Are Rural Areas Underfunded?

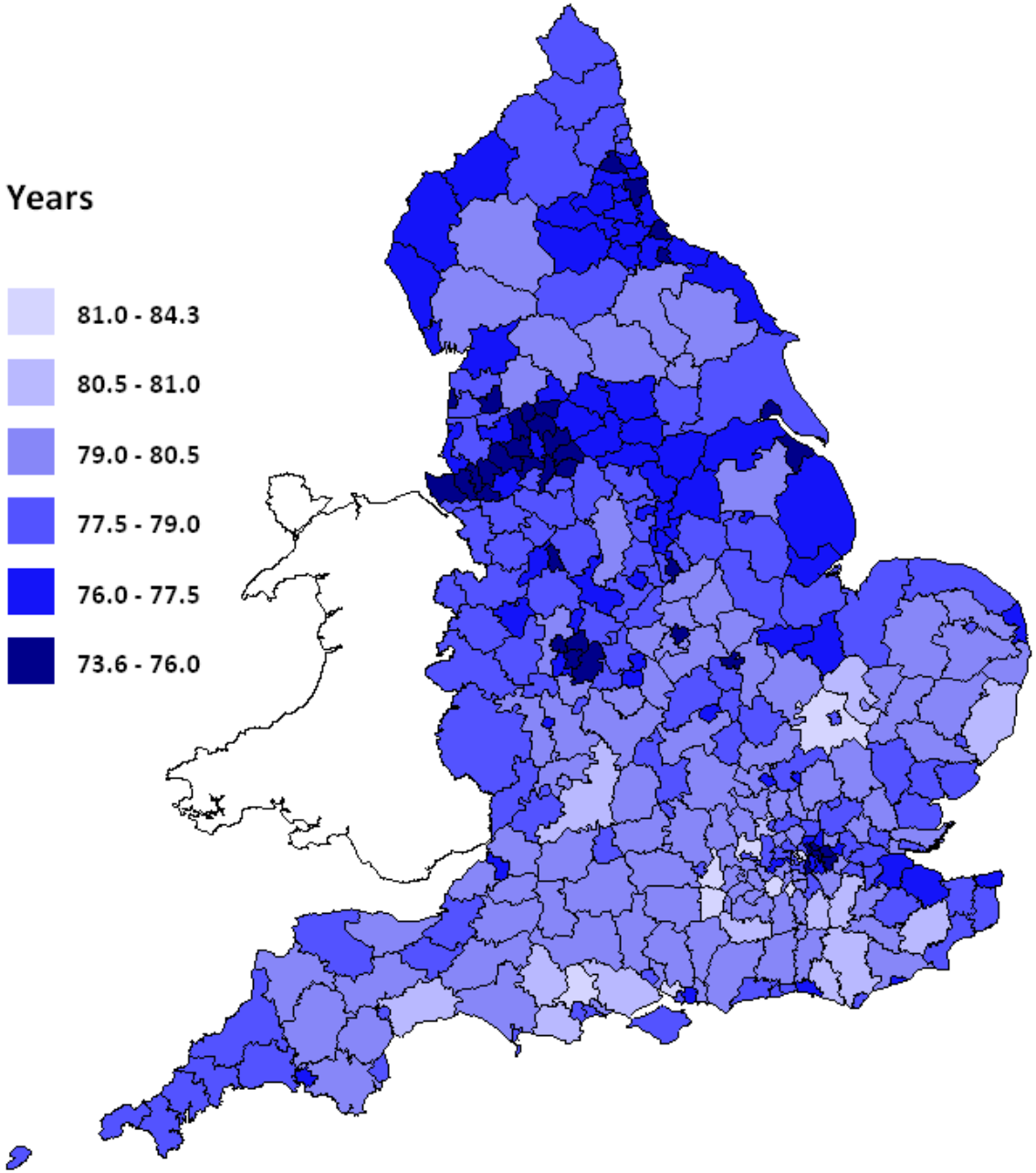
Professor Sheena Asthana

Outline

- Problem: what problem?
- Resource allocation: a brief overview
- So, are rural areas underfunded?

Problem: what problem?

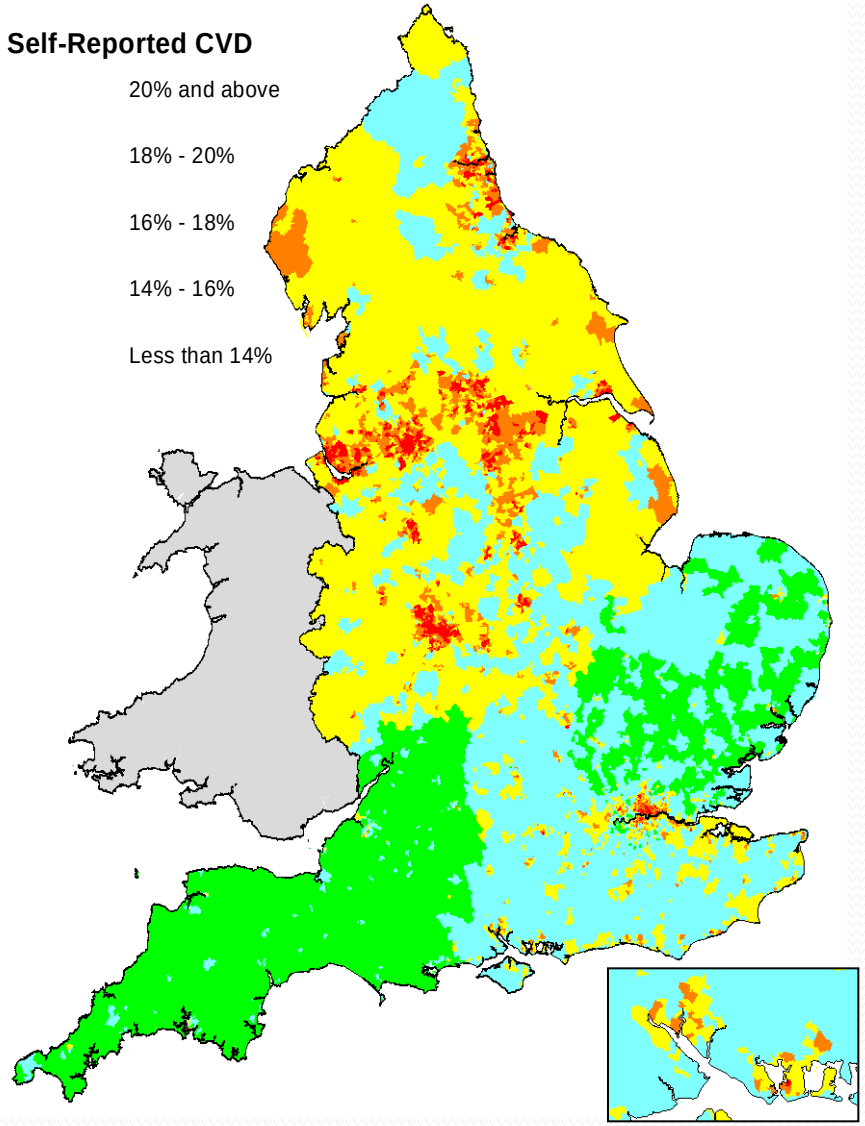
Male Life Expectancy at Birth



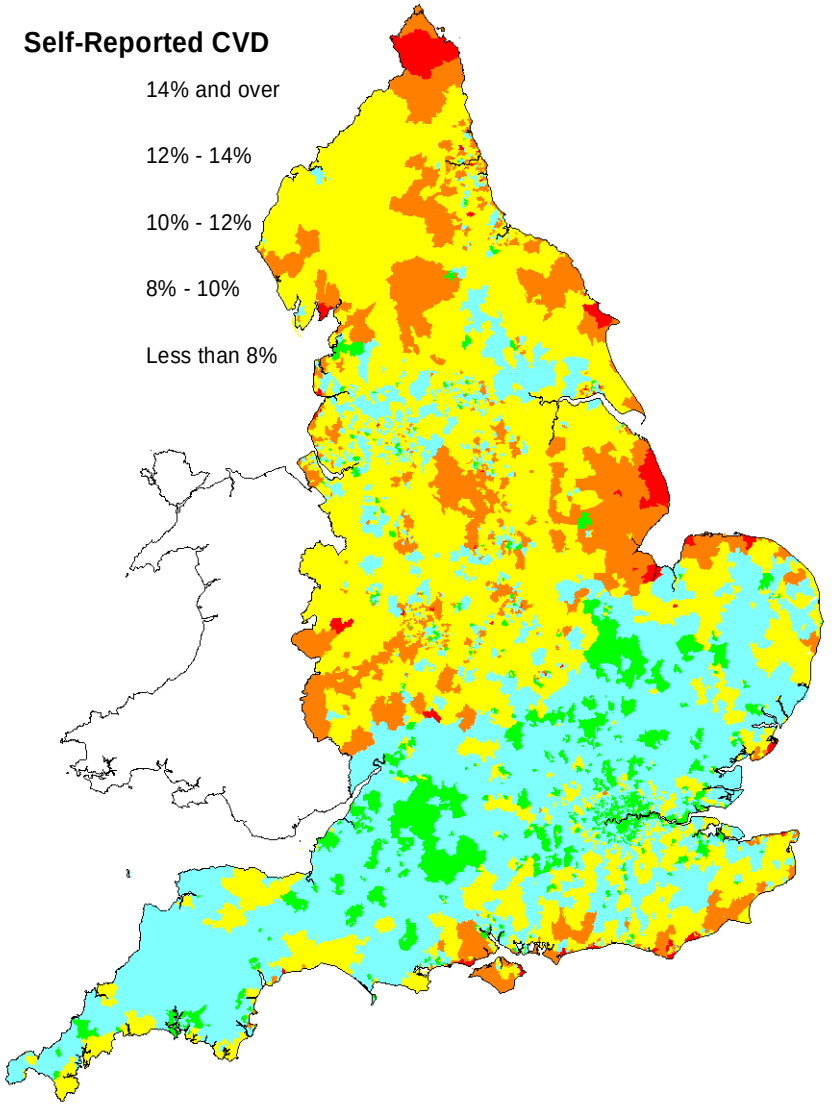
- Widespread perception that urban deprived areas have the highest ‘needs’ for NHS services (and have been systematically underfunded)
- Data interpretation issues
  - Standardised vs unadjusted measures
  - Inverse correlation between deprivation & demography
  - Distribution of ‘needs’ for health care equity and health care varies

Synthetic estimates of premature and all age prevalence of CVD

Males, 45-64



All people

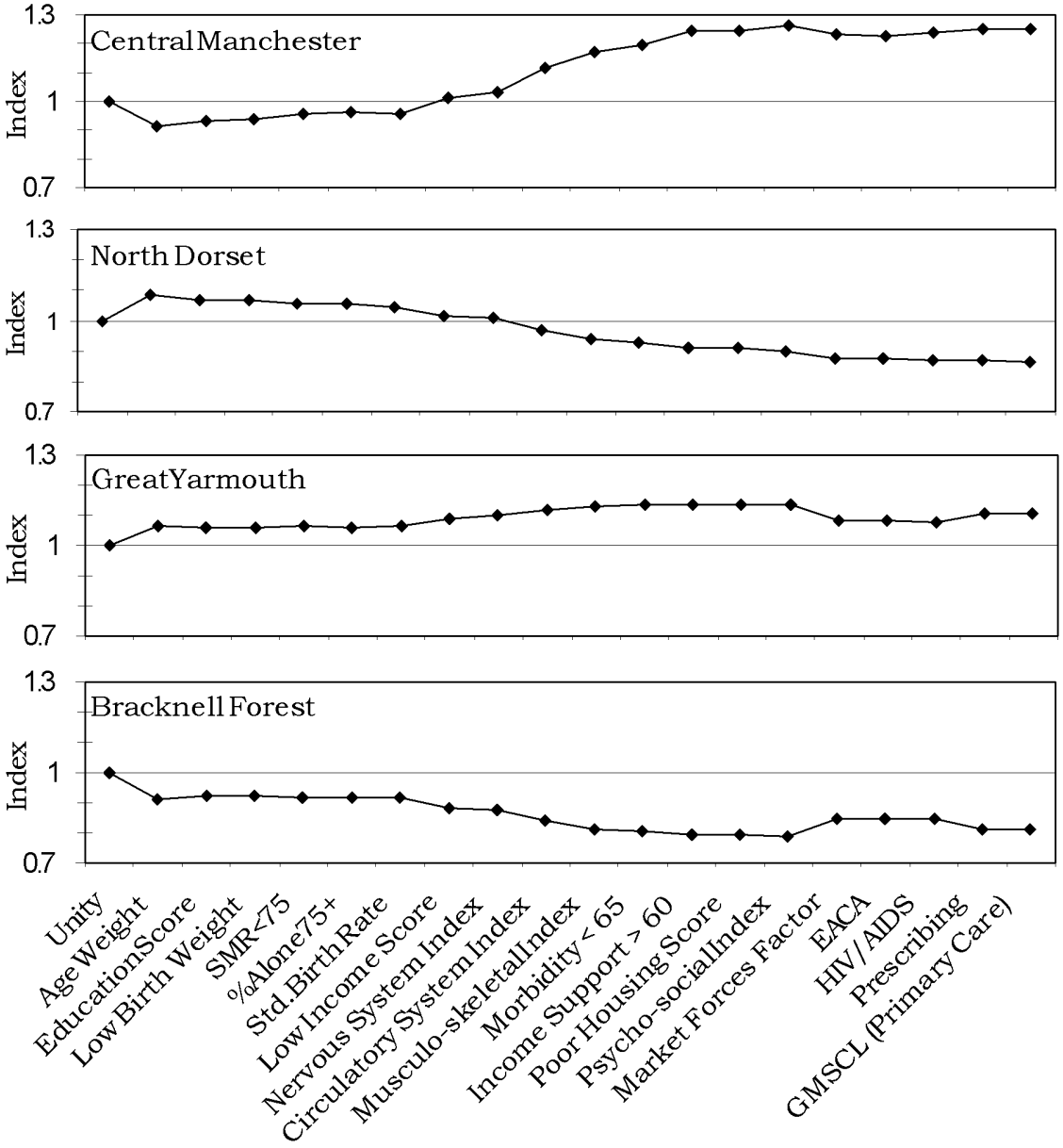


- The prevalence of most chronic diseases has a more pronounced demographic than socio-economic gradient
- 23% of the rural population are over retirement age compared to 18% in urban areas
- As a result, overall (crude) rates of disease, disability and mortality tend to be higher in rural areas
- Does the resource allocation system reflect this?

RA: a brief history

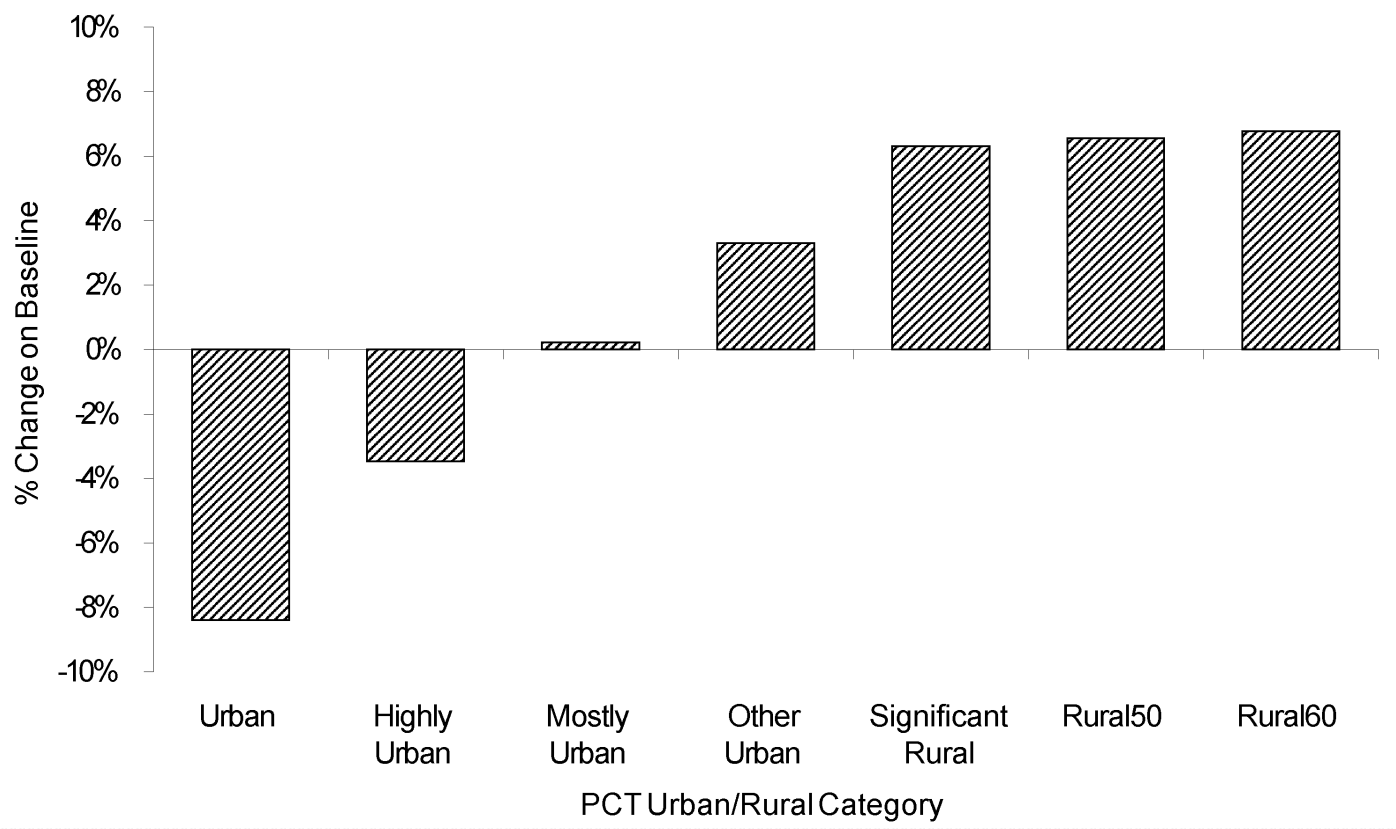
- Dominance of the 'utilisation-based' approach
- Assumes that historical patterns of use are appropiate – or that unmet need/unjustified supply can be isolated (highly doubtful!)
- Inherent circularity (as models are developed in order to maximise best fit with past utilisation)
- AREA formula (2009-09) resulted in a significant shift in resources towards urban deprived areas (which were widely reported to be under DFT)
- Technical flaws: 'data mining', selective approach to unmet need, two stage model (in which age and additional needs indices opposed each other)

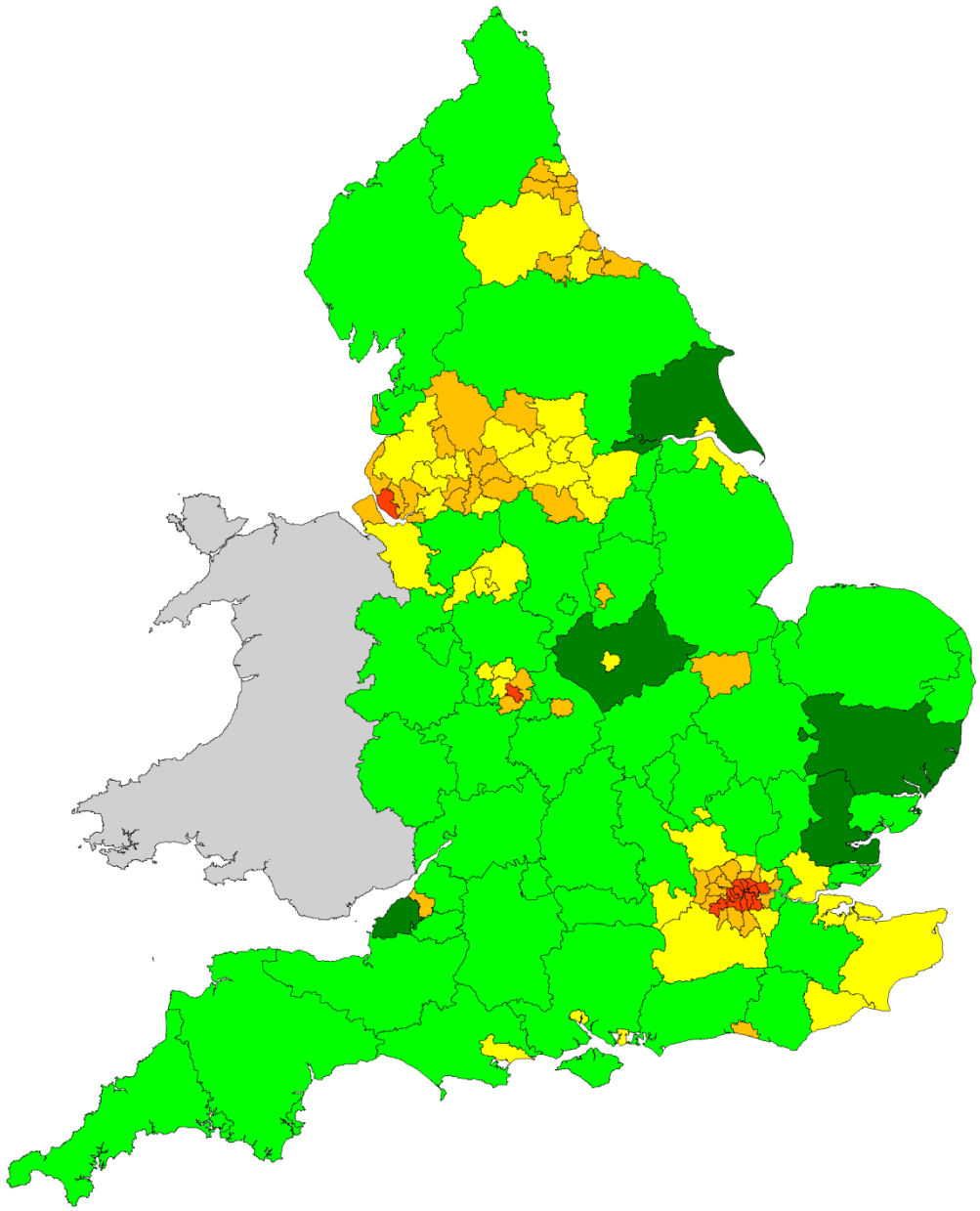
Sequentially Incorporated factors in AREA Capitation Formula



- Age and deprivation are negatively correlated in England. Thus, the indices tended to oppose each other
- PCTs with more ageing populations would usually have been better off if there were no weightings at all!
- 2007 CARAN review: age and additional needs calculated in a one-stage model, stratified by age
- Confirmed suspicions that the AREA formula had overestimated the health care needs of younger deprived and urban areas and underestimated the needs of demographically older and rural areas.

‘Needs Only' CARAN Allocations relative to AREA-based Baseline Allocations; by Urban/Rural Category





PCT-level Geography of Gain/Loss on the Implementation of 'Needs Only' CARAN Allocations relative to the AREA-based Baseline Allocations

Change of Allocation

Gain of 10% or more

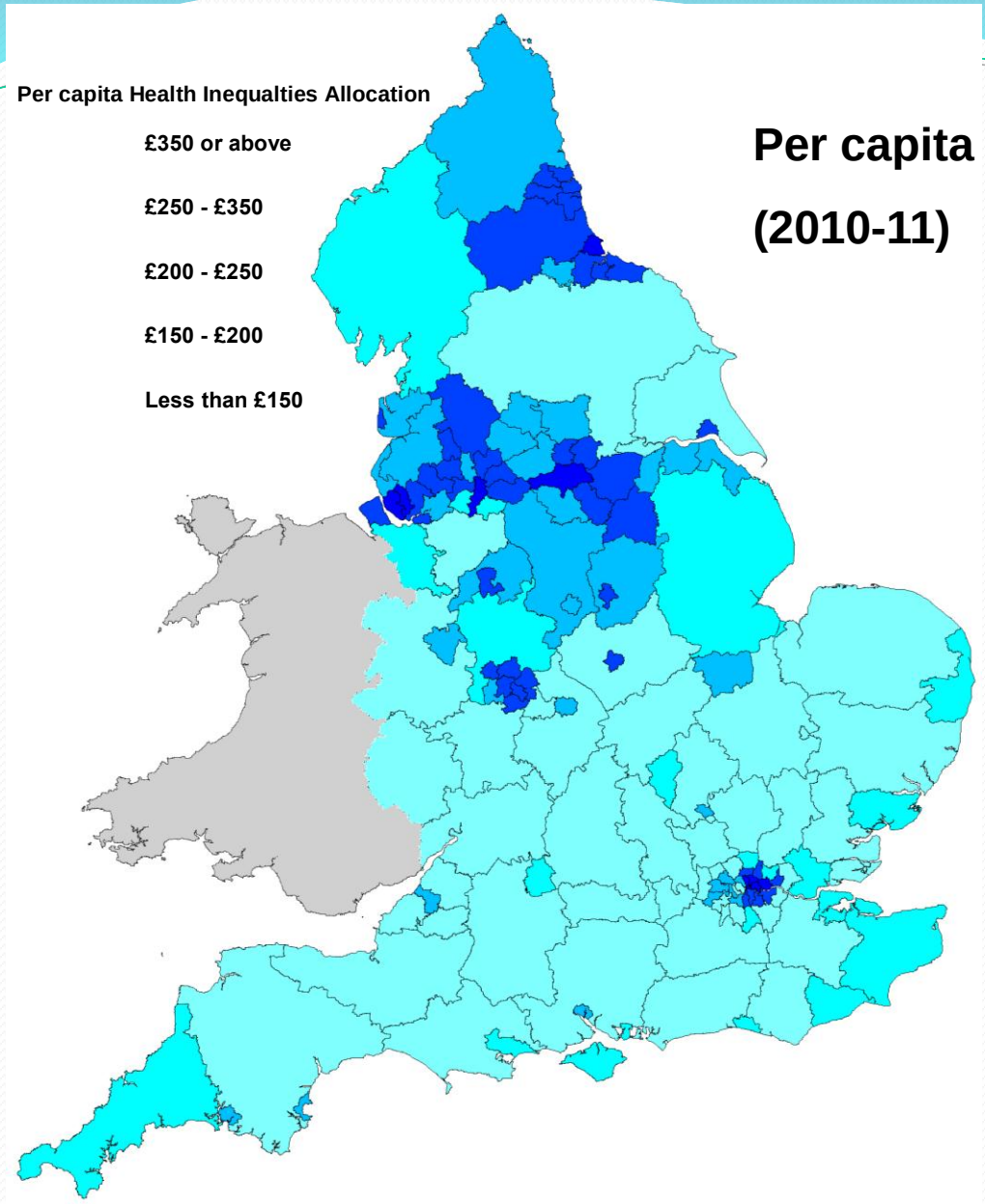
Gain of 2% - 10%

Unchanged (-2% to +2%)

Loss of 2% - 10%

Loss of 10% or more

- Little change in overall allocations as gap between CARAN and AREA allocations was filled with a new ‘Health Inequalities’ adjustment (which exceeded 20% of total funding in several urban PCTs)



Per capita Health Inequalities Allocation (2010-11)

- New acute formula (2011-) in line with CARAN (but assigns a higher level of need to younger populations)
- HI adjustment changed from 15-10% in 2011/12.
- 10 most deprived PCTs have gone from being 2.7% *below* target in 2007/8 to 5.2% *above* target.

Mortality, morbidity and allocations for PCTs with the youngest and oldest demographies, 2010-11

				Crude Mortality Rate (per 100,000)					
Primary care trust	*%pop >75*	*Average Deprivation Score (IMD2010)*	*All Cause Standardised Mortality Ratio (SMR)*	*All Cause*	*Cancer*	*Circulatory Disease*	*% GP patients on cancer register*	*Cancer spend per cancer patient*	*Per Capita Allocation (2010-11)*
Dorset PCT	12.7%	14.6	84.5	1,159.1	334.0	399.4	2.49%	£4,075	£1,560.50
Hastings and Rother PCT	12.1%	26.8	98.5	1,275.8	374.5	486.0	2.01%	£6,282	£1,836.98
East Sussex Downs and Weald PCT	11.9%	16.7	88.1	1,210.4	310.8	456.1	2.08%	£5,784	£1,603.68
Torbay Care Trust	11.7%	26.8	97.4	1,281.7	341.2	432.9	2.07%	£5,000	£1,747.03
::	::	::	::	::	::	::	::	::	::
City and Hackney Teaching PCT	3.9%	41.3	97.3	494.1	138.6	168.2	0.91%	£9,996	£2,235.39
Camden PCT	3.8%	25.4	93.6	480.1	146.7	154.2	1.16%	£15,890	£1,881.29
Newham PCT	3.5%	41.8	114.5	539.7	148.4	187.6	0.62%	£11,080	£2,116.47
Tower Hamlets PCT	3.4%	39.6	109.7	441.4	136.6	146.6	0.77%	£13,087	£2,084.35

Are rural areas underfunded?

- Continued mismatch between underlying morbidity and allocation of resources?
- Problem reinforced by variation in expenditure on adult social care
- E.g. Tower Hamlets spent £2,551.69 on each person aged 65 or more in 2009-10, nearly five times more than Cornwall (£520.12).
- On average, the twelve Inner London Boroughs spent £1,750 per person aged 65+ compared to just £773 *per capita* across the 27 Shire Counties.

- Charges for home care are statistically higher in authorities with older populations and a larger percentage of people living in rural settlements
- There is gross inequality in the indicative personal budgets that identical individuals would receive from different councils.
- £16 to £331 for person A and from £41 to £410 for person B
- LAs with higher *per capita* expenditure on social care are able to offer significantly more generous indicative budgets than poorer funded LAs.

Conclusion

- Evidence of institutionalised ageism in the resource allocation system with rural implications
- Little scope for redistribution in an age of austerity (though signs that ACRA may be willing to adjust for unavoidable *additional costs* associated with rurality)
- Little political will to redistribute due to consequences of taking resources away from deprived areas
- We must challenge a discourse that implies that being old, poor and/or excluded is less of a problem in the countryside than the city because it is such a nice place to live!