

Joint Committee on Health

Opening Statement

Minister for Health Simon Harris T.D.

27th September 2017

Introduction

Chairman, I am pleased to have this opportunity to provide an update to the Joint Committee on the mid-year review of my Department's Estimate for 2017 (Vote 38.

The briefing provided to Deputies by my Department gives details of the Vote position to the end of July; a summary of health service expenditure by service area to the end of June; performance information by divisional area to the end of June; and details of the HSE Performance and Accountability Framework.

Last year was the first in recent years that the Health vote did not require a supplementary budget to cover deficits. This was a direct result of both the Government providing an additional €500m funding to the Health Vote to improve the base funding of health and efforts by management to remain within budget.

Health Sector Budget 2017

The gross current budget for the Health Sector for 2017 is €14.152 billion, an increase of €457m compared to the 2016 allocation. The Health Vote has increased significantly in the last three years, recognising the Government's commitment to providing a health service that seeks to improve the health and wellbeing of the people of Ireland.

The additional funding provided since 2015 has given me the opportunity to address some immediate issues facing patients, such as investment in a Winter Initiative to support Emergency Departments, in addition to meeting commitments in the Programme for Partnership Government.

However, there are still real fiscal challenges facing the health service and we must continue to focus on effective financial management to ensure that services are delivered in line with the National Service Plan and within budget.

Financial Performance

Actual expenditure for the entire Vote for the first seven months of the year, to the end of July, is €8,29b against a budget profile of €8,25b, suggesting an overspend in Vote terms of €40m.

The Department and non-HSE agency spending is below profile on current expenditure of €27m. This largely relates to timing issues on payments under the Hepatitis C Compensation Tribunal and profiling issues relating to payments to directly funded agencies, and is expected to substantially reverse by year-end.

There is a positive variance of €32m on Capital spending due to timing issues on the progress of a number of projects, which have not progressed as initially projected. Expenditure is expected to progress steadily as construction begins and the 2017 capital allocation will be spent.

Against these underspends the HSE subheads are €100m over profile. There are a number of contributing factors to this overrun, including extra activity, costs relating to bringing forward the pay restoration under the Lansdowne Road Agreement to April, which were not profiled for and are as yet unfunded, and a higher level of settlements by the State Claims Agency than profiled.

Overall, based on the position to the end of July and known financial challenges, we are anticipating a level of overspend by the HSE, linked to 2017 pay agreements unfunded, SCA settlements, and expenditure in a number of service areas being over budget. The HSE, through its Performance and Evaluation Framework, is undertaking action to reduce the level of this final potential overrun.

My Department and the HSE are operating and planning on the basis that additional funding will not be available for any overspend in delivering the commitments set out in the National Service Plan 2017. However, we are discussing with the Department

of Public Expenditure and Reform the situation regarding the funding requirement arising from decisions made subsequent to the National Service Plan, particularly central wage agreements, and any overrun in settlements by the State Claims Agency.

Service Performance

In terms of the performance of the health services so far in 2017, it is clear that there are areas of good performance where activity is on target, while challenges remain in other areas.

The Outpatient Department Waiting List Action Plan is focusing on reducing the number of patients who would be waiting 15 months or more for outpatient appointments by the end of October 2017. Since the beginning of February to the week ending Friday 2 June, nearly 42,000 patients had come off the Waiting List under this Plan. At the beginning of this month, almost 76,000 patients had come off the list.

The In Patient/Day Case Waiting List Action Plan is being delivered through a combination of normal hospital planned activity, as well as additional funded activity utilising €15m of Budget 2017 funding. Between early February and the week ending Friday 1st September, almost 21,000 patients came off the list under this plan.

While elective discharges in hospitals remain on target for 2017 and at the same level as 2016, day case discharges are up 0.5% against the 2017 target and 1.1% up on the same period last year. When looking at activity levels in 2017 from an Activity Based Funding perspective, inpatient and day cases discharges in weighted units are both ahead of 2017 targets, which suggests a greater complexity in the activity being carried out this year. In terms of ED performance, again activity in terms of total presentations at EDs is 1.1% ahead of 2017 targets and 2.9% ahead of the same period last year.

The metrics in relation to cancer screening services are showing positive performance improvements. For example, the national screening service for bowel cancer, BowelScreen shows an increased client uptake and the number of people completing

the home test for bowel cancer is 19% ahead of expected activity while the number of women having smear tests and mammograms through CervicalCheck and BreastCheck are also ahead of target.

So while many challenges remain throughout the healthcare system, there are positive stories to relay where progress is being made out on the ground through the hard work and dedication of our many healthcare workers.

Looking Ahead to Year End / 2018

There are service pressures being experienced, particularly in Acute Hospitals and Disability Services. In the case of the hospital sector, this is substantially reflected in non-pay categories and comprises increased complexity of activity, non-achievement of savings targets, and a shortfall in income, while the pressures in Disability services largely arise as a result of regulatory compliance, emergency placements and the non-achievement of targeted savings.

In the recently published Mid-Year Expenditure Report 2017, the issue of health funding is highlighted as a major policy challenge, not just in Ireland but internationally. Despite welcome increase over recent years, a financial challenge remains as we deal with a larger and older population, with more acute health and social care requirements, increased demand for new and existing drugs and the rising costs of health technology. The costs of payments under the State Claims Agency are also rising, increasing the cost of Health above that necessary to meet the health demands of a growing and aging population.

Budget 2018

As Budget Day draws closer, my Department is in regular contact with the Department of Public Expenditure & Reform regarding increased costs and additional health priorities in 2018. The discussions include the funding required to maintain the Existing Level of Service, funding for priorities included in the Programme for

Partnership Government [and the Supply and Confidence Agreement] and funding to allow for the delivery of our Capital Programme in 2018.

These discussions are taking place in the context of the fiscal constraints imposed by both the need to maintain economic stability and our requirement to remain compliant with the Fiscal Stability Pact, most particularly the expenditure benchmark and the imperative to use Fiscal Space to support Government priorities.

With regard to funding for New Developments, the priorities will reflect the Government's programme, planned over a three-year period. There are 132 commitments in the Programme for Partnership Government in respect of health, of which many have a financial cost. It will be necessary to carefully prioritise and phase the initiatives having regard to the Fiscal constraints within which the country must operate. I would welcome the input of this Committee as we undertake this exercise.

For Capital, notwithstanding the challenges arising from the impact of inflation, we will see major initiatives such as the National Children's Hospital, the new mental health hospital in Portrane, and a substantial number of more modest but necessary projects across the country, which are currently underway. In addition, the HSE has developed an ambitious eHealth programme and through the Department and the Office of the Chief Information Officer in the HSE, has built significant momentum and support, and there is an opportunity to build on this in 2018.

Conclusion

While we have secured a significant increase in funding for the health services for 2017, I do not underestimate the challenges involved in the delivery of a safe efficient health service for the Irish people. We must maintain our focus on improving the way services are organised and delivered, and on reducing costs, in order to maximise the ability of the health service to respond to growing needs.

In order for Government to have the confidence to prioritise additional investment in our health services in 2018 and beyond, it is essential that those managing and

delivering the service demonstrate good practice by delivering the best possible healthcare within the limits of resources that have been made available by Government each year.

To conclude, I thank the Members for their attention and I will be glad to supply any further information or clarification that Members may require.

ENDS