ADI2015-1259 Would future NHS dementia care easily lend itself to private markets?

17:15 - 17:30

OC084

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Policy, Practice and Economics
Location: River View Room 5
Chair: Rhonda Parker

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On behalf of Dr Shibley Rahman, Kate Swaffer, Dr Peter Gordon, Simona Florio, and Prof Facundo Manes
My talk

• The story so far
• Aim
• Methods
• Results
• Discussion
• Conclusions
• Acknowledgements
The story so far…

• Various funding mechanisms for long-term care for dementia have come under scrutiny, including private insurance, drawing on the experience of various jurisdictions.

• An insurance contract is a contract whereby, for specified consideration, one party undertakes to compensate the other for a loss relating to a particular subject as a result of the occurrence of designated hazards.
• The normal activities of daily life carry the risk of enormous financial loss. Many persons are willing to pay a small amount for protection against certain risks because that protection provides valuable peace of mind.

• The term *insurance* describes any measure taken for protection against risks.
Ground-breaking global study into Alzheimer's disease to be led by Cardiff University

The £6m study will involve more than one million people from around the world

Professor Julie Williams
Arrow (1963)
1.1. Moral hazard and adverse selection in insurance

Following the seminal work by Arrow (1963), the notion of information asymmetry have by now been recognized as a cornerstone of modern insurance theory. Two focal cases have so far attracted particular attention from insurance economists. The concept of adverse selection refers to situations where, before the contract is signed, one party (in general the insured agent) has an information advantage upon the other. In most models, it is assumed that clients know better their own risk than insurance companies; the latter may then use deductible as a way of separating individuals with different riskiness. Moral hazard, on the other hand, occurs when the outcome of the relationship (here, the occurrence of an accident or a claim) depends, in a stochastic way, on a decision that is privately made by one party and not observable by the other. Typically, the insured party may choose to make an effort that is costly to her, but reduces her risk. In this context, full insurance generally leads to suboptimal outcomes, because it provides no incentive to reduce accident probabilities.

The effects of moral hazard are often intertwined with adverse selection.
Aim

G8 dementia survey all

Instructions

This survey is about your perceptions and image of the G8 Dementia Summit ("Summit") which took place in Lancaster House on 11 December 2013.

THIS VERSION OF THE SURVEY IS FOR ADULT MEMBERS OF THE PUBLIC WHO ARE NOT LIVING WITH DEMENTIA.

RESULTS ARE BEING COLLECTED FOR EXACTLY THE SAME SURVEY FOR PEOPLE LIVING WITH DEMENTIA THROUGH A DIFFERENT WEBSITE.

You do not have to provide your name. In other words, all replies are completely anonymous.

I'd be very grateful if you could answer as best as you can.

The questions have no right/wrong answers.

You can of course answer the survey in any order.

There are no right answers.
Methods

• 125 respondents completed the online “Surveymonkey ®” survey, invited from two Twitter accounts (@legalaware and @dementia_2014) with around 12000 followers.

• The survey could only be completed once.

Exclusions: None.
Q1 Do you think a NHS in future should be comprehensive, universal and free-at-the-point of need for all persons and patients?

Answered: 124   Skipped: 2
Q2 Do you think the NHS of the future should be wholly funded out of general taxation?

Answered: 124  Skipped: 2

Yes

No

Don't know
Q3 If you had had a full genetic screen completed, would you voluntarily consent for the results to be made available in the entire NHS anonymously?

Answered: 125   Skipped: 1

- Yes
- No
- Don't now
Q4 If the outcome of a genetic screen was that you had an extremely low risk for dementia, would you seek to purchase private health insurance where your premiums might be very low?

Answered: 124  Skipped: 2
Q6 If you had paid a premium to an insurance company, knowing your risks disclosed to this company of later developing dementia, would you adopt 'riskier' behaviour such as eating the wrong foods?

Answered: 123    Skipped: 3
Q5 Do you think single unified budgets are a 'good idea' for dementia care, integrating NHS and social care?

Answered: 125  Skipped: 1

- Yes
- No
- Don't know
TOGETHER

A VISION OF WHOLE PERSON CARE FOR A 21ST CENTURY HEALTH AND CARE SERVICE

EDITED BY ANDY BURNHAM MP

FABIAN SOCIETY
Discussion

• Limitations with the study.
• Unknown directions in future policy (public acceptance of genetic diagnosis or data sharing).
• Members of the public tend not to exhibit attitudes likely to exacerbate information asymmetry in private insurance markets.
• The risk of higher premiums for genetically-positive individuals for dementia is a serious one, and may require future UK legislation.
Conclusions (1)

- The findings taken together provide important considerations for future policy-makers regarding dementia in the English jurisdiction.
• Ambivalence to personal budgets.
• Any form of information asymmetry will affect functions of private insurance markets.
• Difficult to predict their coexistence with the NHS.
And finally ... the NHS is something to be proud of.