Why charging for health care isn’t a credible fix for our NHS crisis

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- Tim Gardner

The crisis in the NHS has prompted ever-louder calls for 'fundamental reform' of the health service. Most proposals are poorly thought through, unsupported by evidence and fail to address the biggest problems facing the NHS. A recent one, put forward by former chancellor and health secretary Sajid Javid, is charging patients for GP appointments and visits to A&E departments. The idea is neither new nor a credible way to secure the future of the health service, as quickly becomes apparent from examining the practicalities.

The case for charging is typically centred around two objectives. The first is to reduce unnecessary demand. Anecdotal accounts of people misusing the NHS are common – and often attributed to a lack of financial incentives to be prudent with a service that is largely free at the point of use. However, international comparisons suggest people in the UK generally use less health care than those in other similarly wealthy countries. Nor is the NHS uniquely generous – the health systems in most other high-income countries also protect citizens from most of the direct costs of ill health.

If anything, patients not seeking necessary care is at least as big a problem as individuals seeking unnecessary treatment – for example, British reluctance to 'bother the doctor' is likely a factor in our relatively poor cancer survival rates. With 7.2 million people on the waiting list for routine hospital treatment and dramatic falls in satisfaction with GP services, too many are already struggling to access the care they need.

Charging may reduce the inappropriate use of health services. But a famous study from the 1970s, the RAND health insurance experiment – which investigated how different levels of upfront charges affect demand for health services among thousands of US citizens – suggests

people will also be deterred from seeking necessary medical care, with the biggest impact on the poorest and sickest patients.

This would have significant consequences. Minor problems could deteriorate into serious conditions, poorer quality of life and even premature death. Rather than reducing demand, charges may instead shift demand into services that are costly for the taxpayer but free to the user.

The second objective which charging proposals are meant to achieve is to raise extra revenue. But while charges might raise extra funds, they would also generate extra bureaucracy, and realistically would not be paid by a majority of patients.

Under Javid's proposal it may be that charges would only be paid by those with sufficient means. Few would dispute the principle that the wealthiest in society should contribute the most to the costs of a universal health service. This is already baked into the NHS funding model via the tax system.

Achieving a similar level of fairness through charges at the point of care would require a separate system, built into every GP practice and A&E department, to establish who should pay and to extract payment. As no such system currently exists, the NHS would need to fund its creation and ongoing maintenance – creating more paperwork for patients and extra administration for GPs and hospitals.

Exceptions would also be needed for people with certain health conditions, even among those with the means to pay. Not doing so would create perverse incentives not to access the routine care and treatment that prevents more serious problems and helps to contain health service costs.

Even a relatively basic degree of fairness would substantially reduce the revenue raised. Prescription charges offer a useful illustration: after taking into account exemptions for younger and older people, those on low incomes and with certain conditions, 89% of prescriptions are dispensed for free and charges only cover 5% of the total cost of prescriptions.

Implementation would also raise some thorny issues. What if a patient needs care but cannot prove they are exempt and cannot pay on the spot? If payment can be deferred until after treatment, should doctors be expected to withhold further necessary treatment until past debts are paid off?

The call to charge for GP appointments and A&E visits is not an idea whose time has finally come. What is happening in the health service is ultimately the consequence of the political choices made over the past decade, including underinvestment in the NHS and other public services, a failure to address chronic staff shortages and the longstanding neglect of adult social care.

New charges would create a host of new problems, without achieving Javid's stated aim of putting the NHS on a sustainable long-term footing. Reform is needed, but policymakers should develop solutions based on evidence of what works – anything else is a distraction.

The government already has a relatively efficient and fair way to fund health care through the tax system – a founding principle of the NHS that continues to enjoy strong support from the public. The political difficulties around hiking tax pale into insignificance compared to the likely fallout from erecting new financial barriers to accessing health care. The pain is not worth the limited gain.

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https://www.health.org.uk/news-and-comment/blogs/why-charging-for-health-care-isn-t-a-credible-fix-for-our-nhs-crisis