



Mind the Gap: **protecting the health**
of our customers when the
NHS falls short



Foreword

Healthcare provision in Britain is at its most important crossroads since the launch of the National Health Service (NHS) in 1948.

Many people accept the NHS cannot continue in its present form and consumers are becoming increasingly anxious about the changes taking place and what it means for them and their families. There is growing evidence that consumers have a real appetite to take greater control of their, and their families', healthcare and not rely on the public sector.

This report provides further proof of this, revealing the extent of the market opportunities for supplementary healthcare and related products and services. This is particularly so in the mass market where for many people full Private Medical Insurance (PMI) is less widely available due to cutbacks in employer provision it is simply not a financially viable option when household incomes are under pressure.

These changes provide opportunities for health and general insurers, brokers and affinity brands – from banks and building societies, to retailers and membership organisations – to play a greater role than ever in offering new healthcare and insurance products and services to meet the changing needs of their customers.

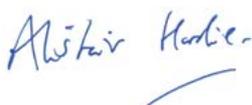
For users of the NHS, worried about the prospect of diminishing standards of care, longer waiting times or rationing of treatment – or all three – it is clear that the future will necessitate some exceptionally difficult choices.

FirstAssist Insurance Services, part of Cigna, a top global health service provider, wanted to know exactly what customers are most worried about. We commissioned YouGov to carry out important new research on people's views about the healthcare debate: we wanted to hear about their current experiences, about their expectations for the future, and about the choices they might make. The results of our research, detailed in this report, make compelling reading for those who want to help their customers bridge the gap between what they need and what they can get.

It is clear that many Britons are already beginning to think hard about the choices they must make, opening the door for us to help them address their needs and concerns. It is up to us as an industry to rise to the challenge and deliver affordable, accessible and simple products and services which help address our customers' needs.

I hope you enjoy reading the report and find the contents engaging, revealing and useful as you consider how best to address your customers' ever changing needs.

Best regards,



Alistair Hardie
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Introduction

In the six decades since the launch of the NHS, anxieties about its funding have rarely been far from the surface of public debate. Yet in the economic environment of today, discussions about the affordability of free healthcare are fevered. In an age of unprecedented austerity, as policymakers attempt to tackle record public sector borrowing, a service that accounts for almost a quarter of Government spending cannot escape scrutiny.

The Institute of Fiscal Studies says existing NHS funding plans are already the most frugal in its history. “The real freeze in NHS spending planned for 2010-11 to 2014-15 would, if delivered, be the tightest four year period of funding for the NHS in the last 50 years,” the economic think tank argues^[1].

That may not be sufficient. Government healthcare reforms, passed into law in April 2013, are partly intended to rein in costs. The NHS has been told to make £20bn of efficiency savings within the next three years. Further reviews are likely.

It was in this context that FirstAssist commissioned YouGov to carry out extensive research to uncover public anxieties, experiences and perceptions of the NHS. We wanted to know how people currently rated their satisfaction with NHS services, the extent to which they expected those services to be damaged by public sector austerity, and most importantly how they might respond to take more control over their and their families’ futures.

The research included qualitative and quantitative elements. We organised focus groups at which participants discussed their views about the future of healthcare reform and what the impact of cuts might be.

YouGov then surveyed the views of 509 adults selected and weighted to reflect the UK population (see page 15 *About the Research* for more details).

The results, as this report explains in detail, are striking. There is widespread anxiety about the future of the NHS, with almost half (49 per cent) of poll respondents expecting to see a deterioration in standards (just 5 per cent anticipate improvements).

There are controversial findings that may surprise people too – sizeable numbers of people support rationing of services such as tattoo removal and weight loss surgery, for example. And there is significant acceptance of the idea that patients will have to shoulder greater responsibility for healthcare costs in the future.

Perhaps most significantly of all, a majority of the respondents say they would be prepared to consider buying gap filling products and services that address their areas of need and which tackle concerns about how standards might decline. It is this revelation that will encourage healthcare and insurance providers, other financial institutions and many affinity partners to consider how they might rise to the challenge and who they might work with to meet this growing area of consumer need.

“The real freeze in NHS spending planned for 2010-11 to 2014-15 would, if delivered, be the tightest four year period of funding for the NHS in the last 50 years^[1]”

The scale of the challenge

The NHS faces its toughest time in a generation as it seeks to balance the needs of an ageing population, increasingly unhealthy lifestyles and the rapidly rising cost of new healthcare technologies and treatments with exceptionally demanding budget settlements.

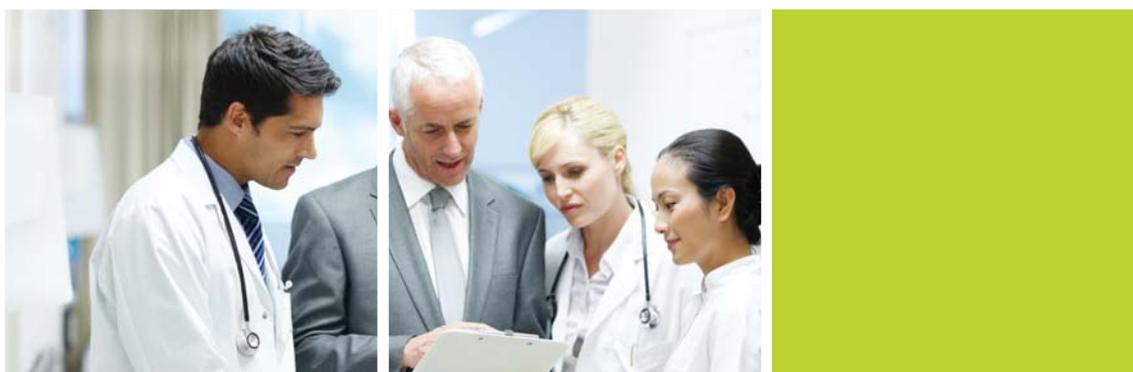
Moreover, while the Coalition Government has pledged to protect “frontline services”, it is not clear what that means. There are no commitments on how long it will take to access many services, for example. Nor have health ministers spelled out what constitutes “frontline”. There are already reports of rationing of services regarded as non-urgent – from hip replacements for older patients, to tonsil removals for children^[2].

These difficulties can only get worse, with the financial squeeze on the NHS expected to be prolonged. The independent Nuffield Trust warned in a recent report^[3] that the NHS could face a funding shortage of between £44bn and £54bn by the 2021-22 financial year unless it hits new productivity targets. And even if productivity gains are achieved by 2013-14, NHS funding will need to rise by 4 per cent a year in order to meet demand, the Nuffield Trust says, which seems impossible in the current climate of austerity.

Similarly, the King’s Fund, which reports quarterly on the NHS’s ability to meet its financial challenges, reports a continuing deterioration in sentiment across the healthcare sector. In the most recent of these reports^[4], two-thirds of NHS finance directors told the Fund they were pessimistic about the financial outlook for their local health and social care system in 2013.

For the media, the challenges facing the NHS are becoming an increasingly important story, with a common theme. The recent Daily Telegraph report, *NHS rationing ‘forcing patients to go private’*, for example, details cut-backs on many non-urgent procedures such as cataract removal operations and joint replacements. The Guardian’s report, *Shortage of hospital beds and staff ‘forcing patients to sleep in corridors’*, included warnings from the Royal College of Nursing about the “unprecedented strain” under which the NHS is operating.

FirstAssist’s research suggests that in this environment, a growing number of people have become increasingly anxious about the NHS’s ability to respond to their needs and those of their families. They understand the pressures facing the health service and accept that there will be consequences for



The scale of the challenge continued

patients. Consumer concerns are heavily influenced by the increasingly disturbing media coverage of the NHS's difficulties. This is backed up by our survey data which suggests significant numbers of people share similar anxieties about the NHS today: Just under half (49 per cent) of respondents agreed that the State would be unable to continue to support NHS spending in its current format.

provide particular aspects of its service, the top four worries focused on access.

Similarly, the impact of delays and treatment shortages is a common theme amongst many people. Younger people worry about being off work for prolonged periods and the availability of help with care for parents.

To what extent are you concerned about the ability of the NHS to provide each of the following to you?

Time taken to see a specialist consultant	32%
Time taken to get treatment	32%
Time taken to get a medical condition diagnosed	30%
Availability of non-urgent procedures	26%
Availability of after-care treatment following an accident or surgery	24%
Quality of the treatment	21%
Time taken to get an appointment with your GP or doctor	21%
Time taken to get an appointment with an NHS dentist	21%
Availability of support or counselling	21%
Getting your GP or doctor to refer you to a specialist consultant	20%
The general quality of medical advice received	20%
Amount of time spent in hospital	18%

The figure shows the percentage of people answering extremely or very concerned in response to the question

Those anxieties are about access to NHS care – waiting times and the availability of non-urgent procedures – rather than the quality of that care. When asked whether they were concerned about the ability of the NHS to

Older people are also nervous about how the burden of care for the family might fall more heavily on them in a climate of NHS retreat from all but the most obviously 'frontline' services.

The current experience

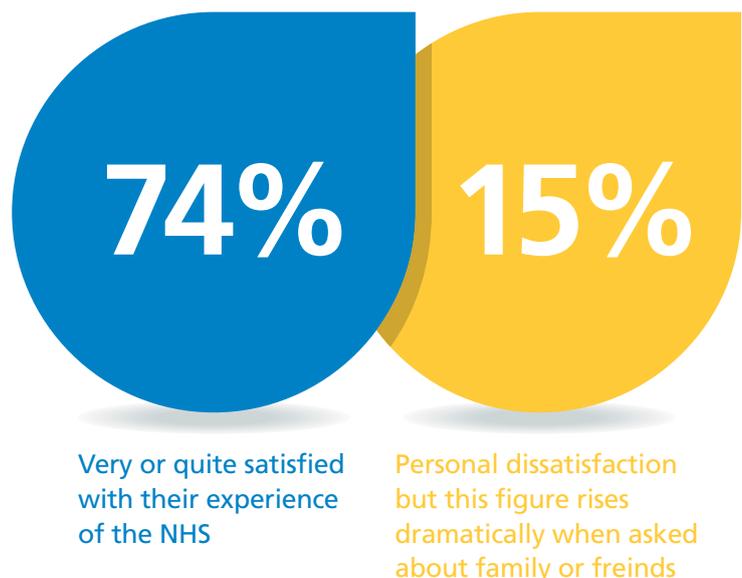
Independent research suggests the funding squeeze is already having a negative impact on the service provided by the NHS. A report from the National Audit Office (NAO) published in December 2012^[5], which was based on a survey of hospital trusts, warned that more than 50 per cent were reporting longer waiting times for patients – particularly for non-urgent treatment such as cataract removal.

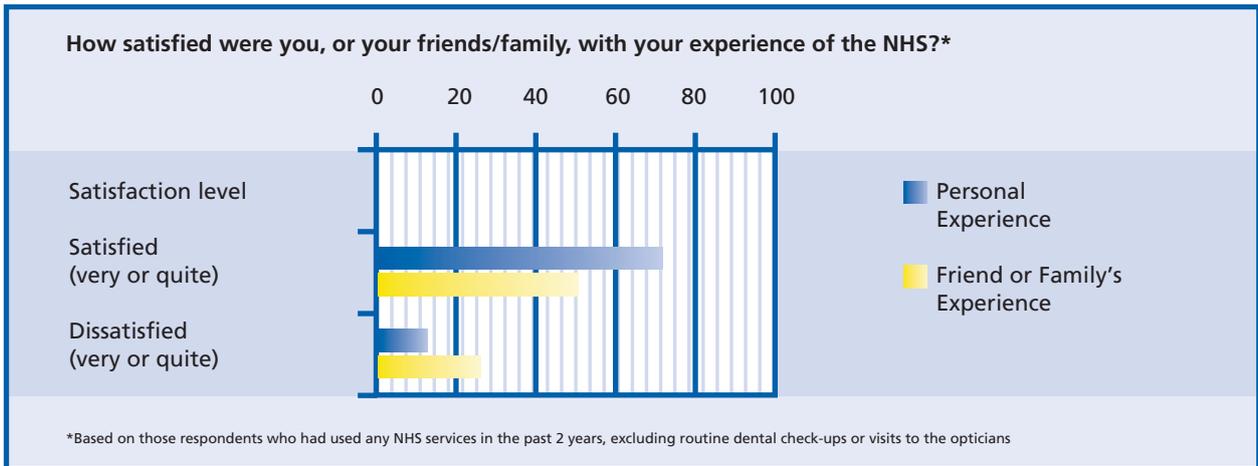
The NAO was so concerned about the deterioration it had uncovered that it called for new rules that would apply to NHS trusts on a national basis. Its fear is that patients in parts of the country where funding pressures are particularly acute are being asked to wait even longer for non-urgent treatments, or even being manipulated into putting up with longer wait times by more demanding qualifying criteria for many procedures. Growth in hospital activity came down from 3.7 per cent in 2010-11 to 1.2 per cent in 2011-12, the NAO reported^[5].

The Department of Health accepts waiting times are a problem^[6]. In 2008, the NHS hit its target of having hospitals treat at least 90 per cent of patients within 18 weeks of referral. Five years later, amid concerns that this progress has slipped back, the Government has just introduced a new system of financial penalties for hospital trusts that do not hit the 18-week target. The penalties may encourage hospital trusts to improve performance – equally, the penalties could be a further drain on resources.

However, there is also widespread confusion about the system, with many patients believing they are waiting longer than official statistics show. The process is that once a GP, dentist, optician or other clinician refers a patient for hospital treatment, the clock begins only when a patient books their first appointment or when the hospital first receives the referral letter from a patient's doctor – not from when patients see their doctor – and it can be paused for a variety of technical reasons.

FirstAssist's research suggests frustrations of this sort are being reflected in people's views of the NHS. Our data shows that satisfaction levels remain reasonably high: 74 per cent of those who have had personal experience of the NHS in the past two years profess themselves very or quite satisfied with that experience. Whilst a significant minority – 15 per cent – express personal dissatisfaction it is notable how this rises sharply when people are asked about the NHS experiences of friends or family.





The most common reason for dissatisfaction with the NHS is unhappiness with delays and waiting times. Most significantly, some 56 per cent of those dissatisfied with their

personal experience of the NHS told FirstAssist that they were unhappy about the time taken to get a medical condition diagnosed.

Which of the following aspects of the service provided by the NHS were you, or your friends/family, most dissatisfied with?

Specific aspect of the NHS service	Dissatisfied personally	Friends/family dissatisfied
Time taken to get a medical condition diagnosed	56%	53%
Quality of the treatment you received	48%	42%
Time taken to get treatment	46%	50%
Time taken to see a specialist consultant	44%	52%
The general quality of medical advice received	43%	51%
Time taken to get an appointment with a GP or doctor	35%	13%
Amount of time spent in hospital	28%	16%
Availability of aftercare after accident or surgery	23%	17%
Getting a GP or doctor to refer to a specialist consultant	22%	21%
Availability of support or counselling	19%	15%
Time taken to get appointment with an NHS dentist	10%	7%
Other	9%	17%

The current experience continued

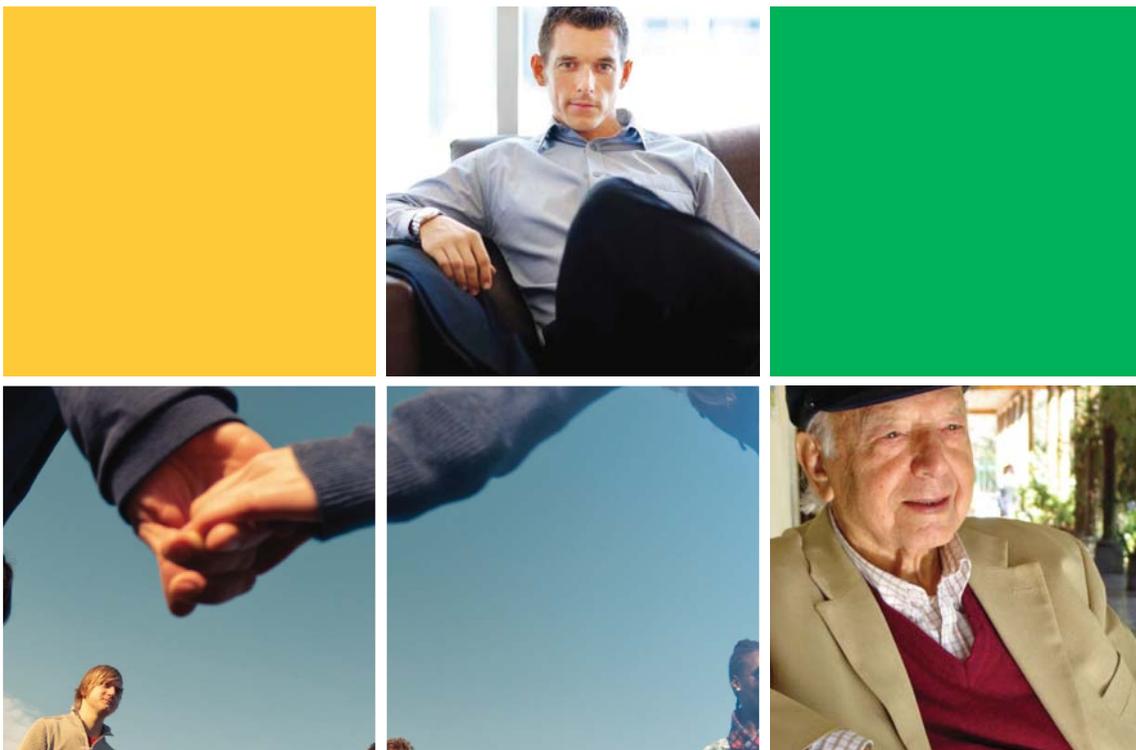
Some of the views expressed to FirstAssist in focus groups reflect the results of the quantitative research. For example, many participants aged 36 to 54 complained about the length of time it takes them to get appointments to see GPs and also felt doctors had too little time with patients to deliver a personalised service. Older participants – those aged over 50s – talked about how unnerving the long wait for a diagnosis can be.

For many people, longer delays and waiting times will be very uncomfortable. In our research, one of the most common themes was people’s overwhelming desire to maintain their lifestyles. Health issues that

prevent them from doing so for any longer than necessary due to extended waiting times will very rapidly become major sources of unhappiness

and discontent. FirstAssist’s research suggests those able to do so will seek alternatives for addressing such problems if the NHS can no longer provide a satisfactory response.

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The fear of reform

The election of the Coalition Government three years ago prompted a long and bitter row over healthcare reform that has undoubtedly worried many NHS users. The Health and Social Care Act, which came into force on 1st April 2013, introduced changes such as greater control of NHS budgets for GPs and new elements of private sector competition.

Many of the changes were very publicly opposed by groups such as the British Medical Association and the Royal College of Nursing, particularly as the NHS has also been tasked with finding £20bn of efficiency savings by 2015. In an open letter to GPs last year, the BMA said the reforms would be “irreversibly damaging to the NHS.” It described the legislation as “complex, incoherent and not fit for purpose.”

The independent King’s Fund argues that the reforms are likely to increase public concerns about the availability of NHS services. “The government’s health and social care reforms risk creating a more complex and fragmented resource allocation

process,” it warned in a report published in April^[7]. “The current system lacks transparency and the formula is so complex that most local citizens, politicians and clinicians find it difficult to interpret. Moreover, the research that informs decisions is only made available to the public long after those decisions have been made.”

Those views appear to be reflected in public opinion. For example, a YouGov poll in March 2012^[8] revealed that 46 per cent of the population think that increasing competition within the NHS will make health services worse. Just 18 per cent said they thought services would improve.

FirstAssist’s research suggests that people’s anxieties have intensified. They recognise the need for reform – 49 per cent say the State cannot continue to support NHS spending in its current form – but they think the changes announced are likely to have a negative impact. Just 5 per cent expect an improvement in the NHS over the next 12 months. Older people are especially concerned.

Overall, do you think the NHS in England will improve, stay the same or get worse over the next 12 months?

	All	Social grade		Age	Gender		Dependents or children?	
		ABC1	C2DE		55+	male	female	yes
Improve	5%	4%	6%	5%	6%	4%	7%	3%
Stay the same	40%	38%	41%	28%	43%	36%	40%	39%
Get worse	48%	52%	43%	57%	45%	51%	45%	51%
Don’t know	8%	9%	10%	9%	6%	9%	8%	7%

The fear of reform continued

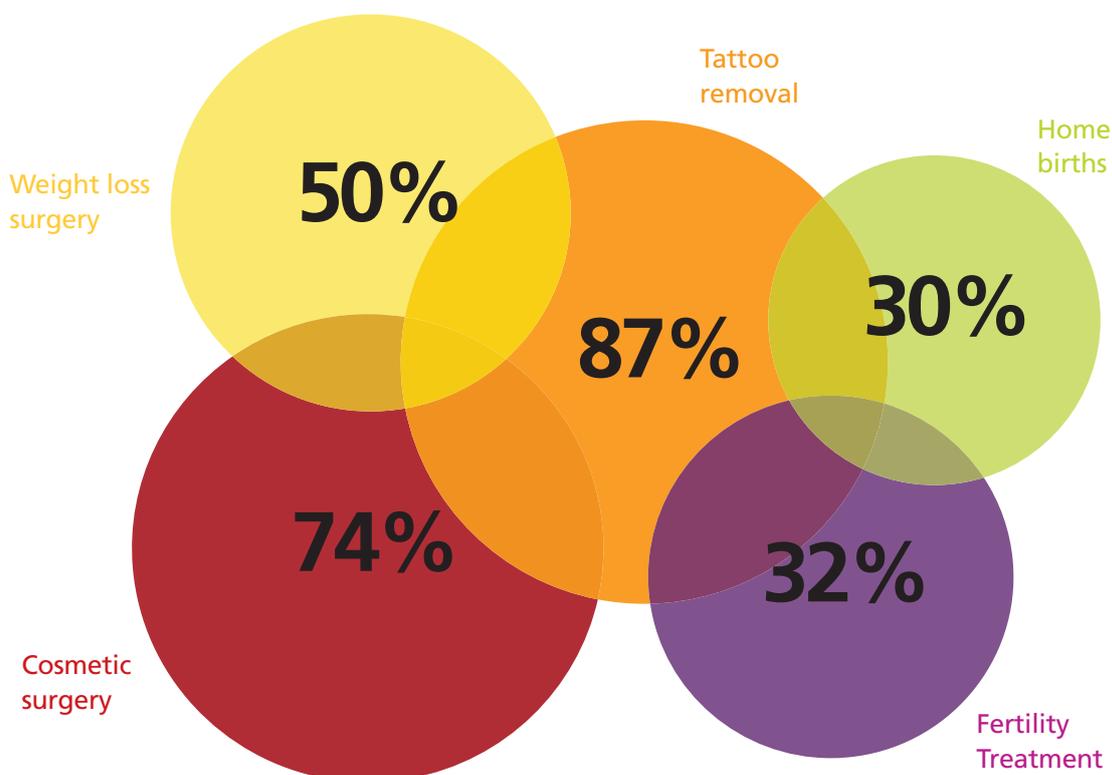
The FirstAssist survey also suggests that it is waiting times, aftercare and rationing of non-urgent treatment that particularly worry many people: 59 per cent feared longer waiting times for treatment or surgery; 40 per cent worried about longer waits for diagnosis; 36 per cent expected more rationing of non-urgent treatments; and 27 per cent predicted reduced availability of aftercare and support services.

These views are echoed more broadly where people were often fiercely protective of the NHS, but realistic about the impact of cuts on the initial diagnosis stage and on aftercare.

People have strong views about who should bear the brunt of such difficulties, particularly when it comes to rationing. 87 per cent of respondents told FirstAssist that the NHS should no longer pay for tattoo removal as it struggles to make the £20bn cost savings, while 74 per cent said cosmetic surgery reversal should not be available on the NHS. Weight loss surgery (50 per cent), fertility treatment (32 per cent) and home births (30 per cent) were all potential areas of saving, the respondents said.

By contrast, almost no-one wanted to see hip and knee replacement operations lose NHS funding. Just 1 per cent said cataract surgery should not be protected.

Percentage of respondents that said the service should no longer be available on the NHS



How patients will respond

There is growing evidence that patients will have to play their part in helping the NHS to cope with its shortfalls in resources – and not just by putting up with longer waiting times, treatment rationing and lower standards of care. The argument is increasingly being made for patients to pay more for their healthcare, either through taxation or direct charges, or in some other way.

A report published last year by the Institute of Fiscal Studies (IFS)^[9], the independent think tank, concluded that with the current spending plans for the NHS less generous than at any time for 50 years, something will have to give. Carl Emmerson, the IFS’s deputy director, warned: “Serious consideration should be given to the options for the NHS, which include reviewing the range of services available free at the point of use and reconsidering the level of taxation needed to finance them.”^[9]

In March 2013, the NHS Confederation, which represents NHS trusts across the country, went one step further. It warned

that new healthcare charges might have to be introduced in order help plug the funding shortfalls. It too suggested, for example, an £8.50 charge to call out an out-of-hours doctor for a home visit, and floated the idea of charging for hospital meals.

While such charges would be hugely controversial, FirstAssist’s research suggests many people accept that they are, in future, more likely to have to make a financial contribution to their healthcare costs.

Significantly, 50 per cent of the respondents to our survey said they would at least be prepared to consider buying products or services that would help them address the concerns they have about the NHS. FirstAssist specifically asked about

“With the current spending plans for the NHS less generous than at any time for 50 years, something will have to give”

Would you be prepared to consider purchasing a product or service that provided access or cover to address any of the concerns you have about NHS provision?

Response	All	Social grade		Gender		Have dependents or children?	
		ABC1	C2DE	male	female	yes	no
Yes	3%	4%	3%	5%	2%	3%	4%
Already have	9%	13%	4%	9%	9%	9%	8%
Maybe	38%	38%	37%	35%	40%	41%	35%
No	41%	36%	47%	41%	41%	40%	41%
Don't know	10%	10%	9%	11%	8%	7%	12%

How patients will respond continued

alternative products and services to Private Medical Insurance, so as to avoid any bias. The people we asked suggested they would be most likely to think about products that focused on reducing waiting times or provided better access to aftercare treatments. They were very conscious of the impact on their lifestyles that an inability to access healthcare services might have – and therefore more likely to focus on products and services that would maintain their lifestyles with less disruption.

It was also notable that the most-favoured provider of this sort of gap-filling supplementary product was the NHS itself, suggesting a market for some sort of benefit that enables people to pay the health service direct in order to access services more quickly, or evade rationing.

FirstAssist also found that people considered insurers, employers and financial services providers such as banks and building societies as potential providers of these new products and services.

Which of the following outlets would you consider buying/have you bought this sort of product or service from?

Channel	All respondents
The NHS	44%
A health insurance provider	42%
Through your employer or workplace	34%
A price comparison website	21%
A membership club or trade union	13%
An insurance broker	13%
Your bank or building society	13%
Your supermarket	10%
Other	3%



A vision of the future

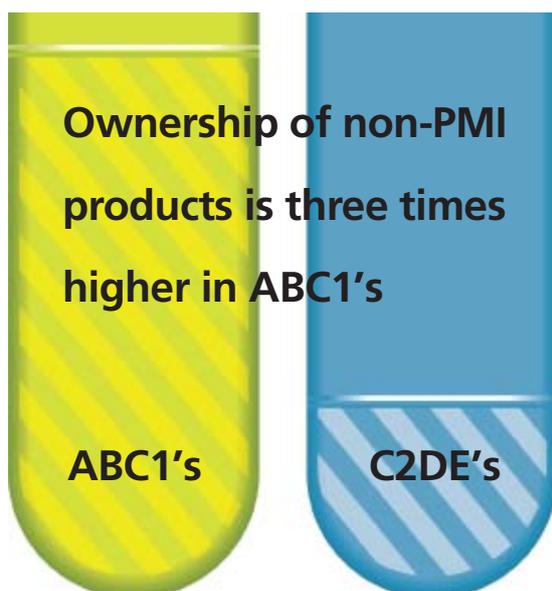
FirstAssist's research clearly reveals that growing numbers of people are realistic about the financial pressures facing the NHS and anxious about what this will mean for the standards of care they can expect to receive. They expect NHS services to worsen over the next decade: in particular, they're resigned to waiting longer to access care, to experiencing rationing of non-urgent treatments, and to receiving less aftercare following treatment.

In that context, a large number of people are open to the idea of buying products and services that address these specific concerns. Such products and services have the potential to be mass market – in contrast to Private Medical Insurance, which tends to be concentrated at the top end of the market. For many mass market customers, the cost of PMI remains prohibitive. The appeal of gap filling products and services is widespread. Although ownership of non-PMI products is currently three times higher amongst NRS

Social grades ABC1s when compared to C2DEs, purchase intent and willingness to find out more is consistent between the two demographics. Some 40 per cent of C2DEs say they might be prepared to buy such products.

FirstAssist's qualitative work reinforces these messages. Many people told us they were less interested in focusing on specific conditions and keener to find products and services that would protect their lifestyle – by speeding up diagnosis and rehabilitation, for example. They also emphasised the importance of credibility of providers, suggesting a clear role for established, high-street brands in this sector.

In the context of pressures on the NHS that only look set to get worse, it is possible to envisage very substantial take-up of products and services specifically designed to address concerns over delays and rationing. Possible responses include insurance policies that enable people to get speedier diagnoses or better aftercare. This sort of cover may enable customers to use private health providers, but the NHS is likely to play a substantial role too. It would be low-cost, particularly compared to PMI, transparent and simple.



Although, 40 per cent of C2DEs say they might be prepared to buy such products.

About the Research

The research was conducted on FirstAssist's behalf by YouGov Plc. All figures, unless otherwise stated, are from YouGov.

YouGov organised a series of focus groups in November 2012 at which participants discussed their views about the future of healthcare reforms and what the impact of the cuts might be.

YouGov then surveyed the views of a sample of its online panel between 11th and 15th February 2013. The total sample size was 509 adults and the survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

References

- [1] *NHS and social care funding: the outlook to 2021/22*, IFS, 4th July 2012 (<http://www.ifs.org.uk/publications/6228>)
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- [7] *Improving the allocation of health resources in England*, King's Fund, 11th April 2013 (<http://www.kingsfund.org.uk/publications/improving-allocation-health-resources-england>)
- [8] YouGov, *The Health and Social Care Bill*, March 2012 (<http://yougov.co.uk/news/2012/03/06/health-social-care-bill/>)
- [9] *NHS and social care funding: the outlook to 2021/22*, IFS, 4th July 2012 (<http://www.ifs.org.uk/publications/6228>)



For over two decades, FirstAssist Insurance Services has been a 'silent partner' in our markets – working behind many of the UK's largest brands. We deliver specialist and bespoke white-label insurance solutions which generate many millions of pounds of additional income for our clients each year whilst extending their customer propositions.

In that time, we have built an enviable reputation as one of the UK's leading providers of white-label solutions across our core areas of insurance expertise: travel, protection, health, life, accident and legal protection.

Driven as a specialist business by an entrepreneurial, commercial management team, we provide a unique range of products and flexible marketing solutions for banks, insurers, affinity organisations, corporations, intermediaries and small and medium-sized enterprises.

FirstAssist Insurance Services was acquired by Cigna a leading global health service provider in November 2011, which further enhances our capabilities with access to a broader range of health, life and accident products and the benefits of Cigna's global expertise and infrastructure.

We provide a superior level of customer service to around two and a half million customers.

With over 160 individually tailored schemes through major UK brands, we know one size does not fit all. From the commercial arrangements to the regulatory relationship, from a full service stand-alone product proposition to wholesale risk provision, we will custom-design the perfect solution to meet your customers' and business needs.



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