Health Horizons – 22 October 2024

Health Horizons
Agenda

Time	Topic
14:00 – 14:10	Welcome & Introduction
14:10 – 15:10	**“Life and health in a warming world”** *Ian Collins & Mike Wilson – Pacific Life Re*
15:10 – 15:30	*Break*
15:30 – 16:00	**ABI Update** *Rebecca Ward – Association of British Insurers*
16:00 – 17:00	**“The Darzi Report & NHS 10 year plan”** *Danielle Henry – IHPN*
17:00 – 17:05	Closing Remarks
17:05 – 19:00	Drinks & Networking Reception

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Climate Change

Mike Wilson & Ian Collins
Medical Analytics

AMUS F2F event – 22 October 2024

Agenda

1. Introduction to PL Re Medical Analytics
2. Background - recent climate change developments
3. Current trajectories & pathways
4. Physical risks to mortality / morbidity
5. Potential scenarios for liability exposures
6. Questions

1. Introduction to Medical Analytics

Ian Collins
VP

Mike Wilson
AVP

See Lek Chew
R&D Actuary

Jennifer Chambers
Senior Analyst

Who are we? **Medical Analytics** is part of PL Re's wider R&D Function

What do we do?

Contributing to actuarial R&D

- Helping understand **emerging claims experience**
- Estimating impacts on **future trend**, and contributing to **pricing** and **inforce management**
- **Quantifying uncertainties** – does the business have enough money for major events?

Medical Analytics:

- Avoid being overly data driven
- Act as a bridge between **actuaries** and our **U/W & Claims functions**
- Monitor & report on **Emerging Risks**

1. Medical Analytics: Climate risk monitoring

Keeping a weather eye on climate change:

Medical Analytics regularly monitor potential impacts of climate on health, including:

- Analysing and modelling impacts of **rising temperatures**
- Impact of **pollution**
- **Ozone** depletion – **skin cancer** risk
- **Macroeconomic** impacts on L&H insurance risks
- Further consideration of **morbidity** risks

Our outputs include:

- Report to our Risk Management Committee on the potential for **physical risks** to impact our **mortality** liabilities
- Quarterly **Emerging Risk Dashboard**
- Biannual **Weather Watch** updates on extreme weather events
- Various climate related ad hoc **internal / external articles**[1]

1. https://www.pacificlifere.com/insights-articles/climate-change-and-its-impact-on-mortality-and-morbidity.html

2. Background: Recent extreme weather

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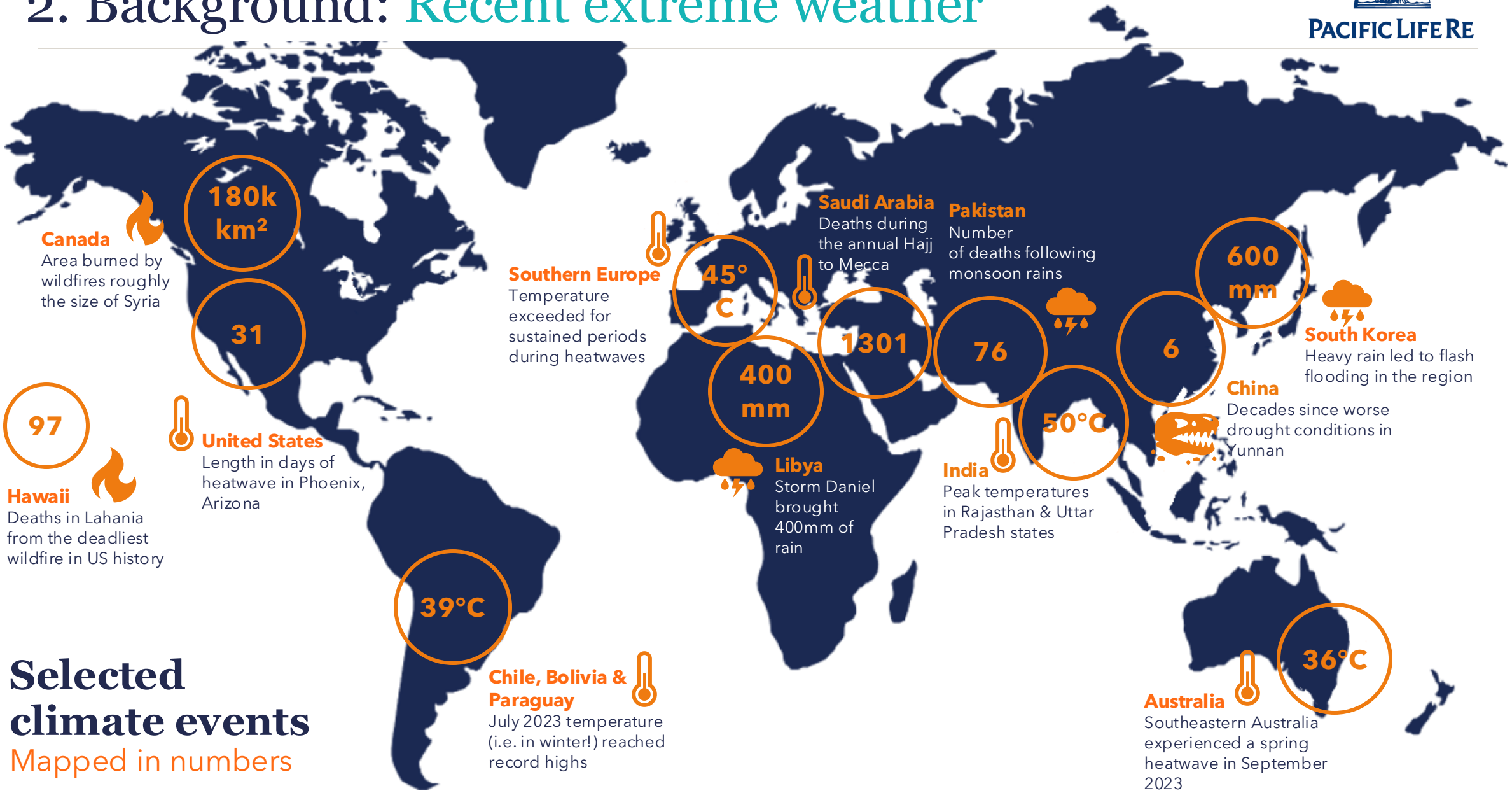


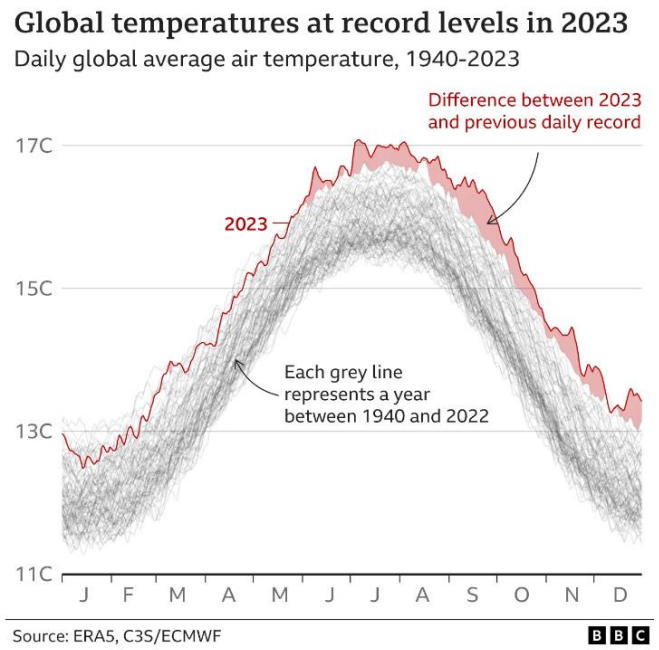
Selected climate events

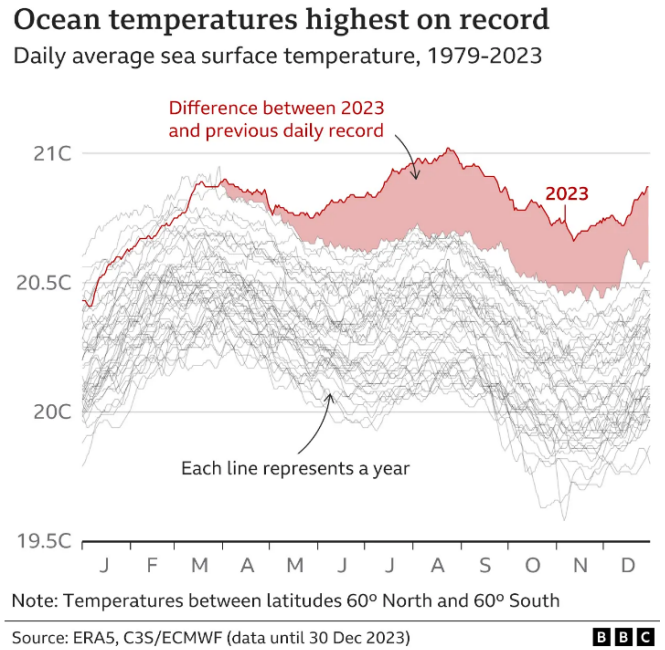
Mapped in numbers

2. Background: 2023 was truly exceptional

- 2023 was the **hottest year on record** globally[1] (Copernicus Climate Change Service data)
- This reflects some abnormal impacts on top of long-term human impacts on climate change:

1. **El Niño[2]** peaked early - also responsible for the previous warmest years i.e. 2016 and 1998
2. **Human success in controlling pollution** e.g. shipping related light-coloured sulphate aerosols, reduced their cooling effects
3. **Hunga-Tonga / Hunga-Ha'apai** undersea eruption (2022) had released 150 mT of water vapour (a major warming Green House Gas[3])

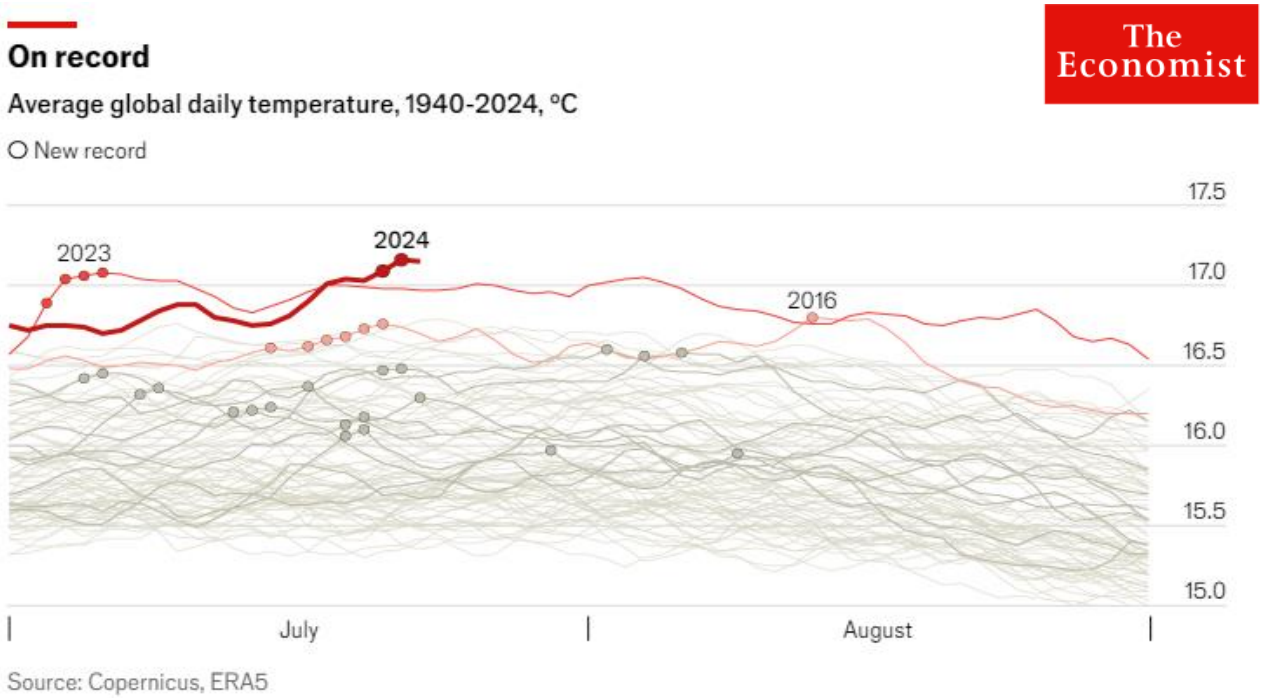


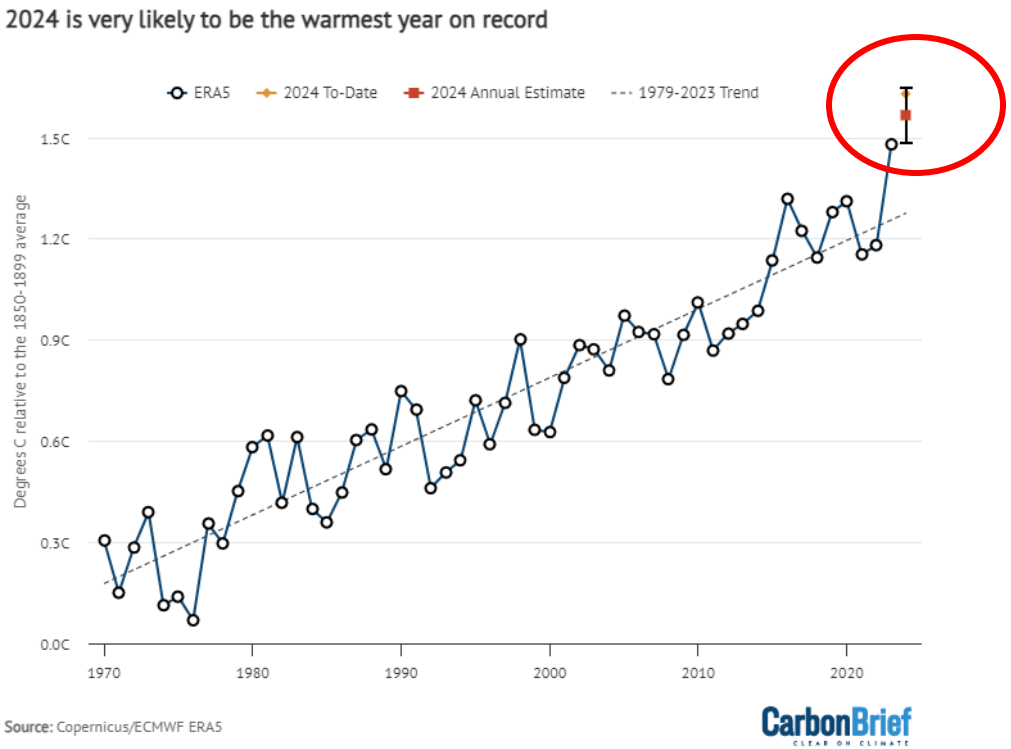


1. https://www.bbc.co.uk/news/science-environment-67861954
2. El Niño refers to periods where warmer surface temperatures in the eastern Pacific waters release excess heat into the atmosphere
3. Although land-based volcanoes release warming CO_2 their overall impact is usually cooling due to the atmospheric haze of ash and sulphates which scatter incoming radiation

2. Background: Will 2024 be any cooler?

- The 2024 peak average daily temperature has outstripped 2023[1] (see below left)
- It is estimated that 2024 will be even warmer[2] (see below right)

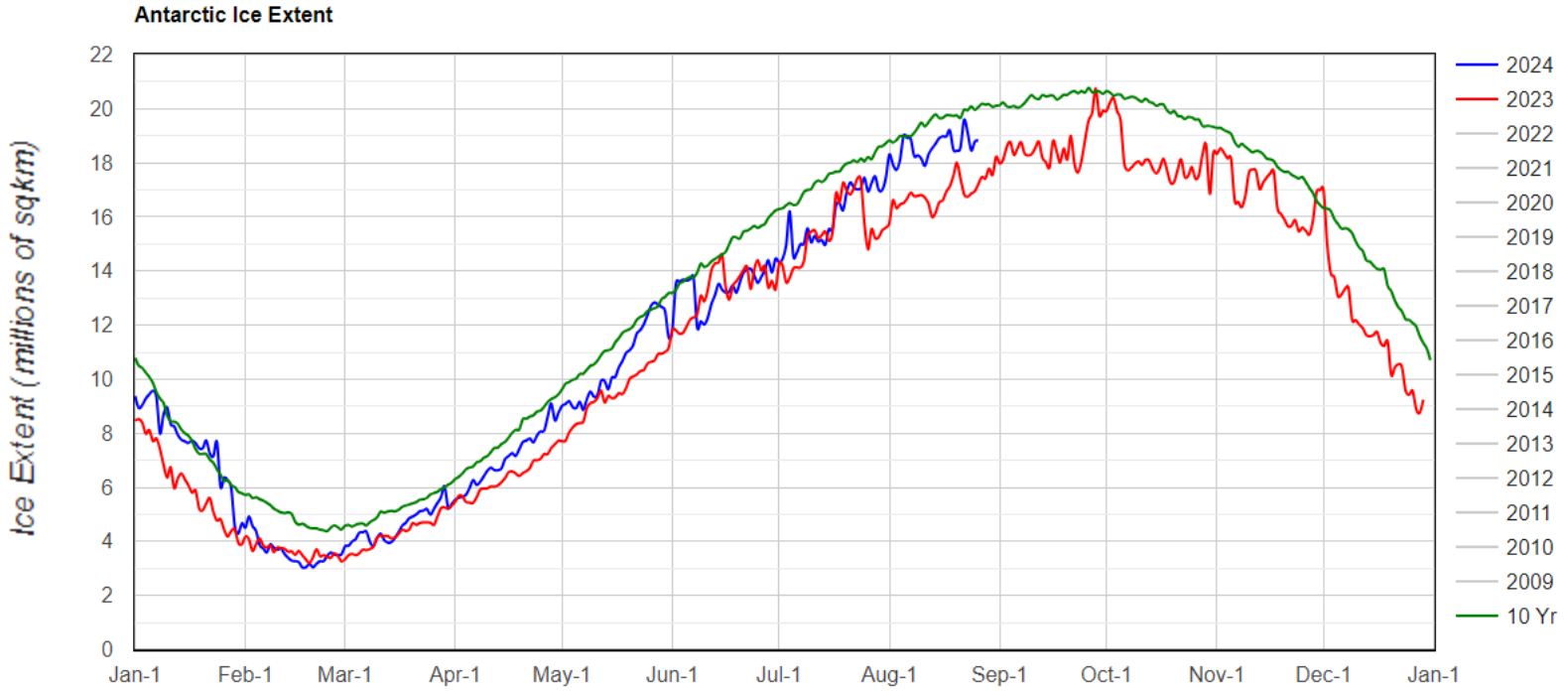




1. https://www.economist.com/graphic-detail/2024/07/25/why-2024-could-become-the-hottest-year-on-record
2. State of the climate: 2024 now very likely to be warmest year on record - Carbon Brief

2. Background: Temporary respite?

- We may hope for some respite from a temporary reversion to **La Niña**[1] phase of the El Niño-Southern Oscillation (ENSO)
- The **Antarctic Ice** extent has recovered somewhat and is now tracking higher than in 2023[2] (close to 2022 but still below the 10-year average)

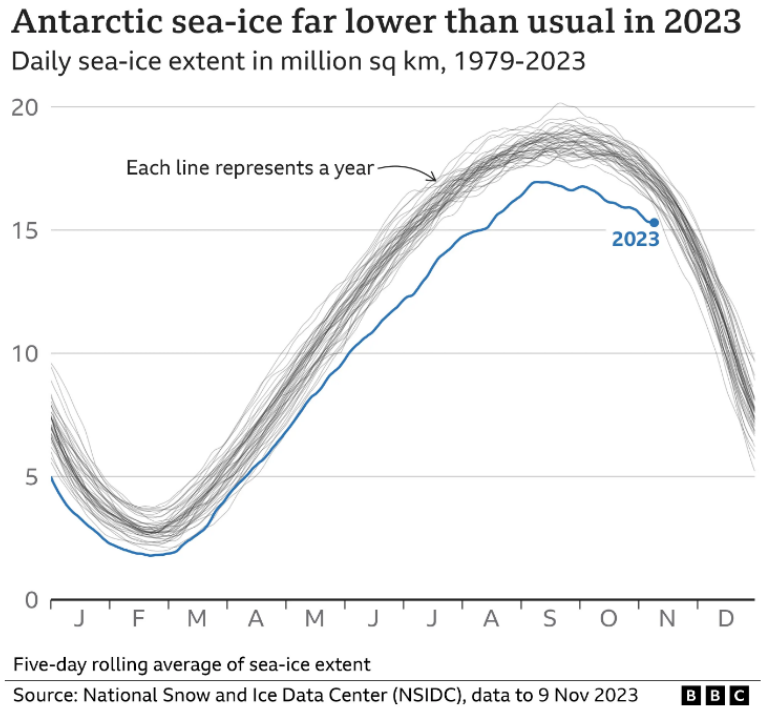


1. https://www.climate.gov/news-features/blogs/enso/june-2024-update-la-nina-likely-late-summer
2. Antarctic Trend Graph (usicecenter.gov)

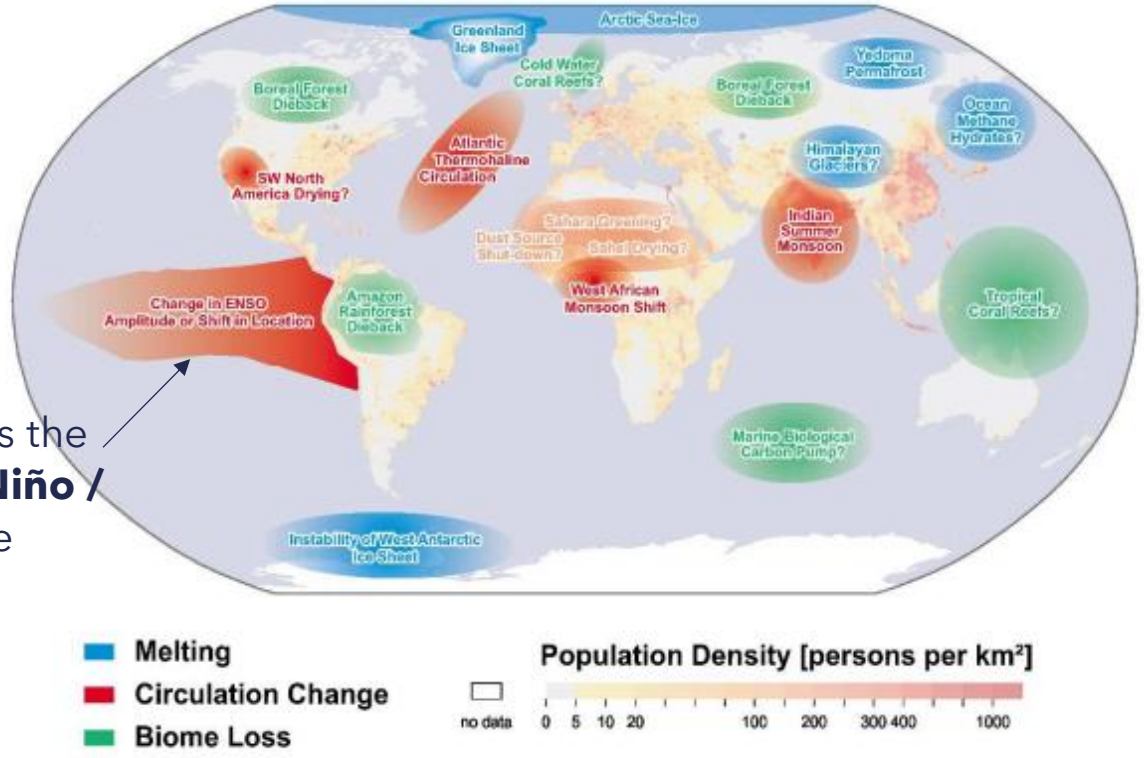
2. Background: Climate tipping points

A climate tipping point is a critical threshold when global or regional climate changes from one stable state to another **new stable state**[1].

The most likely abrupt change to the climate system expected in the 21st century is the decline of **Arctic sea-ice**.



ENSO[2] drives the irregular **El Niño / La Niña** cycle



The extent of **Antarctic sea-ice**, important as a reflector of incoming radiation, was sufficiently depleted in 2023 (see left) to trigger fears it may also reach a tipping point and begin to act as a heat radiator (like the Arctic currently) rather than a coolant

1. Exceeding 1.5°C global warming could trigger multiple climate tipping points https://www.science.org/doi/10.1126/science.abn7950
2. El Niño-Southern Oscillation (ENSO)

2. Background: Reasons to be cheerful?

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There is also scope for positive interventions:

- **Ocean fertilisation**: support the growth of phytoplankton that absorb CO_2 during photosynthesis

- **Seaweed farming**: when introduced to cattle feed seaweed can reduce methane emissions and can also be used more generally as food or as a biomass to produce bio-energy

- **Green hydrogen**: derived from renewable energy sources and used as a fuel / source of bio-energy

- **Solar geoengineering**: boost the coolant effects of clouds by using aerosols in the upper atmosphere to alter the size and reflective properties of water droplets / ice particles

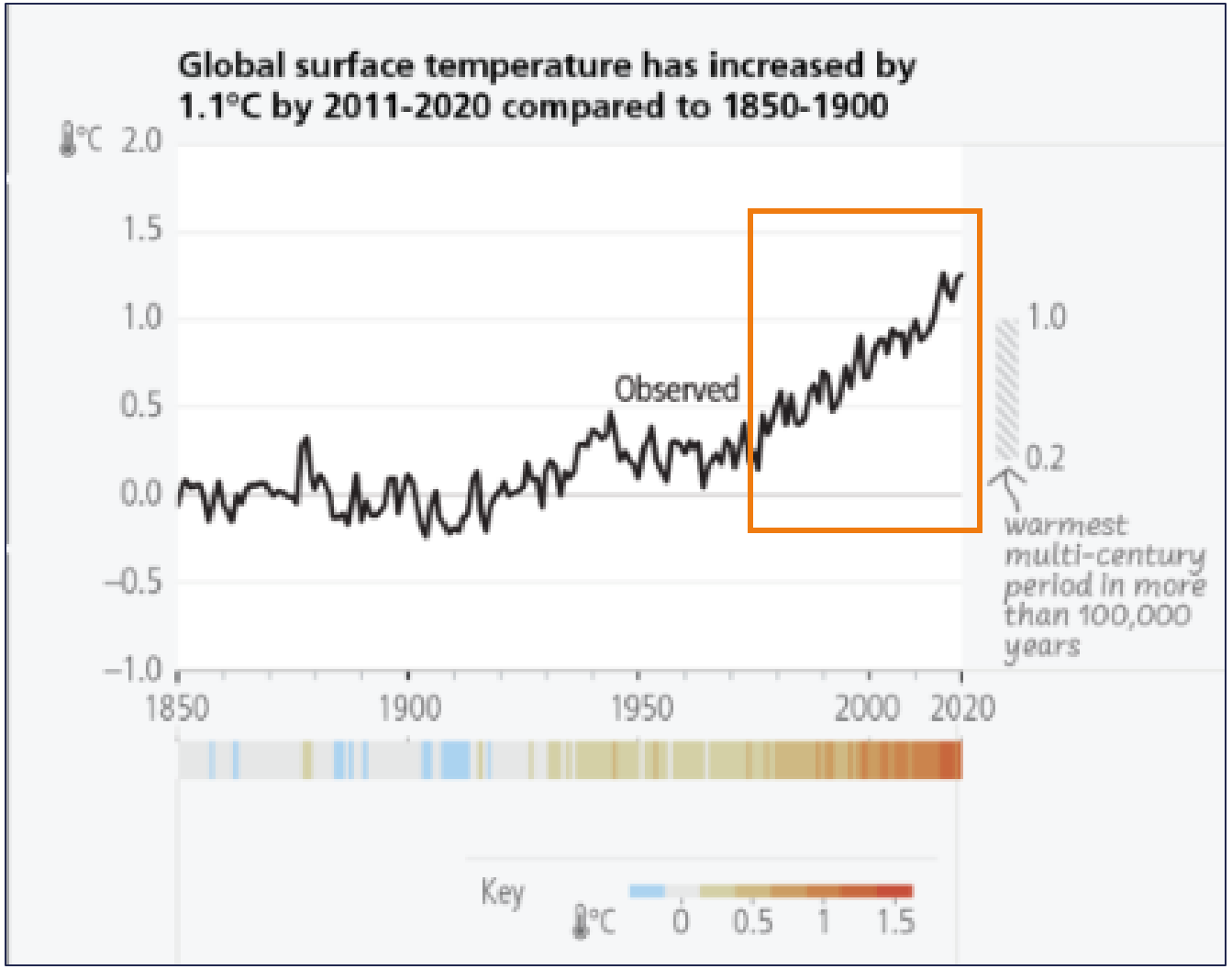
- **Geo-thermal systems**: a further alternative energy source benefiting from technological breakthroughs

- **Direct air capture / Carbon capture and storage** (DAC/CCS): capture of CO_2 in the atmosphere or from industrial emissions with storage underground

- **Solar cells**: increasing efficiency and cost effectiveness of next generation technology

3. Trajectories: The long-term perspective

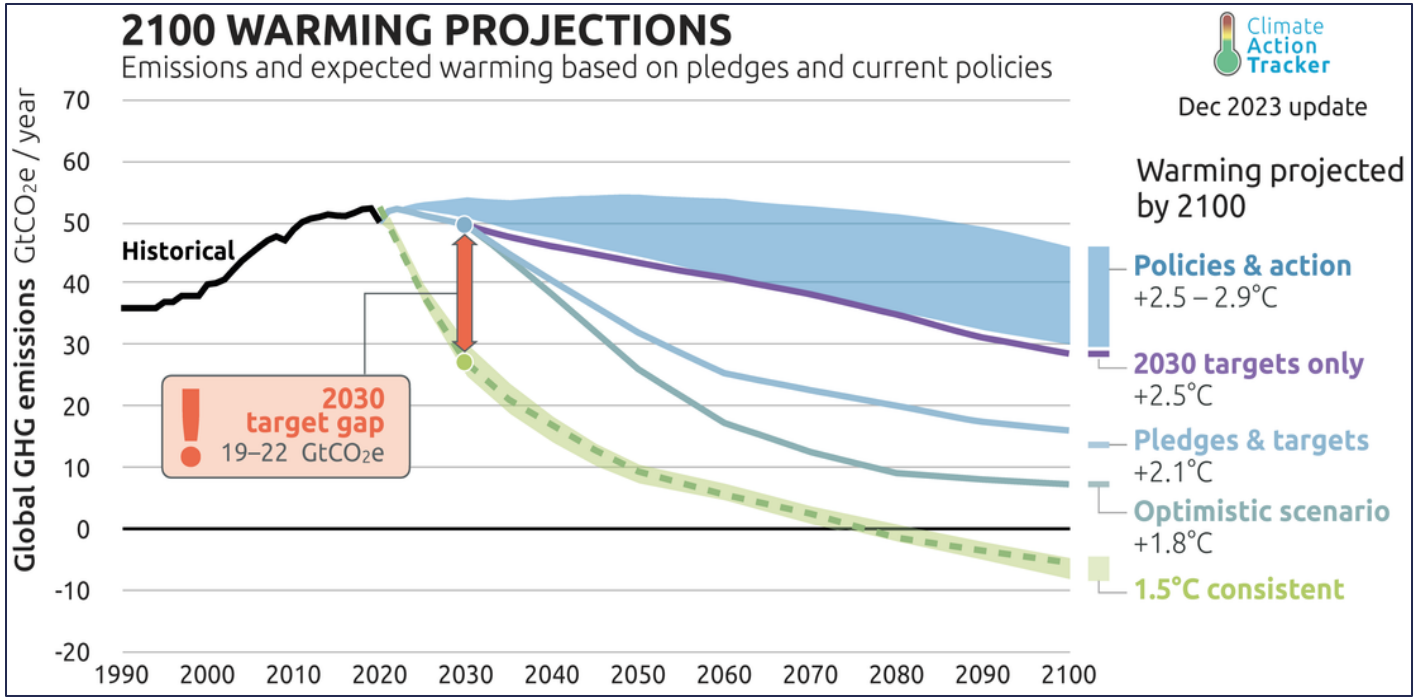
- A long-term perspective is needed to see underlying trends which can be masked by short term volatility
- Scientists measure average global surface temperatures against **pre-industrial levels** (1850-1900)
- The chart[1] (see right) shows the same stark upward trajectory of global surface temperatures since 1970 that we saw in the earlier slide
- It also frames this change within the long-term (100,000 years!)
- By 2011-2020 we had seen a **1.1°C** increase in average global surface temperatures



1. IPPC (Intergovernmental Panel on Climate Change) AR6 March 2023 https://www.ipcc.ch/report/ar6/syr/

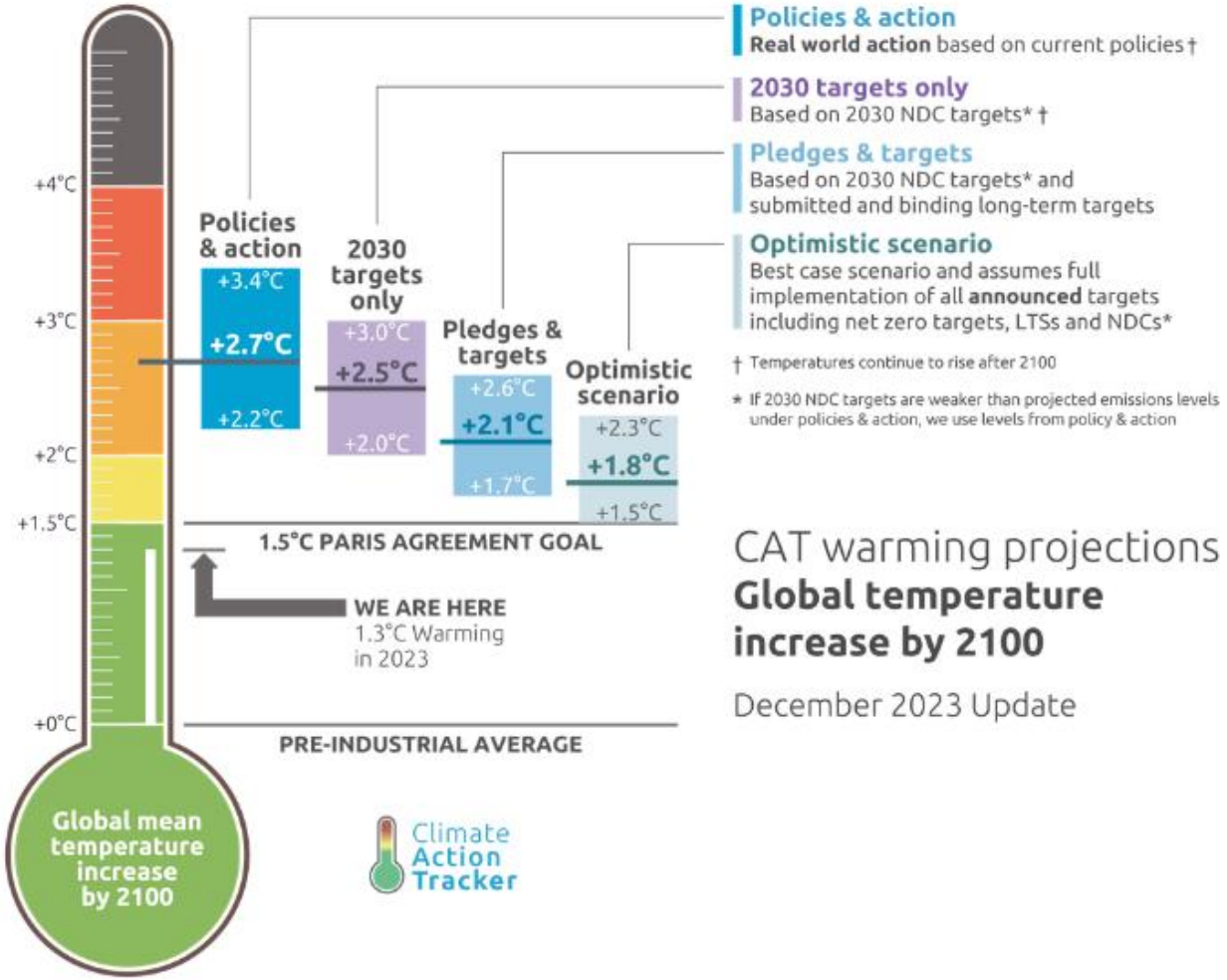
3. Trajectories: 2024, mind the gap

- After **COP28** (November 2023), scientists revised their **emissions projections[1] downwards** slightly (see right)
- Temperature increase predictions also reduced by around 0.2-0.3 °C
- Based on current polices this would imply 2100 temperatures rising by **2.5-2.9 °C** and continuing to rise thereafter
- The **optimistic scenario** still falls shy of achieving net zero emissions by 2100 and now predicts increases to **1.8 °C**
- There is still a **material gap** between 2030 GHG emission targets and what is required for limiting increases to 1.5 °C



1. IPPC (Intergovernmental Panel on Climate Change) AR6 March 2023 https://www.ipcc.ch/report/ar6/syr/

3. Trajectories: So, what do the experts think?

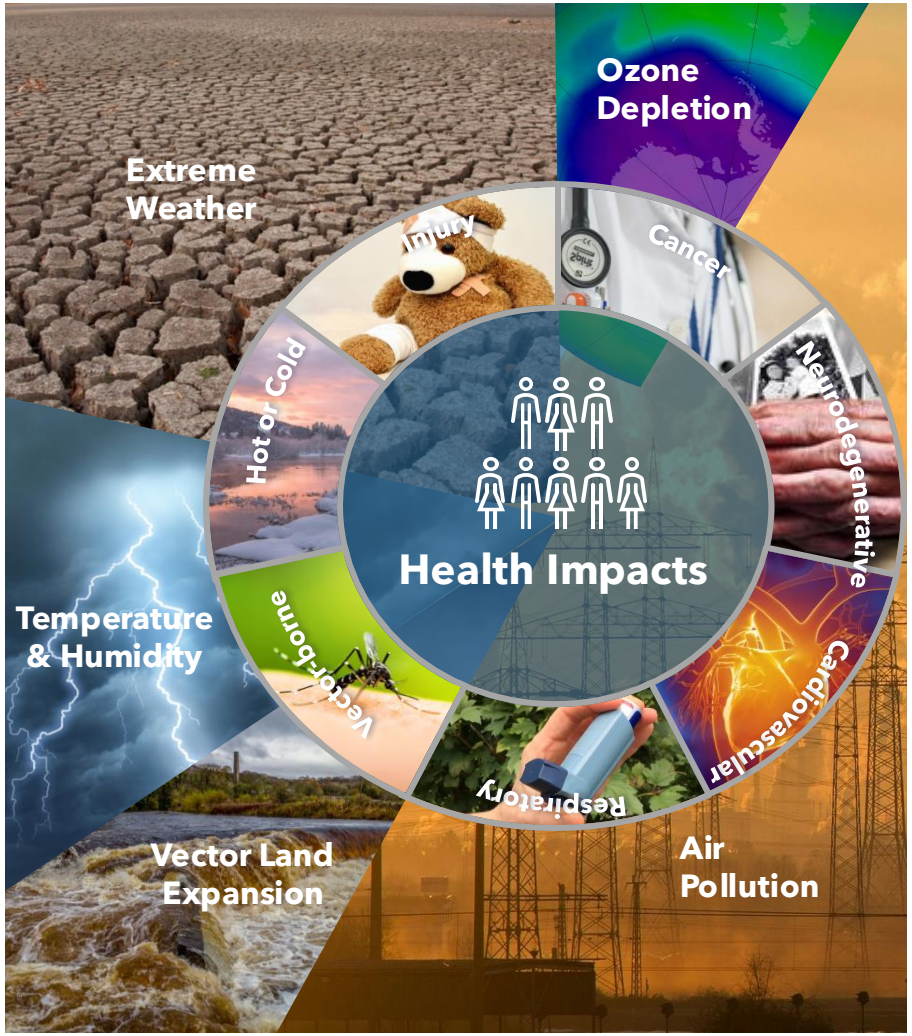


- The independent **CAT Thermometer**[1] gives median 2100 warming estimates based on the observed **1.3 °C** warming (as at 2023)
- The estimates are based on the various emission pathways we have already seen
- The estimates use the MAGICC[2] climate model
- There is scope for this model to be flawed as the science is still developing
- The impact of tipping points is particularly uncertain
- The scenarios shown could be argued to be spread around the optimistic side of a plausible range
- **What about more adverse scenarios?**

1. The Climate Action Tracker Thermometer (December 2023 update) https://climateactiontracker.org/global/cat-thermometer/
2. magicc.org is developed and maintained by Climate Resource https://acp.copernicus.org/articles/11/1417/2011/

4. How does climate change damage health?

Physical risks: mostly impacting claims



Transition risks: asset risks dominate

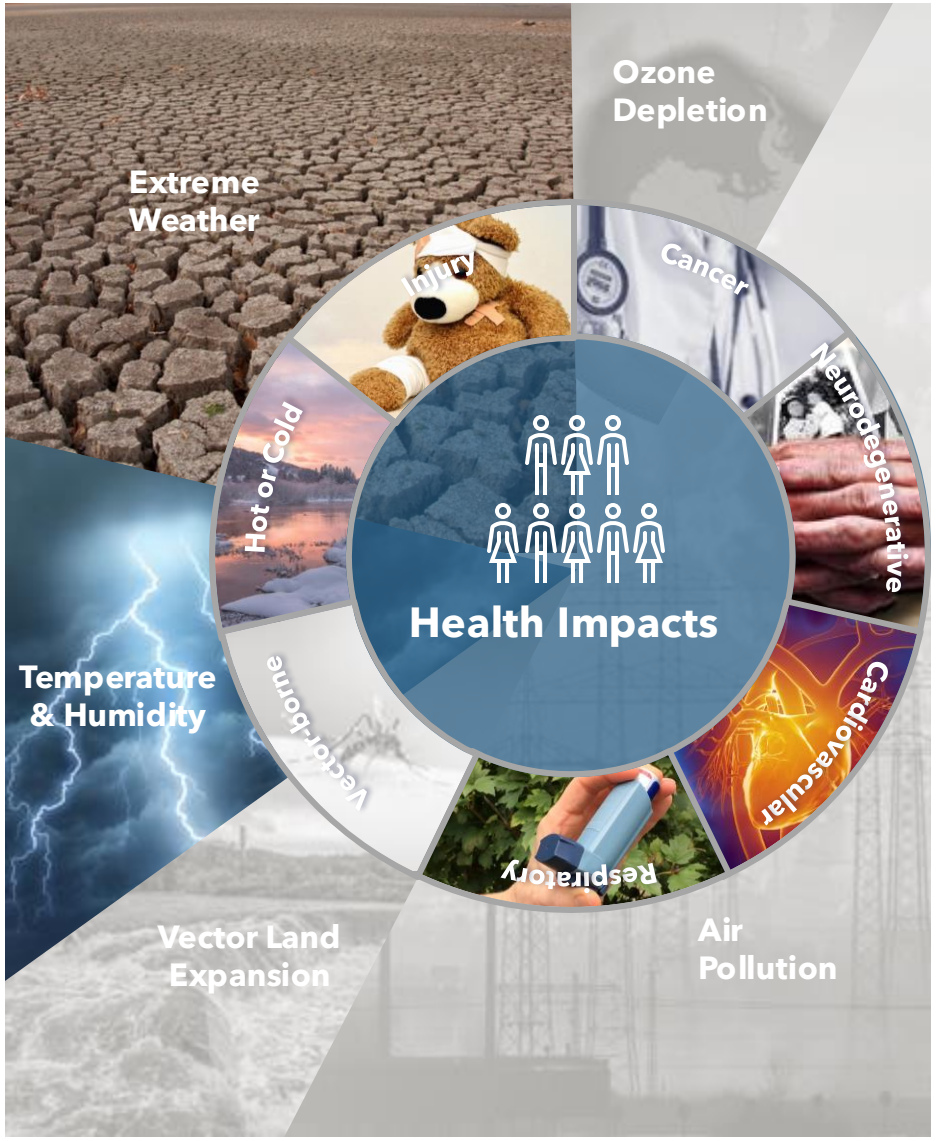
- The financial and operational challenges that we face as the global economy shifts towards a low-carbon and sustainable future
- Achieving net zero via rapid change has a high chance of being a disorderly high impact transition…
- …but success also likely reduces long-term warming / threat of physical risks

Bank of England assessment:

Early Action or **Late Action** both give rise to material **transition risk** impacts

No Additional Action results in, larger overall impact driven by severe **physical risks**

4. Physical risks: Extreme weather



Out of all drivers, **extreme weather** is likely the **most impactful** for our market.

Injuries & **deaths** from **windstorms, floods & wildfires** tend to get a lot of media focus but make up a tiny fraction of global injuries & deaths.

Injuries & deaths will likely increase due to more widespread events with higher frequency & severity. However, they will continue to be localised and are more amenable to adaption than some other risks.

More impactful both, today and in the future, are extreme (and not so extreme) **hot or cold** temperatures:

- Currently most temperature related deaths globally are attributable to **moderate cold** spells rather than extremes[1,2] (see next slide)
- Extreme **heat or cold** bring forward morbidity and mortality impacts in the most vulnerable populations (**frail and old aged**)
- More extreme weather is expected, but with relatively fewer extreme cold spells in the long run i.e. **offsetting impacts** in regions with seasonality

The magnitude of future impacts depends on the populations ability to mitigate & adapt to extreme temperatures.

Current Impact	Trend	Future Sensitivity to Climate Pathways	Potential for adaption
Material	**Increasing**	**High**	**High**

1. https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00023-2/fulltext
2. https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)62114-0/fulltext

4. Physical risks: Fewer cold snaps?

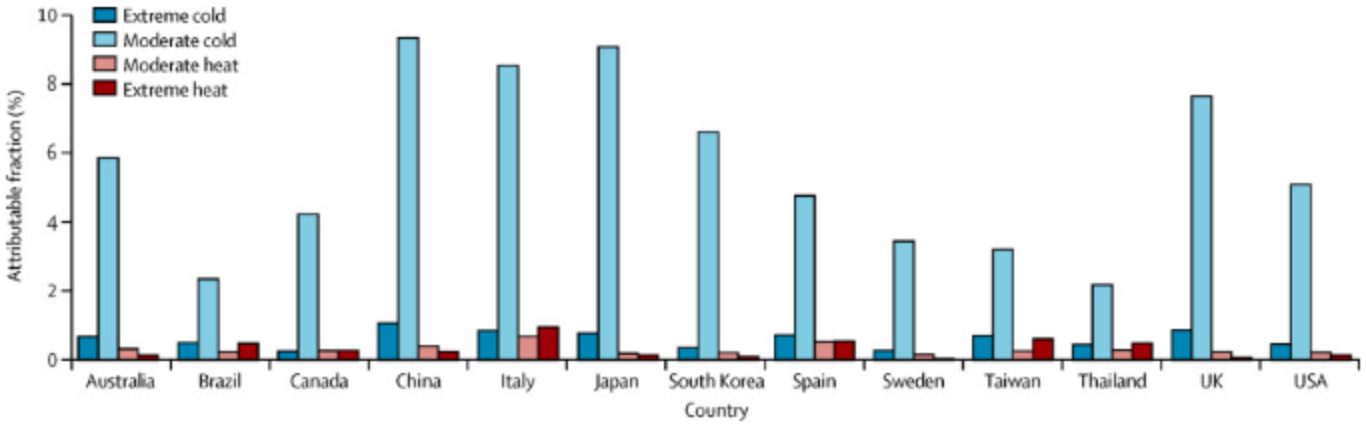


Figure 2 Fraction of all-cause mortality attributable to moderate and extreme hot and cold temperature by country

- In temperate countries like the UK deaths due to **cold** currently far outweigh heat related deaths[1,2]
- Most of the attributable deaths relate to **moderate cold** spells rather than extreme cold as they are much more frequent

Moderate Cold

- Exacerbates pre-existing medical conditions
- Blood vessels constrict to maintain core heat reducing blood and oxygen flow to the heart
- Strongly associated with increased **cardiovascular** episodes
- Periods of cold weather also increase the spread of common air borne **infectious respiratory conditions** e.g. flu leading to marked seasonality in morbidity & mortality
- Vaccination remains a powerful mitigant for many such conditions

Extreme Cold

- More acute impacts from causes associated with moderate cold
- Increased **accidental deaths & injuries** due to icy conditions
- Direct effects like **frostbite** and **hypothermia**

1. https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)62114-0/fulltext
2. https://ourworldindata.org/part-one-how-many-people-die-from-extreme-temperatures-and-how-could-this-change-in-the-future

4. Physical risks: How hot is too hot?

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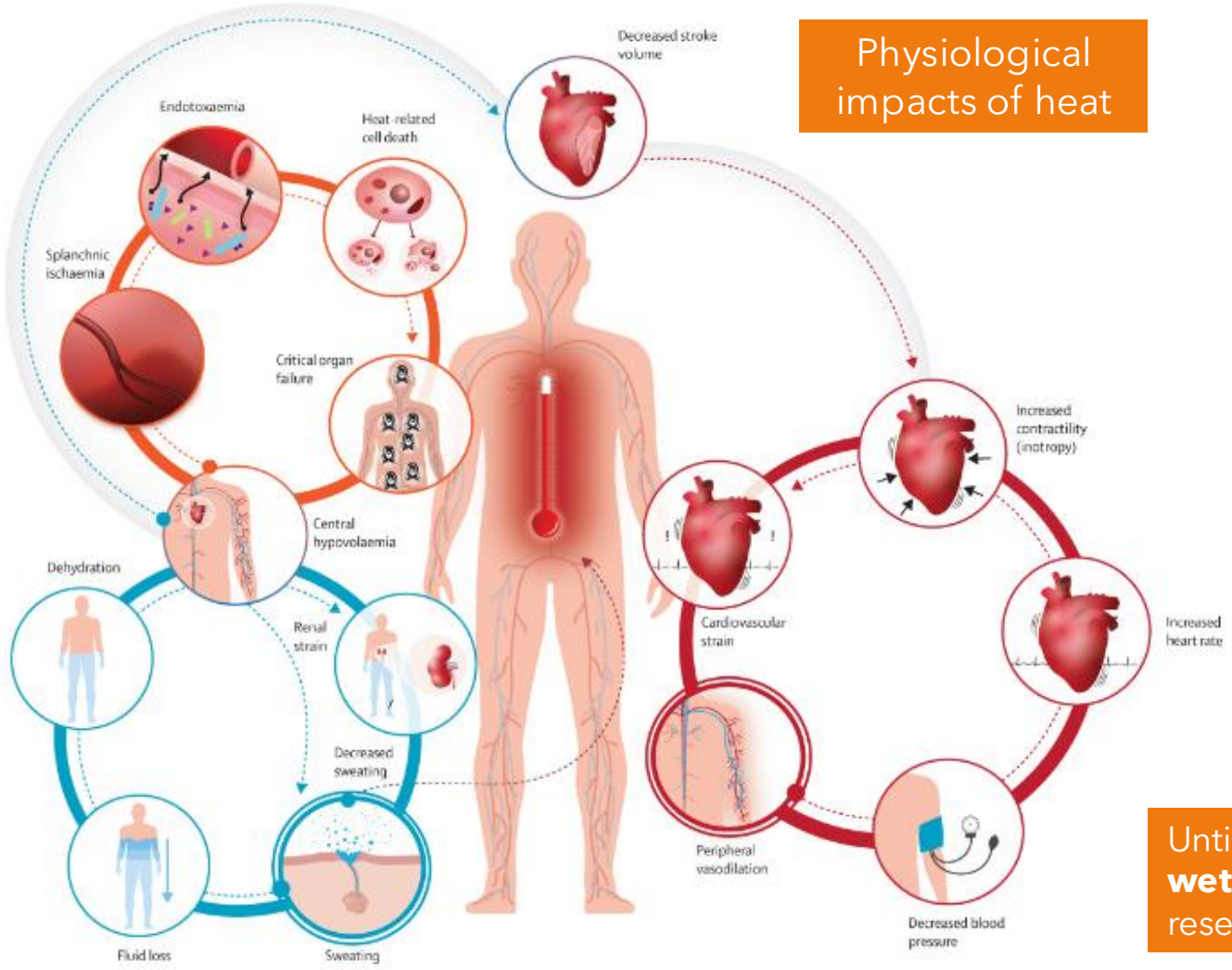
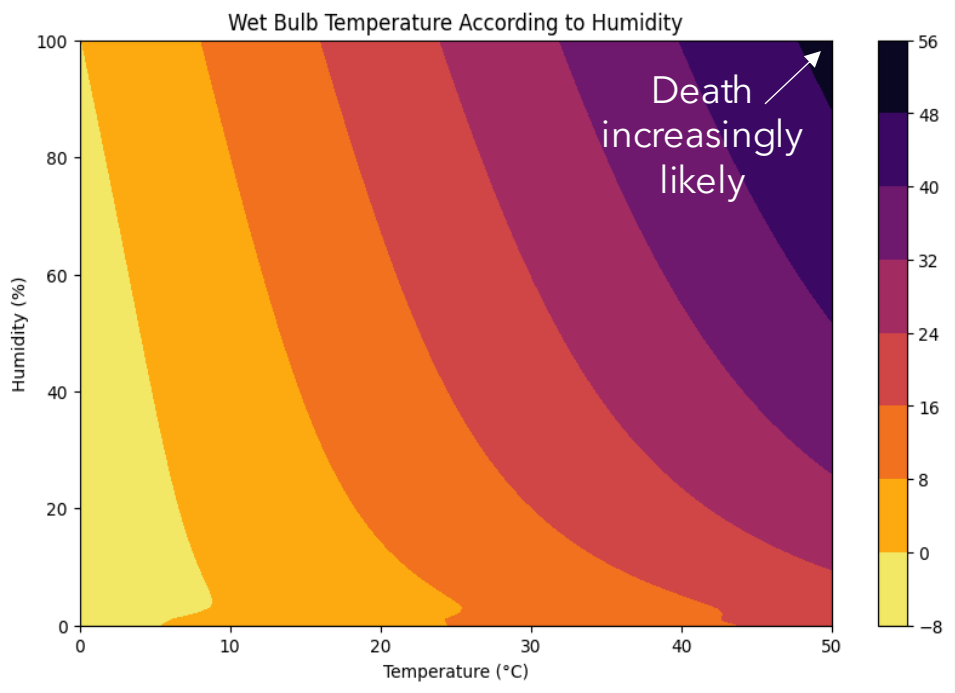
Physiological impacts of heat



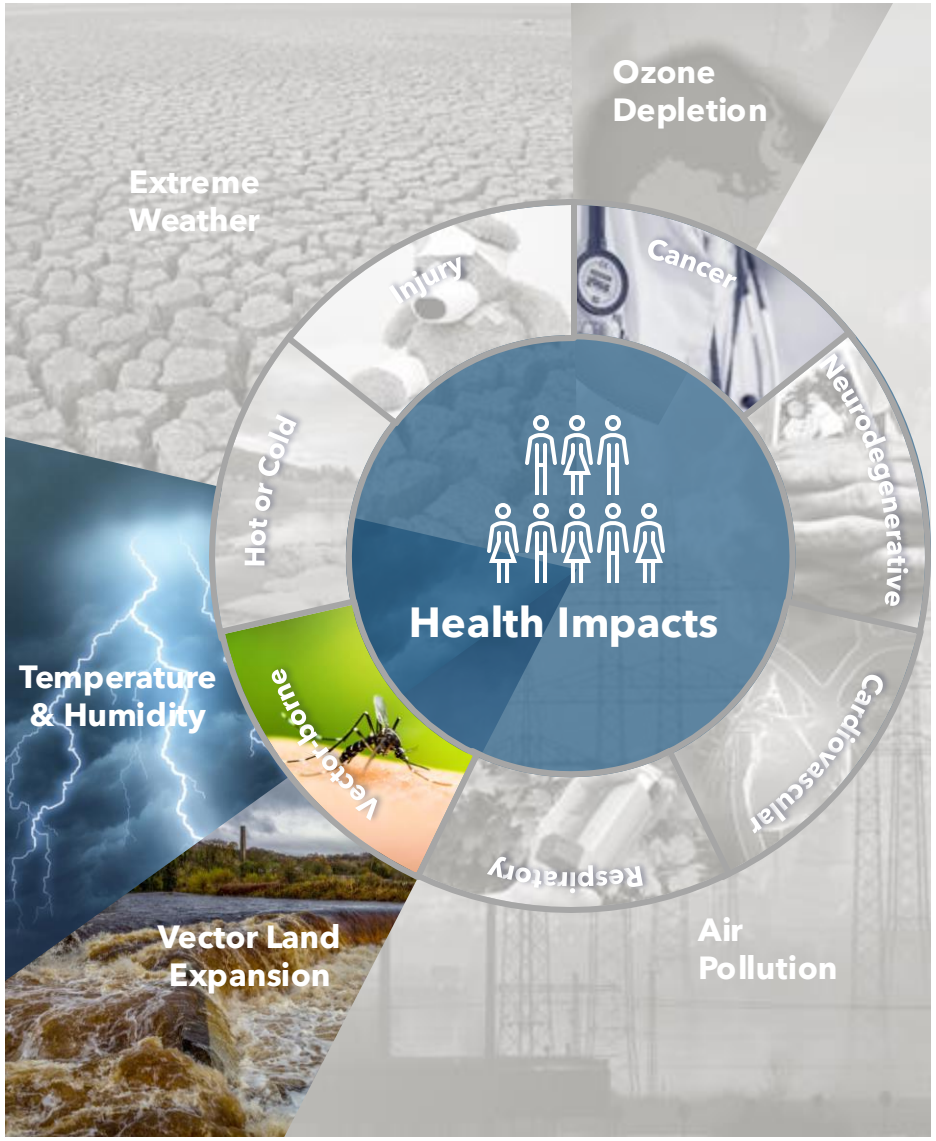


Until recently, scientists believed humans could survive in **wet bulb temperatures** up to 35°C. But more recent research suggest this may be nearer to **31°C**.

Hot days or heat waves? Researchers debate how to count deaths from heat | Science | AAAS

What is wet-bulb temperature? And how hot is too hot? (earthsky.org)
https://journals.physiology.org/doi/epdf/10.1152/japplphysiol.00738.2021
https://www.pnas.org/doi/full/10.1073/pnas.0913352107

4. Physical risks: Vector borne diseases



Increased **rainfall** bringing higher **humidity** combined with **warmer temperatures** encourages the breeding of insects e.g. **mosquitoes**, which transmit infectious pathogens to humans.

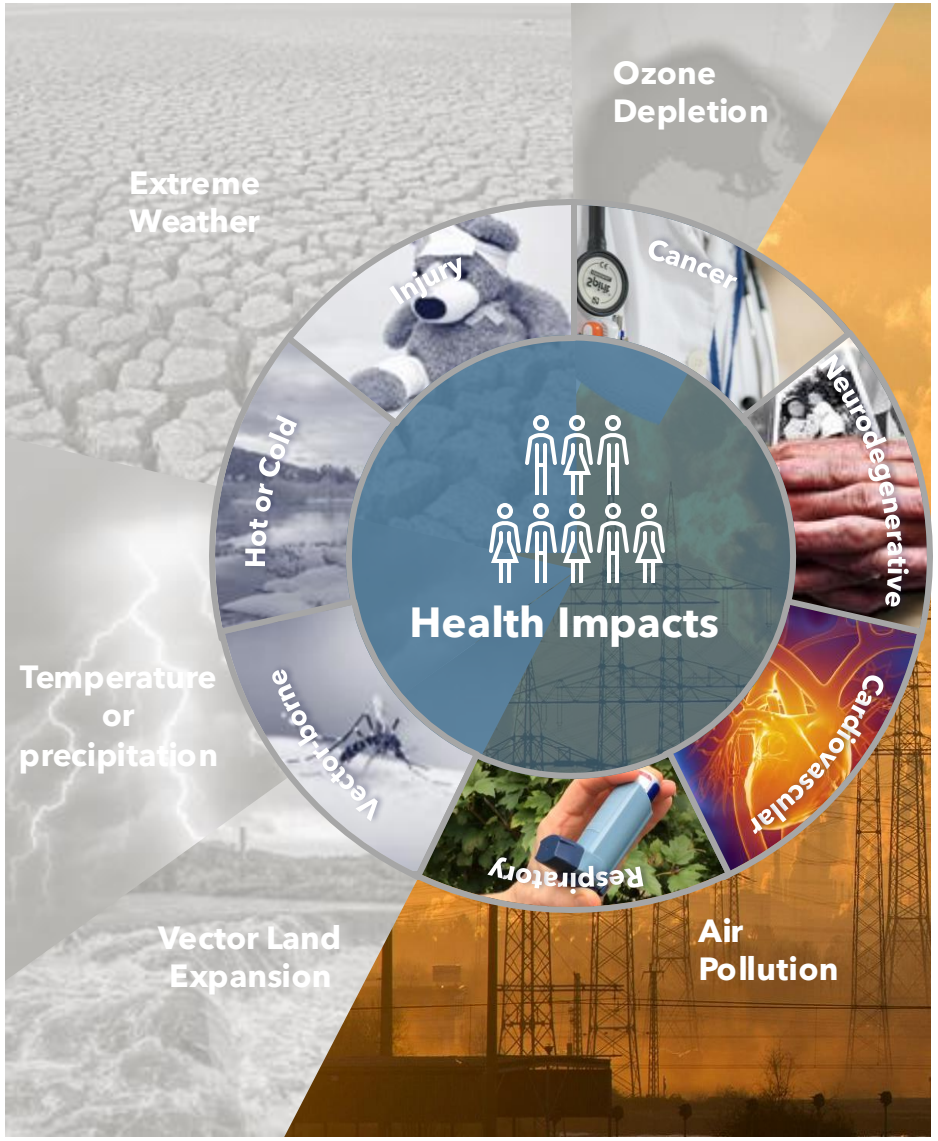
This broadens the potential geographic spread of **vector-borne diseases**:

- Most prominently **dengue fever** cases are increasing strongly in **South-East Asia**.
- Other tropical diseases like **West Nile fever** are beginning to crop up in traditionally more temperature climates like Europe
- Even in cooler temperate climes the breeding season for **ticks**, currently the most impactful carriers of vector borne diseases like **Lyme disease**, is also increasing

Mitigation: As well as possibilities to limit areas of stagnant water there are novel programmes evolving aimed at controlling the breeding patterns of mosquitoes.

Current Impact	Trend	Future Sensitivity to Climate Pathways	Potential for adaption
Modest	**Increasing**	**High**	**High**

4. Physical risks: Air pollution



Air pollution is generally expected to be a **reducing** risk driver:

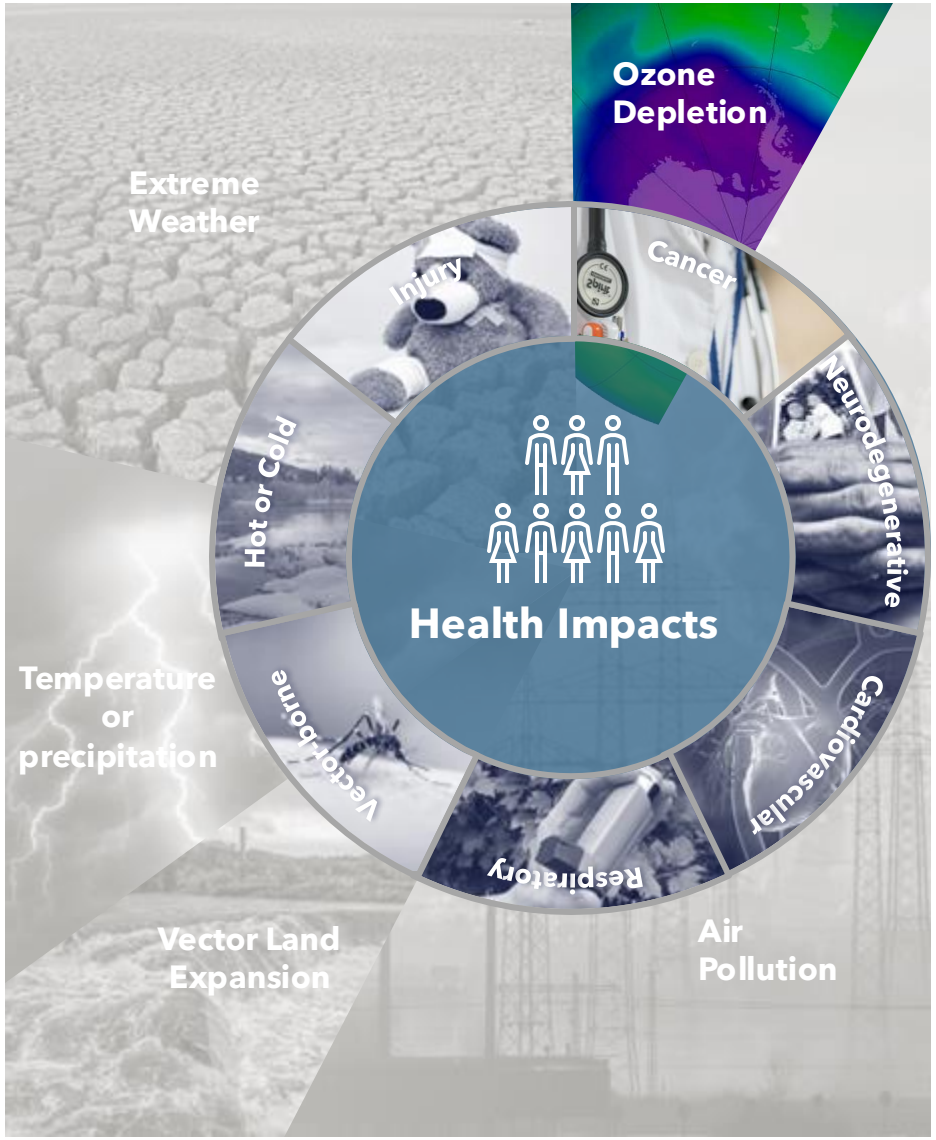
- Continuing improvements in general air quality due to shifts to cleaner energy sources as well as government initiatives to curb toxic pollutants
- However, higher frequency of wildfires will increase acute mortality and morbidity impacts and impair localised air quality for a period
- The burden varies substantially by geography and is more heavily skewed towards low-income and lower- to middle-income countries

Multiple studies have established links between **air pollution** and health:

- Exposure to small **particulate matter** (PM2.5) is associated with higher mortality in the elderly, especially due to **Pneumonia**
- There is also a correlation with **Cardiovascular diseases** although modifiable risk factors including **tobacco use** and **physical activity** are more impactful
- Further, there is an association with **Diabetes** onset as pollutants can enter the bloodstream and interact with tissue to produce pathological effects
- Many studies found a link between PM2.5 exposure and **Lung cancer** incidence. Other cancers e.g. breast & gastrointestinal may also be linked to air pollution but the evidence is not consistent.

Current Impact	Trend	Future Sensitivity to Climate Pathways	Potential for adaption
Modest	**Reducing**	**Medium**	**Medium**

4. Physical risks: Ozone depletion

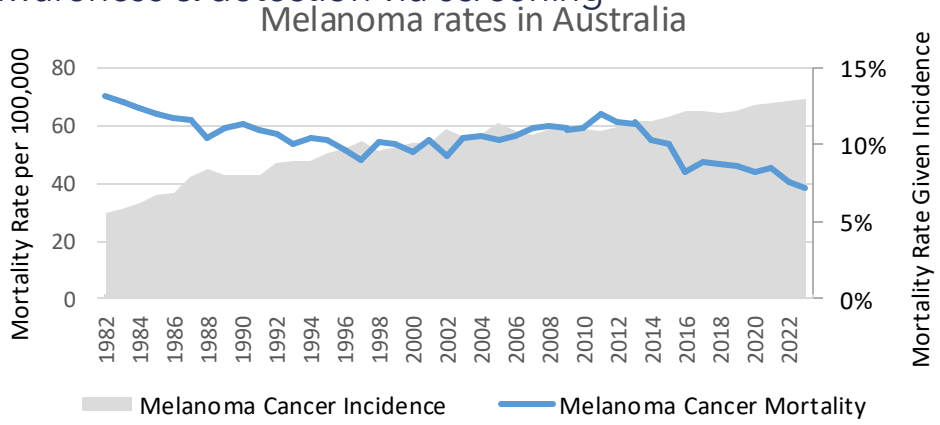


Ozone depletion has been historically associated with increased **UV radiation** elevating **skin cancer** rates as well as causing **eye cataracts** & damaging the **immune system**.

Continued ozone recovery following a long-standing ban on **Freons** should reduce health impacts gradually.

- Impacts are more prominent in subtropical latitudes where outdoor activities are popular amongst the fair skinned
- **Australia**, the **UK** & **US** are experiencing **rising melanoma incidence** rates. This is primarily due to **non-climate factors** like aging / cumulative lifetime awareness & detection via screening

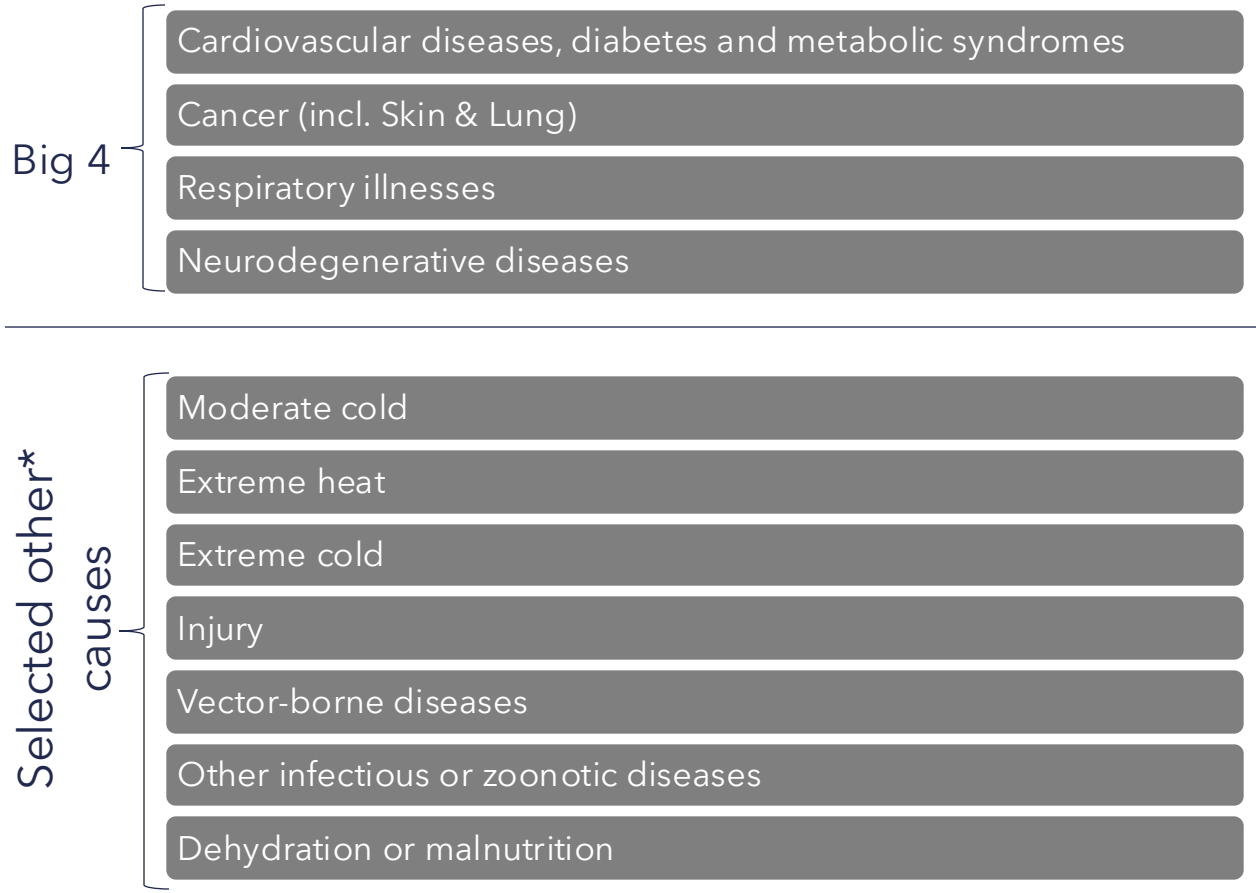
Despite increases in incidence rates there has been a steady **reduction** in **mortality rates** given better awareness & earlier detection.



Current Impact	Trend	Future Sensitivity to Climate Pathways	Potential for adaption
Limited	**Flat**	**Low**	**High**

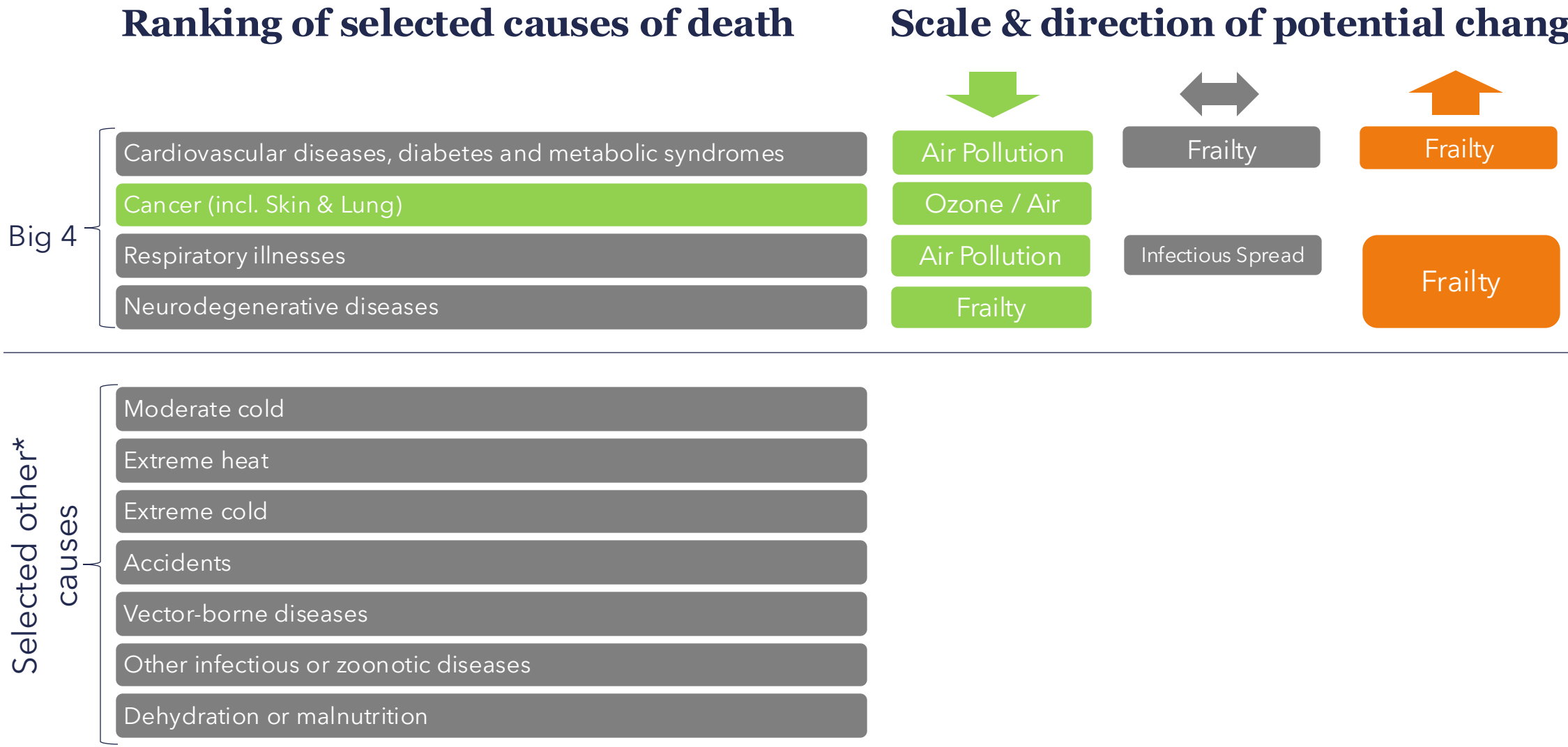
4. Physical risks: Mortality products

Ranking of selected causes of death



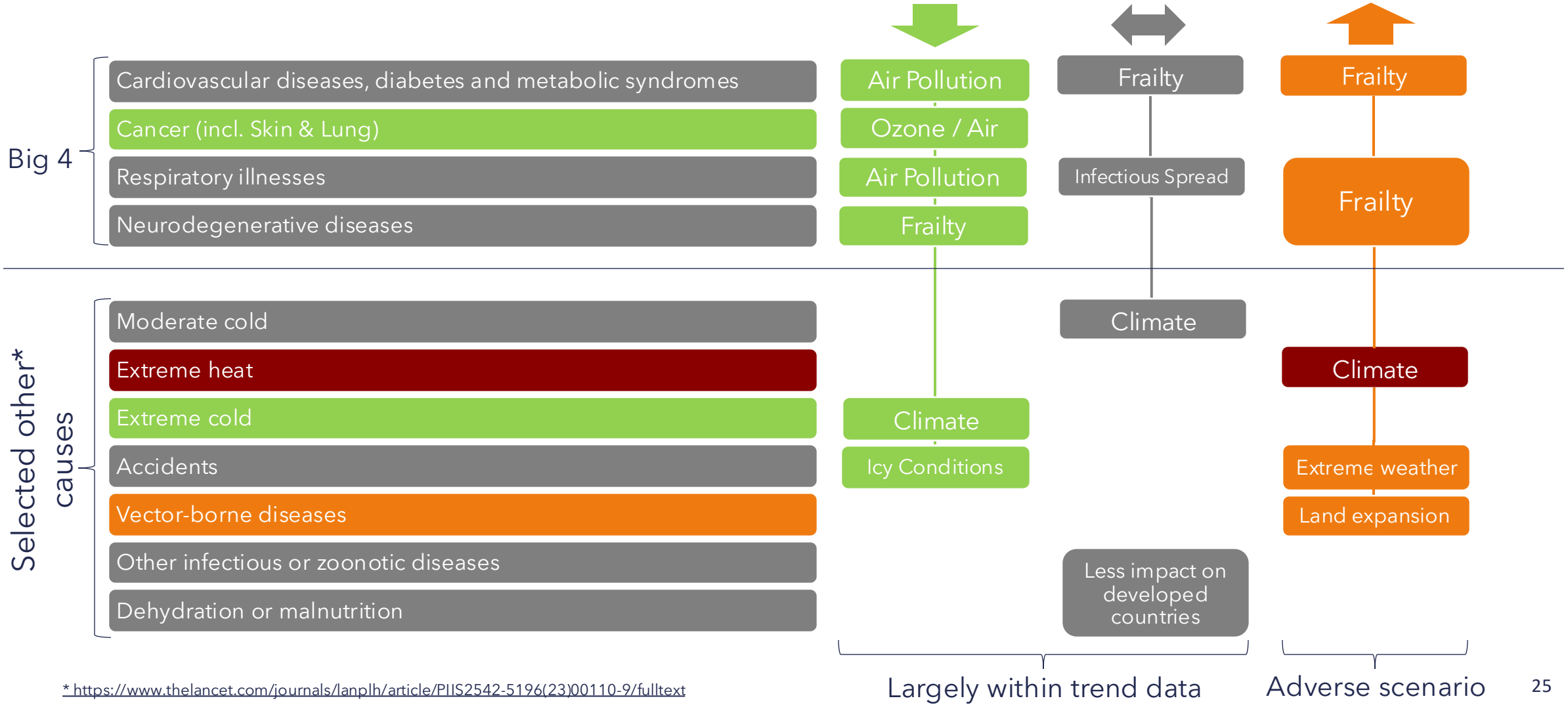
* https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00110-9/fulltext

4. Physical risks: Mortality products



* https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00110-9/fulltext

4. Physical risks: Mortality products



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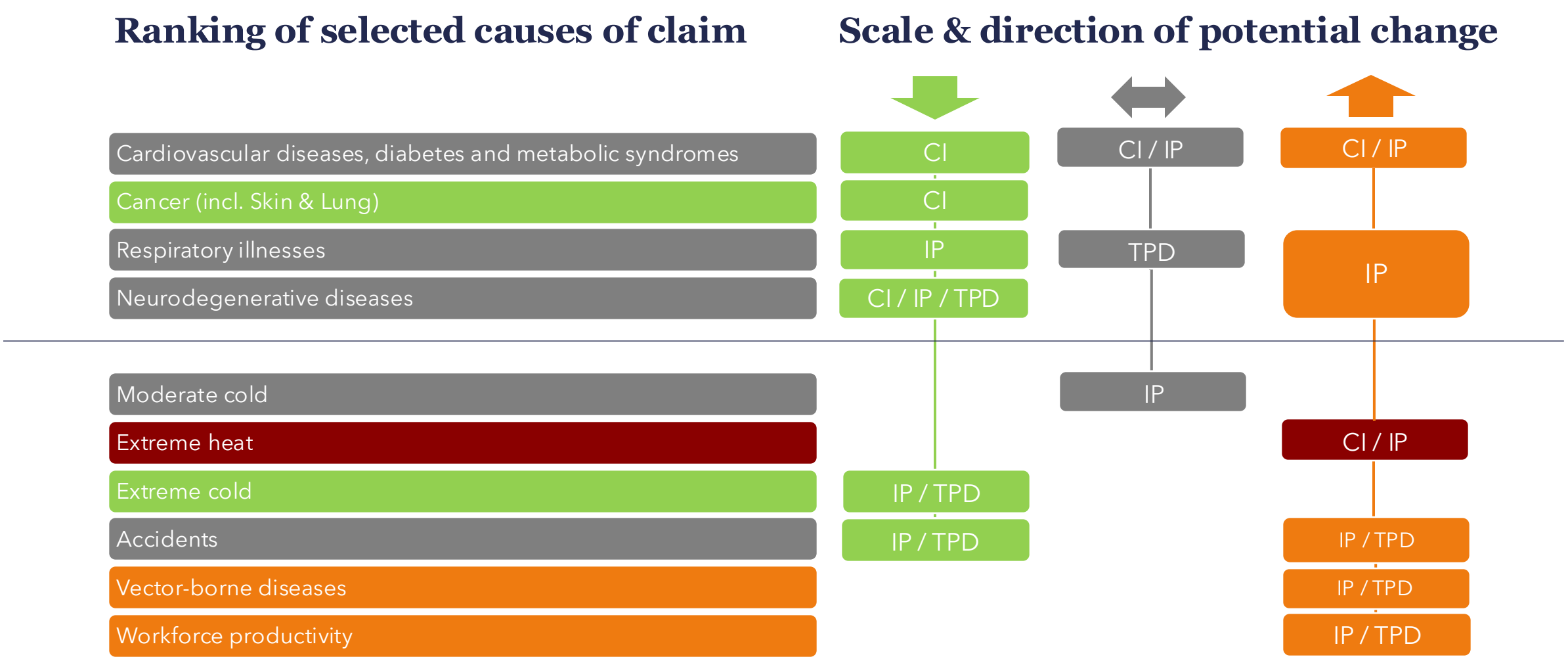
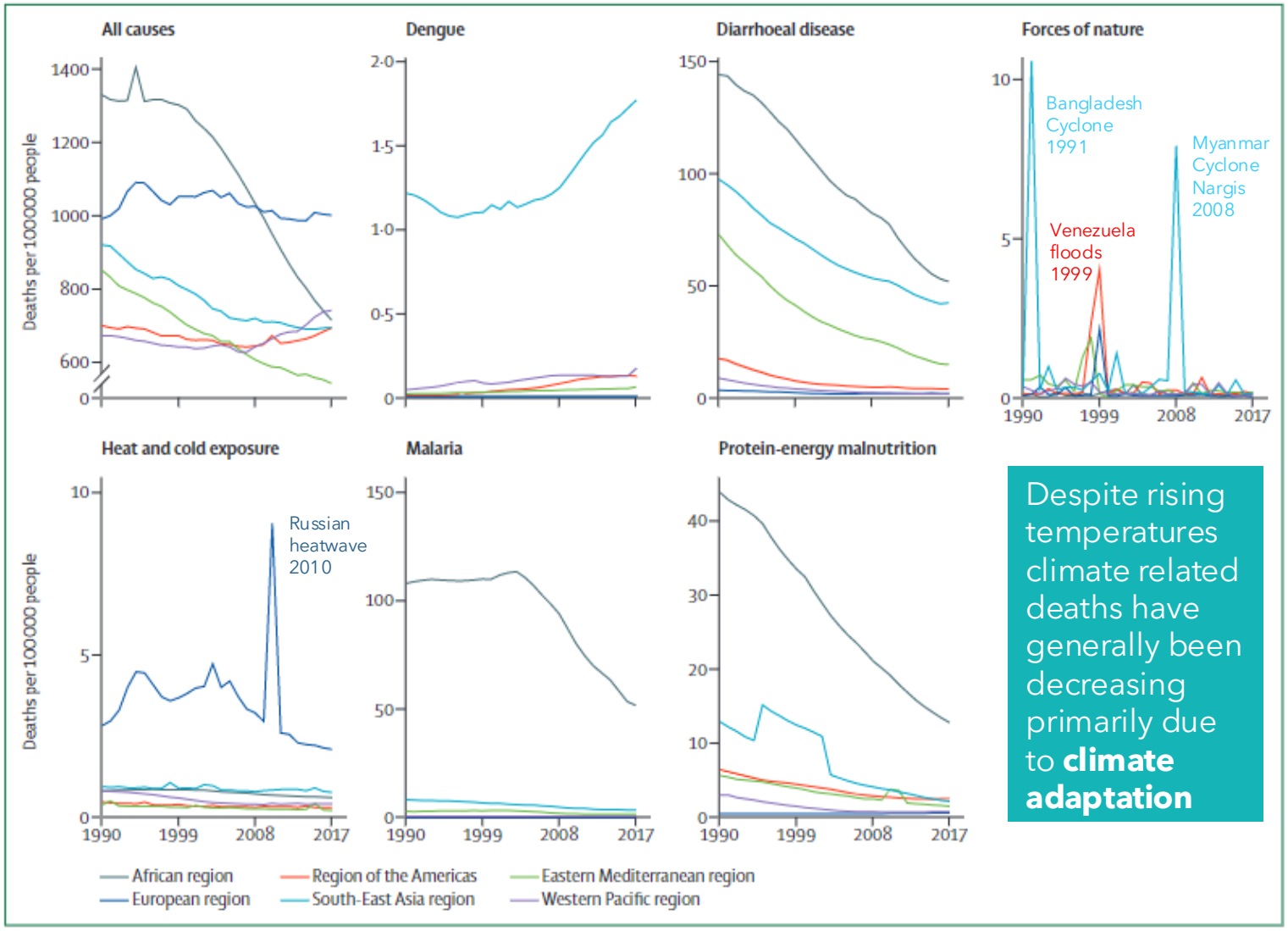
4. Physical risks: Morbidity products



* https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(23)00110-9/fulltext

4. Physical Risks: Geography matters

Climate related causes of death have been immaterial in developed markets:



Despite rising temperatures climate related deaths have generally been decreasing primarily due to **climate adaptation**

- Climate related **Forces of nature** are estimated to account for a very small proportion of global deaths i.e. ~**0.1%**
- But these can be highly focussed geographically and volatile
- **Extreme heat & cold** might be associated with up to ~**1%** of global deaths[1]
- **Diarrhoea**, **Malaria** & **Malnutrition** are the most material climate related diseases globally
- But they are much less material in developed markets or for insured lives / age groups

1. World of Data: Gasparrini et al. (2015).

Mortality trends **1990 – 2017** by WHO region selected climate related causes.

Source Global Burden of Disease 2017 study

5. Liability based scenarios: Why?

Insurers carry out self-assessments of the risks they face, and how much **capital** they need to hold to safely weather storms.

They also consider **scenarios** to understand better how more extreme but plausible future pathways impact different aspects of their business or the interaction with other risks.

Transition risk scenarios had already been considered - mostly these impact invested assets whilst liability impacts were considered relatively mild.

Medical Analytics therefore focused on **physical risks** and their impacts on **liabilities** (i.e. claims):

- An **extreme temperature scenario** was calibrated reflecting this as the most likely source of material impact on liabilities
- There was a need for pragmatism given anticipated modest impacts and scope for longevity offsets in the long term

In part this was a response to increasing local regulatory requirements for climate related disclosures by insurers.

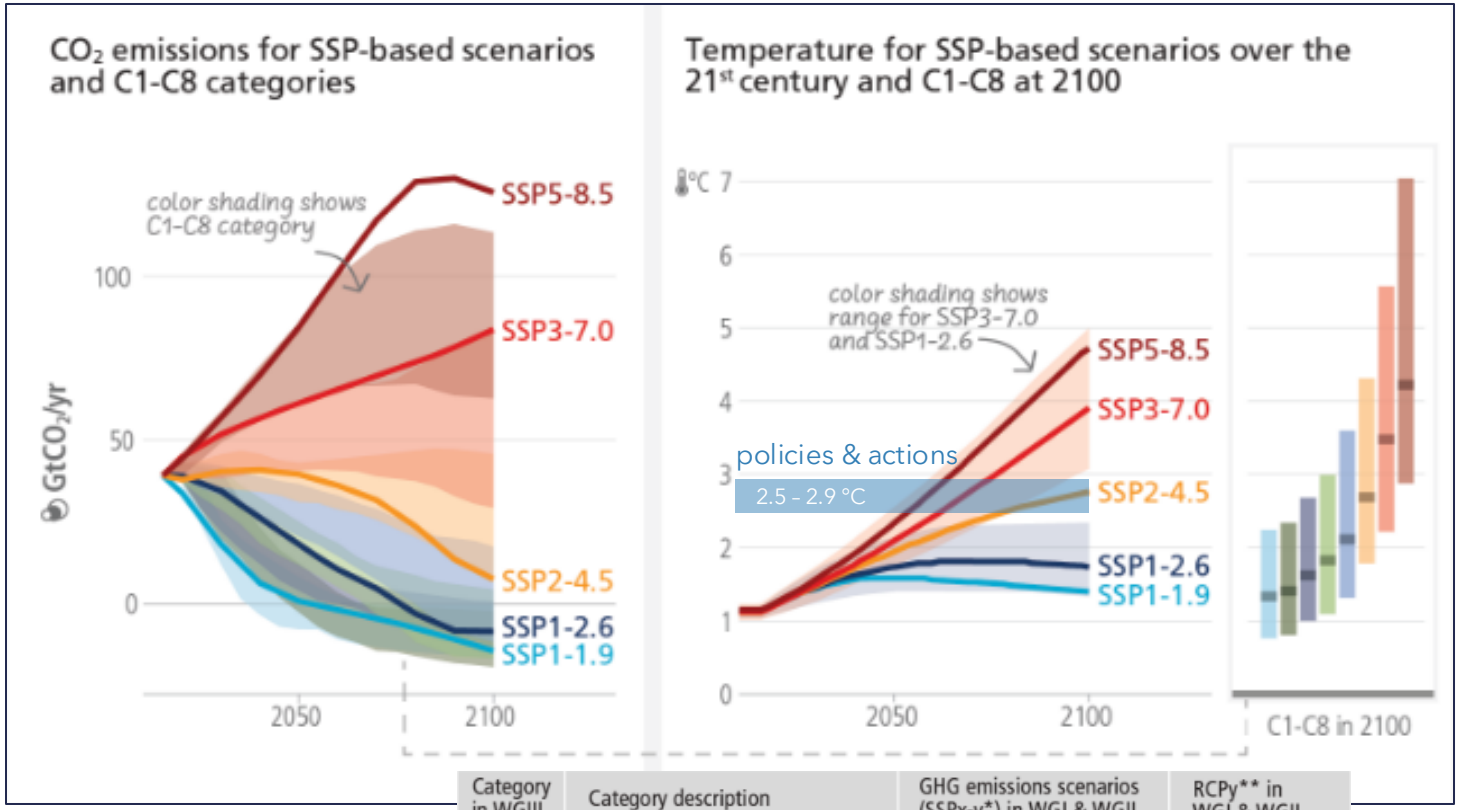
5. Liability based scenarios: Picking your pathway

When considering impacts on insurance risks it is useful to pick underlying pathways as a base for calibrating scenario models.

This is because there are readily available metrics from external models to benchmark against.

It makes sense to consider a baseline pathway as well as some more adverse possibilities:

- **SSP2-4.5** or **C6** might be suitable **pessimistic baselines** as they lie within the current **policies & actions** temperature estimates
- **SSP3-7.0** or **C7** might be considered a plausible **more adverse temperature** scenario
- More extreme scenarios like **SSP5-8.5** are clearly possible



Category in WGIII	Category description	GHG emissions scenarios (SSPx-y*) in WGI & WGII	RCPy** in WGI & WGII
C1	limit warming to 1.5°C (>50%) with no or limited overshoot	Very low (SSP1-1.9)	
C2	return warming to 1.5°C (>50%) after a high overshoot		
C3	limit warming to 2°C (>67%)	Low (SSP1-2.6)	RCP2.6
C4	limit warming to 2°C (>50%)		
C5	limit warming to 2.5°C (>50%)		
C6	limit warming to 3°C (>50%)	Intermediate (SSP2-4.5)	RCP 4.5
C7	limit warming to 4°C (>50%)	High (SSP3-7.0)	
C8	exceed warming of 4°C (>50%)	Very high (SSP5-8.5)	RCP 8.5

1. Intergovernmental Panel on Climate Change https://www.ipcc.ch/report/ar6/syr/
2. 'SSPx-y' & 'RCPy' refer to the Shared Socio-economic / Representative Concentration Pathway - 'y' refers to the approximate level of radiative forcing (Wm^{-2}) in 2100.

5. Transition *vs.* Physical risk scenarios:

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Selected Bank of England scenarios in more depth:

Early Action or Late Action:

- +1.8 °C by 2050
- **+1.6 °C by 2100**
- Limited physical impacts

Early Action:

- Orderly transition starting 2021 and reaching net zero by 2050
- Muted impact on GDP

Late action:

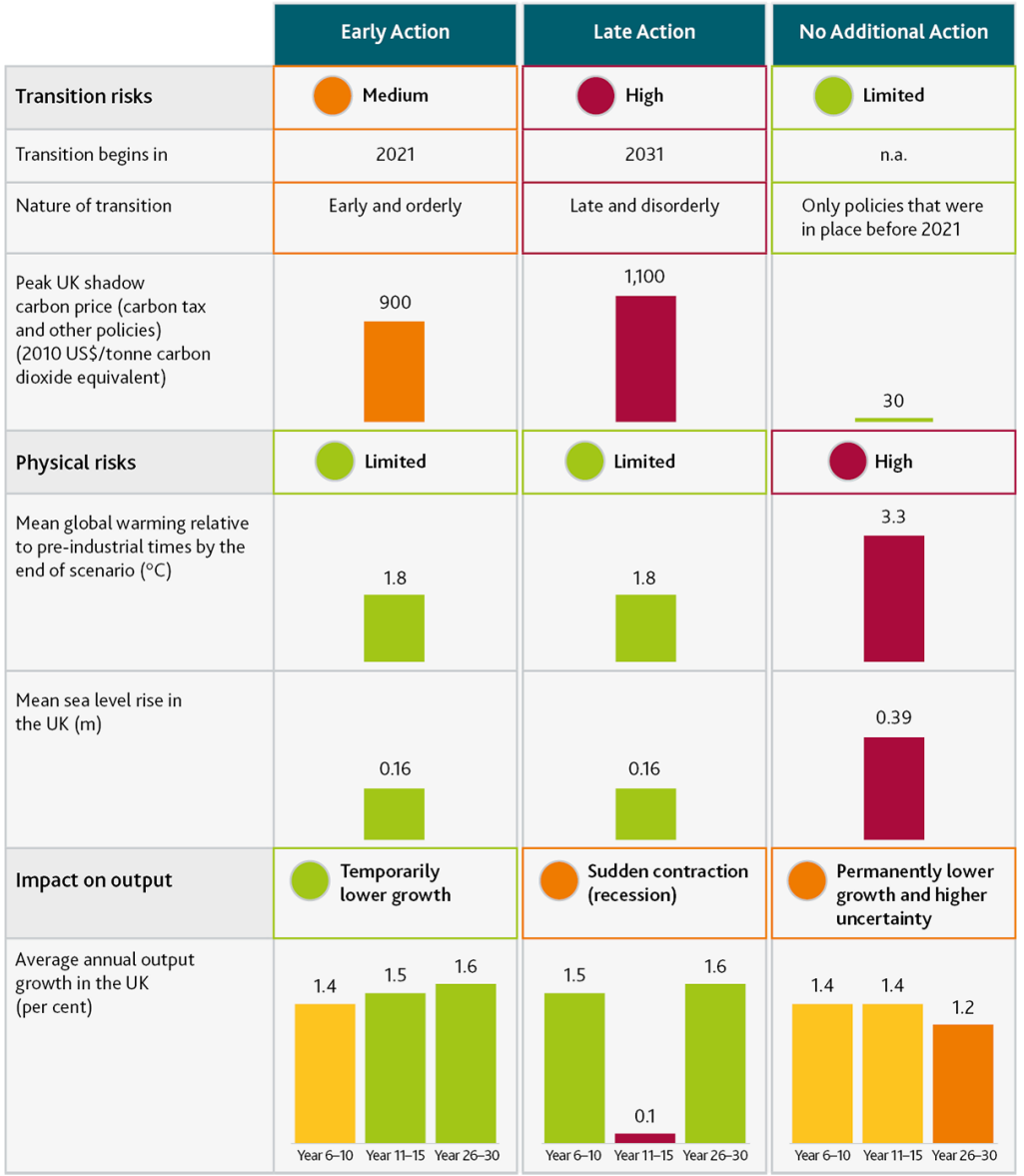
- Disorderly transition starting 2031 and reaching net zero by 2050
- Sharp fall in GDP after 10 years
- Anticipated short period of recession
- Increased interest rates (risk premia)
- Unemployment rises to 8.5%

No Additional Action:

- +3.3 °C by 2050
- **+4.1 °C by 2100**
- Deliberately severe (90th percentile) featuring chronic / irreversible changes in precipitation, ecosystems & sea-levels
- Higher frequency & severity of extreme weather events
- 25% increase in precipitation (no explicit heatwave impacts assessed)
- Permanent impacts on living / working conditions, buildings and infrastructure
- UK GDP growth permanently low
- UK equity prices fall 20% / S&P 500 fall 25%. Insurers invested assets fall 15%

Transition Risk scenarios: Close to **SSP1-2.6** or **C2** temperature pathways

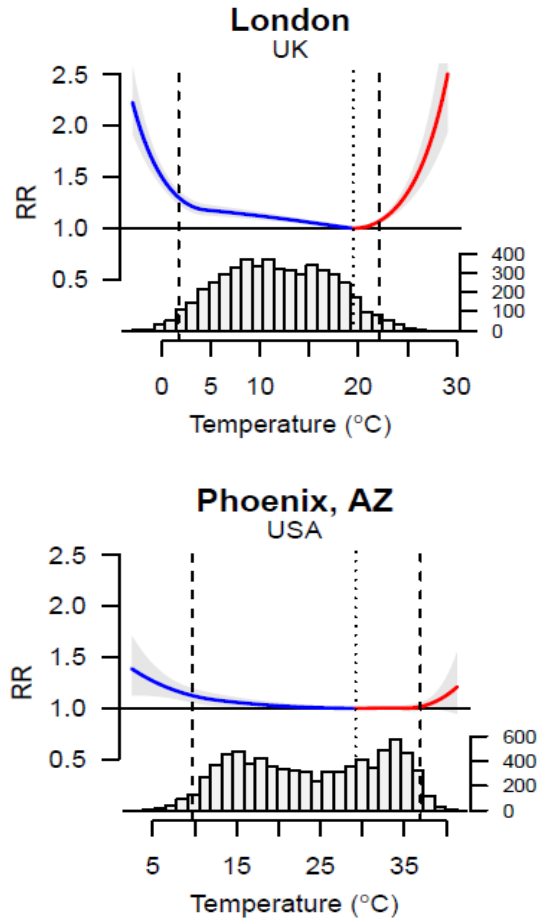
Physical Risk scenario: Close to **SSP3-7.0** or **C7** temperature pathways



5. Liability based scenarios: Averages vs extremes

How average global temperatures can drive local extremes & deaths:

Current state:

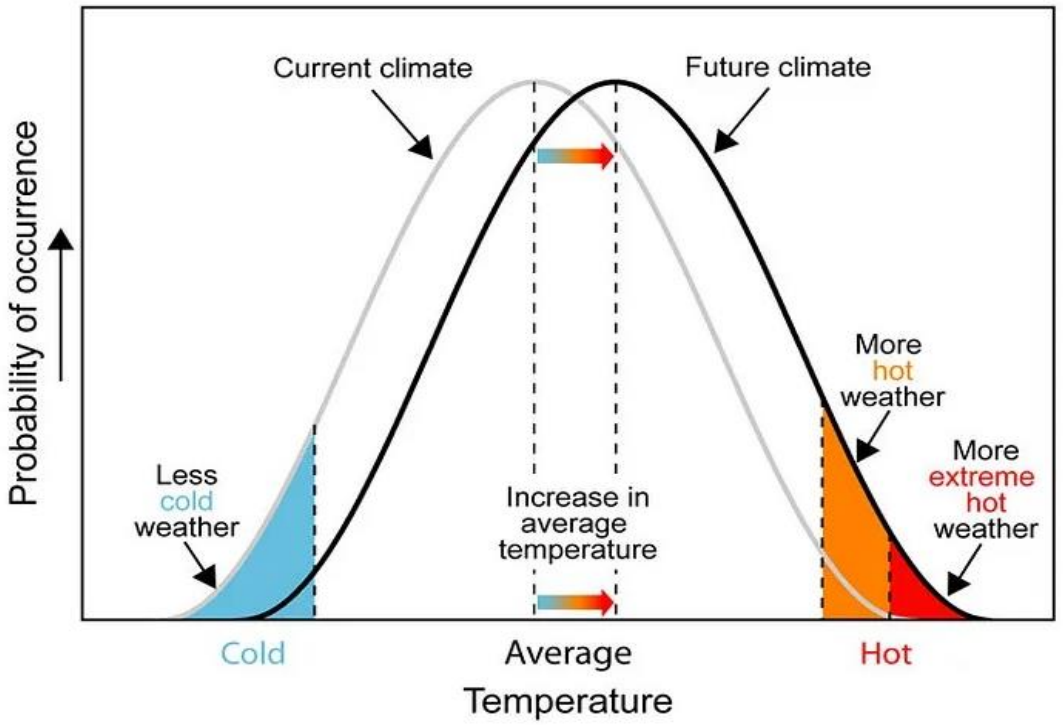


The charts show how deaths and death rates react to daily average temperatures in 2 cities

London is much less **adapted** to extreme heat than Phoenix

Phoenix is less **adapted** to moderate cold

Future state:



Fewer **extreme cold** weather days

Multiple times more hot weather days and **unprecedented extremes**

Sources: Mortality risk attributable to high and low ambient temperature: a multicountry observational study

5. Liability based scenarios: Modelling extremes

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Stochastic model Methodology:

- MA extracted **average**, **minimum** and **maximum monthly temperatures** projected under **various SSP pathways** from this website: climateknowledgeportal.worldbank.org
- We used proxy cities in **key regions** for PL Re:

  UK (England), **US** (New York), **Australia** (Sydney) & **Asia** (Bangkok)
- To simulate future temperatures, we fitted a normal distribution to **daily average temperatures** within each projected future month:
  - The mean of each distribution is set equal to the projected monthly SSP average temperature for a given pathway
  - The standard deviation of daily average temperatures is set with reference to the corresponding SSP minimum and maximum temperatures to generate the appropriate level of volatility
- We extrapolated the **relative mortality risk** curves for each city to more extreme average daily temperatures
- Finally, we calculated the 2100 annual mortality rates across all simulations under 3 pathways:

  SSP1-2.6 (+1.8°C), **SSP3-7.0** (+2.9°C) & **SSP5-8.5** (+4.8°C)
- The average mortality rate differences at 2100 between the 3 scenarios were used to inform **Modest Warming** and **Material Warming** scenarios respectively.

5. Scenario output: Modest heat impacts

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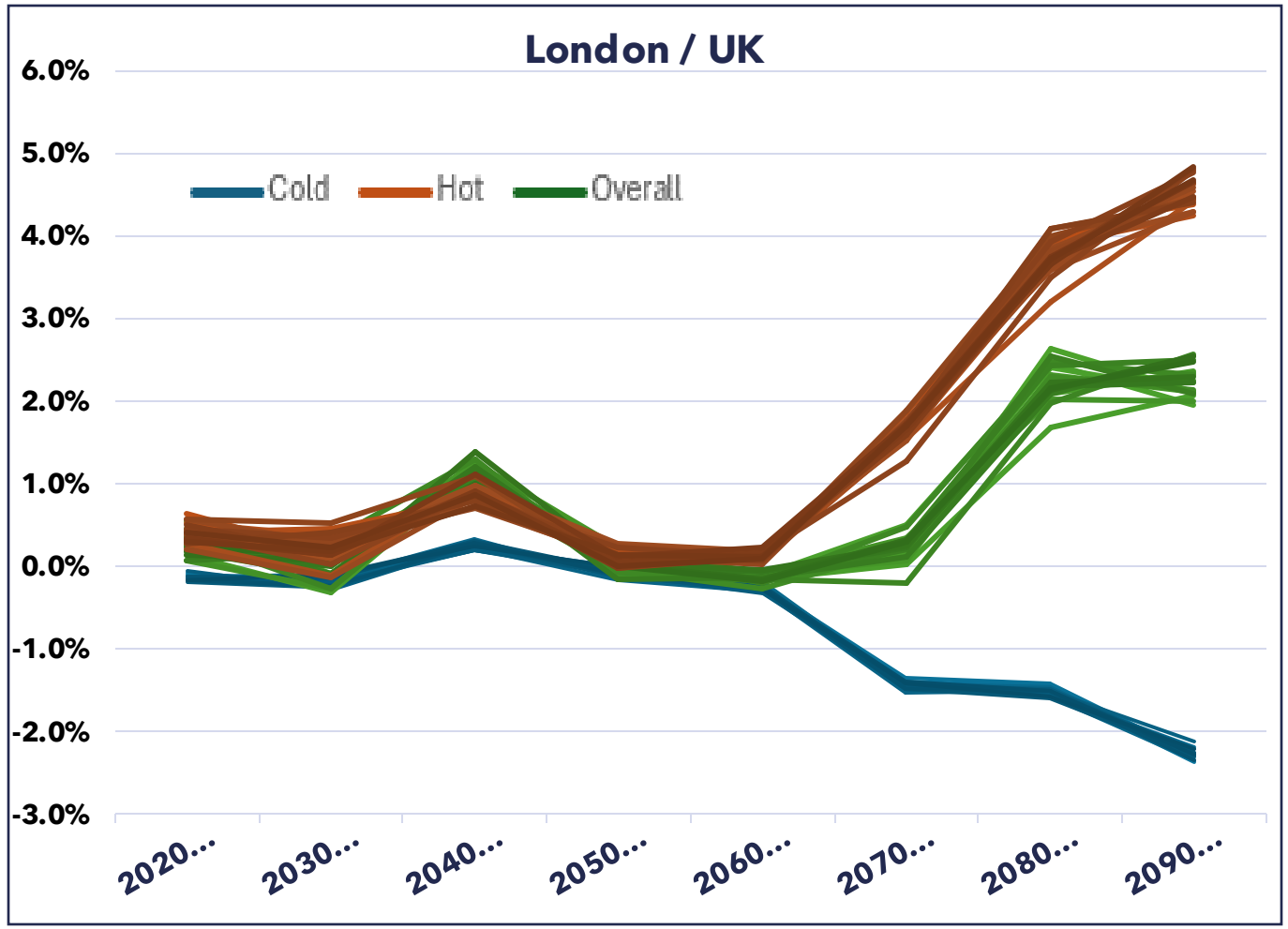
Simulated **excess mortality** rates under **SSP3-7.0** pathway scenarios vs. **SSP1-2.6**:



- Warm temperatures exhibit more variance than cold temperatures.
- In temperate countries, increase in hot deaths are offset by reduction in cold deaths in the medium term.
- In the longer term even under this mildly adverse scenario the longer-term impacts are modest net mortality increases
- Projections exclude any form of future human mitigation / adaptation which are expected to dilute the long-term impacts.

The simulations suggest **modest mortality impact** i.e. much less than expected improvements from other causes for the more plausible pathways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Questions?

Health Horizons
Comfort break

AMUS October 2024 – ABI presentation

1. Genetics
2. Terminal Illness
3. Right to be Forgotten (RTBF)
4. Access to health information
5. In addition
6. Any questions?

Genetics

- Earlier this year, the Department of Health & Social Care (DHSC) published the results of its call for evidence on the Code on Genetic Testing and Insurance.
- The aim of the call for evidence was to gather views on:
  - whether the definitions for genetic tests used in the Code remained up to date, and
  - a framework for assessing whether a predictive test should be required to be disclosed under the Code.
- The DHSC plans to run stakeholder workshops on the Code in the 'early New Year'. If you would like to be involved, please email samuel.warner@dhsc.gov.uk (ABI member briefings healthandprotection@abi.org.uk)
- Annual report on Code compliance data to be published in the Winter.

Terminal Illness

The Financial Conduct Authority (FCA) in October 2023 published a review of the handling of terminal illness benefits by life insurance companies.

The findings from the review did 'not suggest firms are routinely delivering poor customer outcomes for terminal illness benefits.'

The review points, however, to a number of areas where we can still improve as an industry.

We are continuing to look into these areas with our members, with a view to developing some solutions.

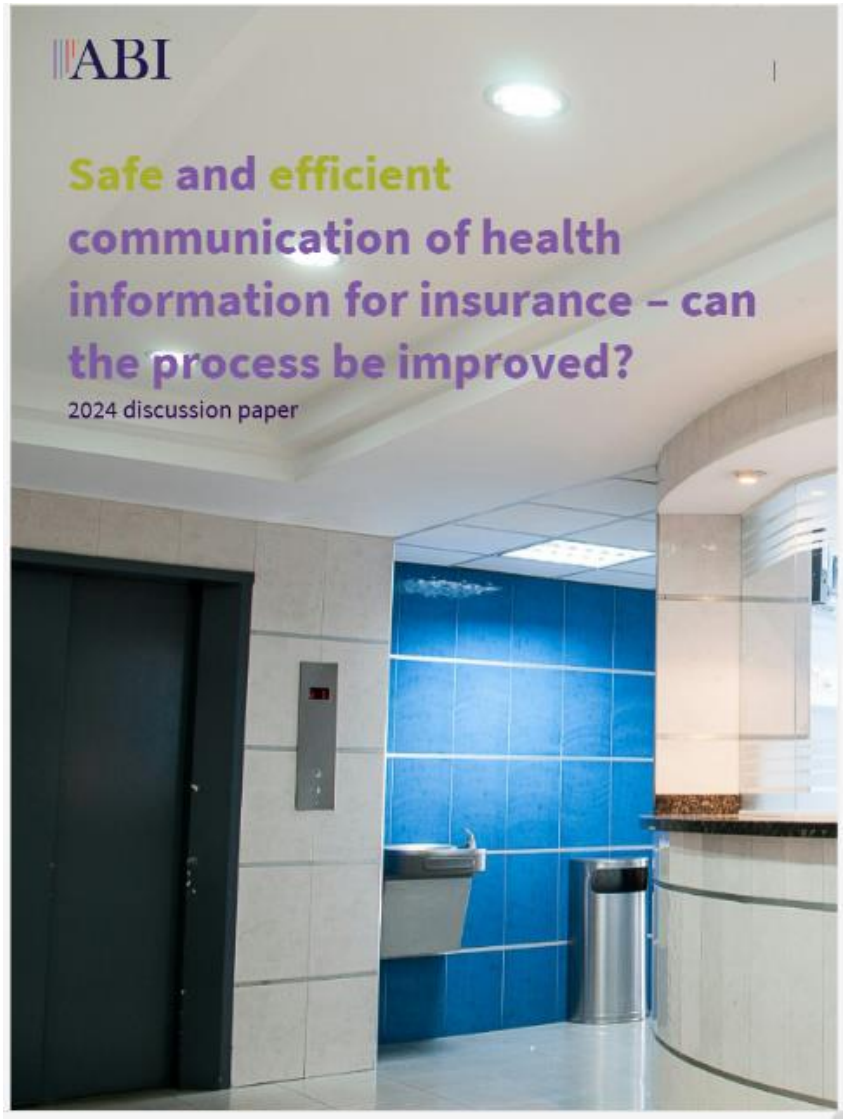
- **Definition**: Terminal Illness (TI) insurance provides a lump sum to customers with a terminal diagnosis.
- **Criticisms**: Negative perceptions on consumer understanding and insurer handling.
- **Challenge**: Difficulty in confidently diagnosing illnesses leading to death within a specified period (typically 12 months).
- **Diagnosis Dilemma**, most TI claims are for cancer, and challenges arise in predicting life expectancy, especially with active treatment.
- **Anecdotal Issues and reputational risks,** broader concerns within the broker community regarding difficulties at the claims stage. Continuous discussions and critique in the press, blaming insurers for not paying out on TI claims.

Right to be Forgotten (RTBF) for Cancer Survivors

- European Commission called for a voluntary Code of Conduct (CoC) on fair access to financial services for cancer survivors through a RTBF.
- Insurance Europe has been working with European Cancer Organisation (ECO).
- A RTBF would compel insurers to disregard the cancer histories of people applying for insurance X years after end of treatment.
- The EU Health Commissioner and Finance Commissioner had hoped for a CoC by the end of this term. This is highly unlikely to happen. New Commissioners due to start Dec. We wait to see how they decide to take this work forward.
- In 2023, Italy and Spain introduced RTBF legislation for cancer survivors applying for mortgages, banking, and insurance products. Internationally, the RTBF has emerged in Chile and Peru.
- There is a risk that movement in the EU will influence the UK.
- ABI RTBF Working Group considering potential impacts on the UK Market and responses if the debate comes to the UK.

Better access to health information

- Current processes to facilitate the transfer of health information to third parties can be outdated and this can have challenging consequences.
- Over the summer, we consulted with external stakeholders on how the process can be improved.
- We are continuing to look for opportunities with external stakeholders to consider how the process can be improved.
- We are interested in hearing your thoughts and ideas on potential ways forward - healthandprotection@abi.org.uk



In addition:

- Workforce health - integrating insurance into the Government narrative about addressing economic inactivity due to ill health.
- Conduct Regulation/Financial Conduct Authority (FCA):
  - Thematic Review into Product Governance / Value
  - Protection Market Study.
- Mental Health – Rightsteps training plus two webinars over the Winter.
- Assisted Dying.

Any questions?

Independent Healthcare Providers Network

Independent healthcare - Darzi, the 10-year plan and more

Danielle Henry, Assistant Director Policy and Programmes, IHPN

22 October 2024

Agenda

1. IHPN – who are we
2. New government– prospects for the industry
3. What does it mean for the NHS
4. Health and work
5. Private care key trends

IHPN’s mission and vision

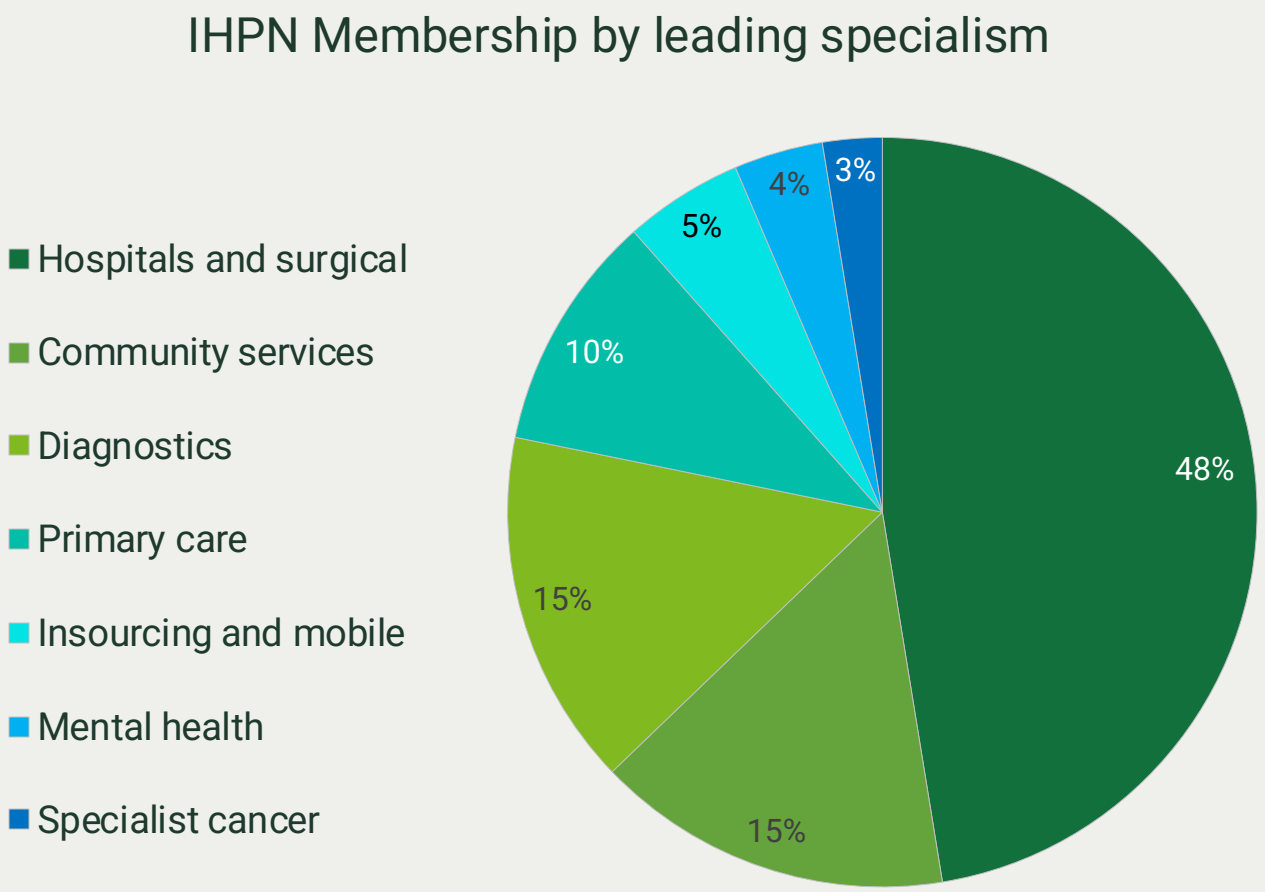
Our mission

IHPN is the membership network for independent healthcare providers. We play a leading role in the sector by bringing all types of independent providers together, supporting them to deliver great care to patients, and enabling them to make a positive contribution to UK healthcare.

Our vision

A thriving independent healthcare sector delivering great care to NHS and private patients.

The IHPN network



108 members across England, Scotland, Wales & Northern Ireland.

The NHS was a key election battleground

- YouGov had the NHS as the second most important issue facing the country vs the economy in first place
- The 2023 British Social Attitudes survey recorded the lowest levels of satisfaction since the survey began in 1983 – only 24% of the public are satisfied with the NHS, and only 13% are satisfied with social care.
- The past few years have seen unprecedented drops in overall satisfaction. Since 2020, satisfaction has fallen by 29 percentage points.

Wes Streeting is re-positioning Labour

Reform:
“The problems with the NHS are clear. It’s a 20th century service that hasn’t changed with the times and isn’t fit for the modern era.”

“Pouring more money in without reform would be like pouring water into a leaky bucket.”

Pragmatism:
“We will also use spare capacity in the private sector to cut the waiting lists.”

Taking on the left:
“Middle-class lefties cry “betrayal”. The real betrayal is the two-tier system that sees people like them treated faster — while working families like mine are left waiting for longer.”

But much of the Labour party still has its traditional instincts… And the sector still has vocal opponents

2nd November, 2023, 7:30 am

‘Labour can restore our NHS to glory – by reinstating it as a fully public service’

Cat Hobbs

LABOURLIST

CHPI
@CHPIthinktank

Watch tonight's #Panorama on the systemic patient safety risks in the private hospital sector with an interview with our Director. With more NHS patients being treated in private hospitals is the government knowingly exposing them to avoidable harm?

From bbc.co.uk

9:12 AM · Apr 8, 2024 · **52.2K** Views

Shaun Lintern @ShaunLintern · Apr 8
Yes

Alignment over the role of the sector

Press release

Government boosts use of independent sector capacity to cut NHS waits

Patients on long NHS waiting lists will get private care

'Carrot and stick' tactics to make the worst hospitals more efficient

Labour to work 'hand in glove' with business to improve NHS

HEALTH | LABOUR | DIABETES | NHS | Monday 8 April 2024 at 7:55pm

Rebecca Barry
ITV News Health Correspondent

"Where there is capacity in the private sector so that people can go from the NHS to the private sector for their operations, that should be done to bring down the waiting lists," Sir Keir said.

Since Labour came to power

The Secretary of State is not mincing his words

"The NHS is broken not beaten" ; "The NHS must reform or die"

But he has his 3 key aims – analogue to digital, treatment to prevention, and hospital to community

And we will have the new Chancellor's first budget at the end of this month

With a £22bn "black hole" and competing priorities for spending, growing pressure on the NHS with its almost £200bn annual budget to improve productivity.

And we know many integrated care systems are looking like they are due to run out of money before the end of the financial year.

Since Labour came to power

Some key outputs:

- Lord Darzi's review into the performance of the NHS - sobering conclusion that the NHS "is in serious trouble". Darzi's report makes clear that while "significant progress will be possible…it is unlikely that waiting lists can be cleared and other performance standards restored in one parliamentary term."
- The report sets out in unsparing detail the problems patients face in accessing GP, community, hospital, and emergency care, with the UK lagging behind on survival rates from cancer as well as outcomes from cardiovascular care heading in the wrong direction.
- 7.6 m people waiting for elective care, 1 m for community services, 1 m for mental health services plus we also know 1 m for diagnostics.
- Other key themes of the report are that too great a share of health resources is spent in hospitals and too little in the community; low levels of productivity in the health service; the need to strengthen patient choice, and the need for capital investment.

Since Labour came to power

Some key outputs:

- Dr Penny Dash's review into the operational effectiveness of the Care Quality Commission. This follows the earlier interim report which led the Secretary of State for Health to state that "CQC is not fit for purpose". The Review finds:

  "…significant failings in the internal workings of CQC, which have led to a substantial loss of credibility within the health and social care sectors, a deterioration in the ability of CQC to identify poor performance and support a drive to improve quality - and a direct impact on the capacity and capability of both the social care and the healthcare sectors to deliver much-needed improvements in care."

- And a further 2 reviews – consideration of the role of the various bodies concerned with safety and quality of care – CQC, Healthwatch England, HSSIB, the National Guardian's Office, the Patient Safety Commissioner, and NHS Resolution; and another that will focus on quality and its governance
- Alongside these reports is a review by Sir Mike Richards who was commissioned by the CQC to look at the implementation of the Single Assessment Framework.

Since Labour came to power

- And the new 10-year plan is being developed “for reform and modernisation”.
- Expected in the spring – focus on the 3 aims and the learning from Darzi.
- The scope of the plan will not include primary prevention — which is likely to be handled under the planned cross-government “mission” board — but will cover secondary prevention (such as diagnosis, screening and early intervention) and public health teams, as well as services like intermediate care, which are at the boundary with social care, and core NHS services.
- Wes Streeting has hired former Labour adviser professor Paul Corrigan to help with the plan at the DHSC and former King’s Fund policy director Sally Warren to lead the team developing it, working across DHSC and NHS England.
- Wes Streeting has said that the NHS will ensure that all patients will have access to the same “information, choice and control” over their care and that “we’ll ensure that all people have a right to choose” where they receive their NHS care, including through making use of the independent sector.

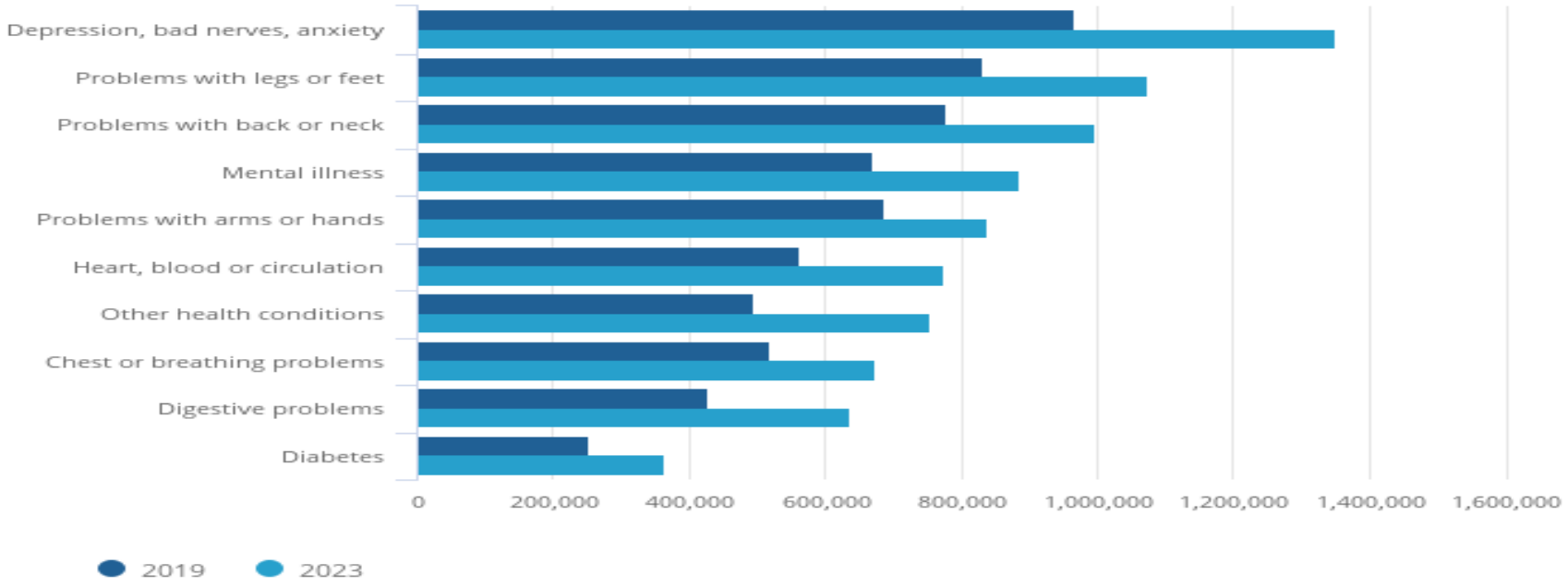
Health and work

- There will be a focus on health and work:
  - getting the 2.8 m people who are economically inactive back to work
  - plus the 3.7 m working age people in work with a “work limiting” health condition (Health Foundation)
- Often complex conditions and predominantly MSK and mental health conditions (ONS data)
  - For those economically inactive because of long-term sickness, nearly two-fifths (38%) reported having five or more health conditions (up from 34% in 2019)
  - 53% of those inactive because of long-term sickness reported that they had depression, bad nerves or anxiety with the majority (over 1 million) reporting it as a secondary health condition rather than their main one.
  - For those inactive because of long-term sickness and who had a main health condition that is musculoskeletal in nature, over 70% reported that they had more than one type of musculoskeletal condition.

Health and work

Figure 4: The most prevalent health condition among those economically inactive because of long-term sickness was depression, bad nerves or anxiety

Top 10 types of health conditions of people aged 16 to 64 years who are economically inactive because of long-term sickness, UK, January to March 2019 to January to March 2023



Source: Labour Force Survey from the Office for National Statistics

Health and work

- NHS guidance on health inequalities for elective care states that there is a diminishing likelihood of returning to work the longer someone is off waiting for treatment.
- Exacerbating factors - delayed treatment with NHS wait lists
- And a contributor to our nation’s poor productivity
- We await what the government will do here - Angela Rayner’s “make work pay” brief

Health and work

- People are increasingly taking responsibility for their own health both as a response to NHS wait times but also we are seeing a societal change.

- Employers - PMI a key way that employers can support the wellbeing of their people. Recent IHPN polling shows that a quarter of all businesses now offer PMI to their employees, with a further 20% planning to introduce it in the next year, with employees themselves seeing access to health insurance as a key requirement for their working lives.

- And we have seen substantial growth in self pay over the past 12-18 months although this appears to be flattening.

- The latest figures from the Association of British Insurers (ABI) show that individual sales of income protection in 2023 were at a record high with standalone critical illness sales almost four times higher than 10 years ago.

Differing health systems

- There is little evidence that one particular ‘type’ of health care system or model of health care funding produces systematically better results than another (Kings Fund).

- Countries predominantly try to achieve better health outcomes by improving their existing model of health care, rather than by adopting a radically different model

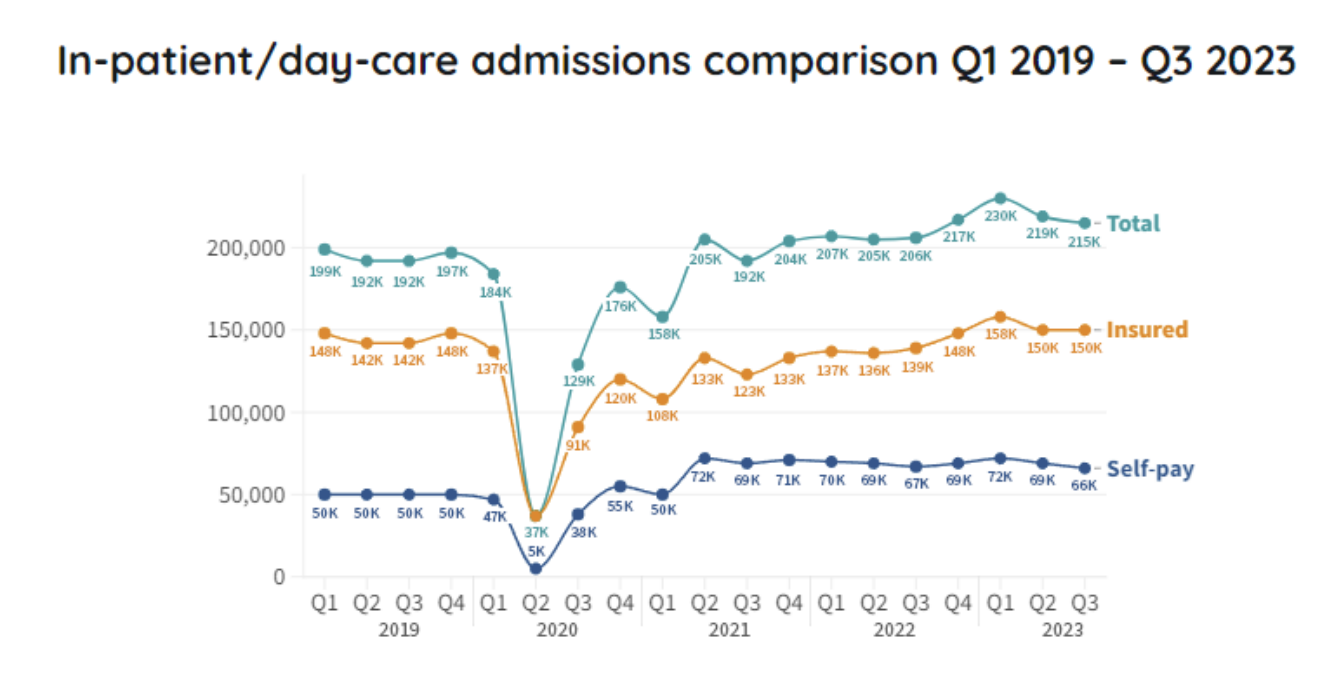
- Look at countries that have strong health outcomes then it looks similar to the Governments 3 health aims

- Independent healthcare providers already deliver a chunk of NHS funded work:
  - 1 in 5 diagnostics tests
  - 10% of community services provision
  - 10% elective activity
  - Specialism specifics - 26% NHS trauma and orthopaedics, 24% ophthalmology

  But could do more - Patient Choice, eRS etc

- But more joined up and collaborative working would yield better results – one health system, plus use of private capital and efficiencies of specialism

Private care continues to grow



Millions predicted to turn to private health care as NHS waiting lists worsen

EXPRESS

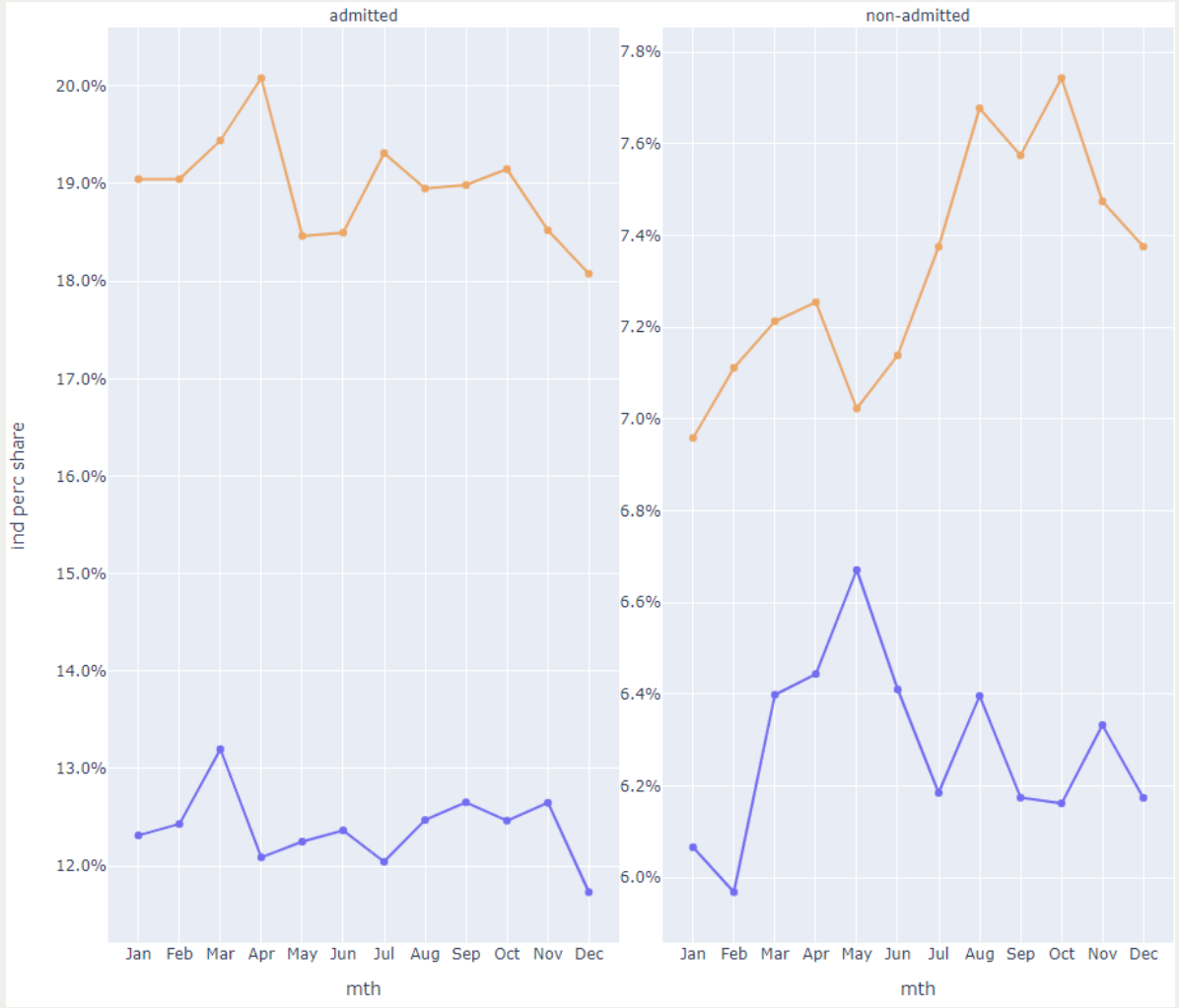
Crumbling NHS to push record numbers to private healthcare

The Telegraph

One in seven adults in England advised by NHS to go private

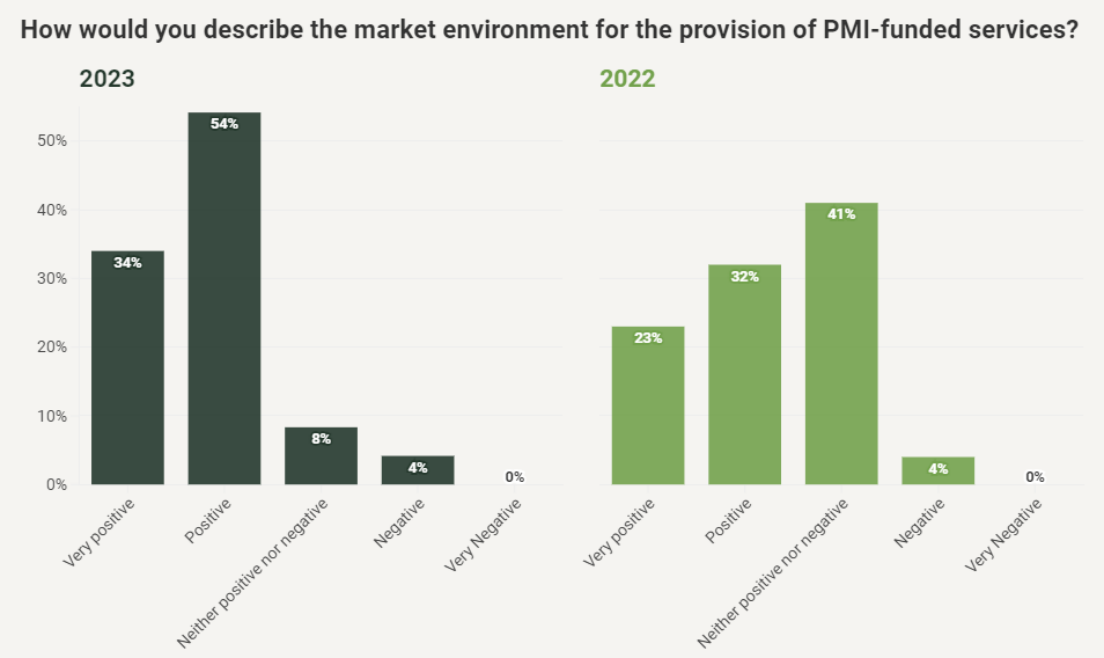
The Observer

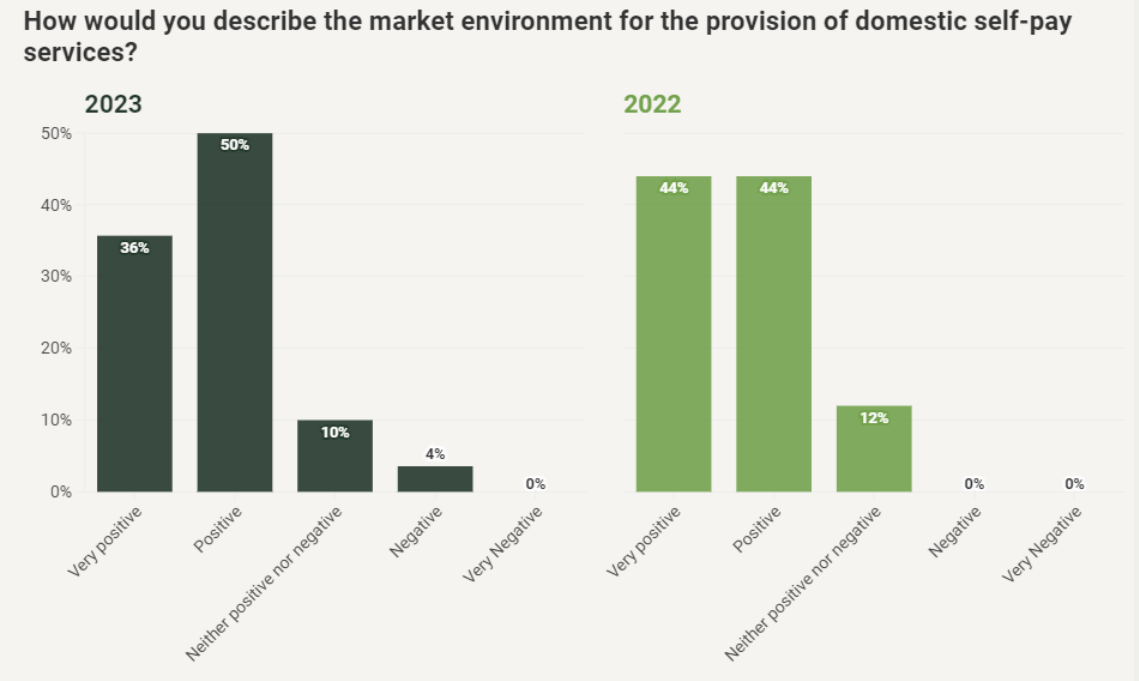
Independent sector share of NHS activity 2023 vs 2019



Independent sector activity 2023 vs 2019

Optimism is more pronounced in private care





Any questions

danielle.henry@ihpn.org.uk

Health Horizons – Closing remarks

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Networking Reception

Pacific Life Re are proud to be part of the underwriting community and sponsoring AMUS