



OHE Lunchtime Seminar with Dr Irene Papanicolas and Dr Alistair McGuire, London School of Economics

Do Financial Incentives trump Clinical Guidance? Hip Replacement in England and Scotland

Wednesday 29 April 2015 between 12:00-2:00pm

Sir Alexander Fleming room, 7th Floor, Southside, 105 Victoria Street, London, SW1E 6QT

A buffet lunch will be available from 12:00 noon. The seminar will start promptly at 12.30 pm and finish promptly at 2.00 pm

Following devolution in 1999 England and Scotland's National Health Systems (NHS) diverged, resulting in major differences in hospital payment policies. England introduced a case based payment mechanism from 2003/4, while Scotland continued to pay through global hospital budgets. We investigate the impact this change has had on activity for Hip Replacement. In particular, we examine the differential financial reimbursement attached to uncemented Hip Replacement in England, which has been more generous than for its cemented counterpart, although clinical guidance from the National Institute for Clinical Excellence recommends the later. In Scotland, where providers are not reimbursed for cases treated, this financial incentive does not exist. We use a difference-in-difference estimator to test whether the change in reimbursement across the two countries had an influence on treatment. Our results indicate that financial incentives are directly linked to the faster uptake of the more expensive, uncemented Hip Replacement in England.

Irene Papanicolas is an Assistant Professor of Health Economics at the London School of Economics. In the past she has worked as a researcher at the Health Economics Research Centre at the University of Oxford and the Department of Economics at London Business School. She holds a PhD in Health Economics from the London School of Economics, and MSc degrees from the University of Oxford and University College London. Her current research interests are focused on performance measurement, international comparisons of health systems and performance based payment systems.

Professor Alistair McGuire [B.A. (Econ); M.Litt (Econ); Phd (Econ)] is a Professor in Health Economics at LSE Health and Social Care, within the Department of Social Policy, London School of Economics and Political Science. Prior to this he was Professor of Economics at City University, London after being a Tutor in Economics at Pembroke College, University of Oxford. He has been a visiting Professor at Harvard University, the University of York and the Universitat Pompeu Fabra. He has been interested in the economics of health care for over 20 years, with extensive teaching experience and has written numerous books, articles and reports in this area on a wide range of subject matter. He has been involved in a number of major clinical trials as the lead health economist. He has also acted as an advisor to a number of governments and governmental bodies (including the UK government, the UK Medical Research Council (MRC), the UK Economic and Social Science Research Council (ESRC), the UK National Institute for Clinical Excellence (NICE), the German Institut für Qualitätswirtschaftlichkeit im Gesundheitswesen (IQWiG)), as well as for a number of international bodies (including the World Bank and WHO) and pharmaceutical companies.

If you would like to attend this seminar please reply to Kerry Sheppard (ksheppard@ohe.org). If you are unable to attend but think that a colleague might like to, please pass on this letter to them.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Adrian Towse', with a long horizontal flourish extending to the right.

Adrian Towse
Director