cooperation with the private sector, which Mr Moore is dedicated to expanding. Downing Street says nothing is inviolable, but it did massage the headlines into conveying an impression of reforms more radical than is likely to happen in this parliament.

Mrs Thatcher has specifically ruled out charging patients for hospital accommodation or visits to their general practitioners. The content of the Moore package will be closely supervised by a Cabinet committee headed by Mrs Thatcher, who said: "When we are ready we shall come forward with our proposals for consultation and, should they meet what people want, then translate them into legislation."

Translating them into hard cash, however, is a totally different question. Mrs Thatcher has made it clear that she is less concerned with the input of more money than with more output in terms of patient care. While Mr Moore's agenda may include a search for alternative funding, that does not automatically mean additional funding. For the moment, however, the government has regained the political initiative, calmed the panic on its own backbenches, and restored debate on the NHS to more rational lines.

In this respect last week's session of the social services select committee was a model of civilised discussion when Mrs Julia Cumberlege led witnesses from the National Association of Health Authorities. These were exciting times for the health service, she

said, welcoming the government's review. She hoped that it would be very thorough, and while NAHA would like to give evidence Mrs Cumberlege added knowingly that it did not seem it was "that sort of review."

What would the health authorities advise nevertheless? Off the cuff, Mrs Cumberlege suggested that there should be incentives for authorities which perform well and also for general practitioners who encourage treatment at home and prevent patients entering hospital unnecessarily. More radically, she perceived the NHS as an efficient curing service but less good as a caring service for long stay patients. Should it not therefore concentrate on what it did well and hive off at the periphery? The implication—on the eve of the Griffiths report on community care—was that the care of the old and the mentally ill was more appropriate to the social services.

Mrs Cumberlege voiced concern, patently drawn from long experience, that the NHS might well be subjected to a tighter squeeze while the review was taking place. That, she said, would be cynical because NAHA regards the cash crisis in the NHS as being "the price of success." The financial difficulties in the acute sector stemmed mainly from achieving the government's efficiency objectives. In short, more patients treated meant lower average costs but higher total spending as services expanded.

What is more, NAHA was able to put an exact figure on the price of success. According to a survey of its members, health authorities estimate that they will need funding of £935m in the next financial year, compared with £707m in the government's plans. Add £170m for underfunding this year and the total shortfall comes to more than £1100m—or some £400m higher than projected government funding. That will become the benchmark for "underfunding" in 1988-9. It allows 5.9% for pay awards. If they exceed that and are not fully funded the problems of success become even greater.

More success for less price

The government, meanwhile, wants more success for less price. Its present instrument is the Health and Medicines Bill, now in committee. A progress report takes us up to clause four. Privatisation of the General Practice Finance Corporation has gone through unamended. The government is looking for a white knight in the shape of a bank or building society to become the new owner—with medical representation on the board through a "BMA Trust" holding minority interest. The opposition failed to obtain statutory safeguards against the corporation falling into the hands of undesirable owners, such as tobacco companies or fast food chains.

Clause four enshrines the proposals for hospitals to boost their budgets by entrepreneurial schemes of income generation. Ministers have raised the target for such income from £70m to £100m in three years' time, and have given assurances to block unseemly fund raising projects such as direct lines to funeral undertakers or charging general practitioners for diagnostic tests. But they approved of hospitals selling apple pies.

Contributors to pages at the front of the *BMJ* might have been amused by a debate on the use of "intellectual property" and the new research contracts which give the DHSS a veto on publication of funded research material. It seems that the change, which had to do with copyright law, is also intended to prevent such mishaps as the publication of names of rape victims. Rather more thrilling instalments are awaited on the later clauses dealing with the new charges for sight tests and dental checks and the cash limiting of family practitioner expenses.