

# PROJECTED PRIVATE HOSPITAL EXPENDITURE IN IRELAND, 2018-2035

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## INTRODUCTION

Private hospitals play an important role in the delivery of hospital care in Ireland. However, to date, not much is understood about how demand for, and expenditure on, private hospital care might change into the future. Particularly, a key proposal under Ireland’s ambitious roadmap to deliver widescale healthcare reform, Sláintecare, is to end hospital consultants’ ability to provide private care in public hospitals. Should this reform take place, private care would then only be available in private hospitals. While private care accounts for just under 20% of in-patient bed days in public hospitals, it is unlikely a large proportion of this care would transfer to private hospitals. Approximately three in every four private in-patient bed days recorded in public hospitals relate to emergency care and comparable provision of emergency care does not exist in private hospitals (and is unlikely to over the medium term). How much private care leaves the public system will also ultimately have implications for capacity available to treat public patients.

This research developed a number of projection scenarios to examine how population change, the cost of delivering private hospital care, and the removal of private practice from public hospitals might impact private hospital expenditure requirements to 2035.

## DATA AND METHODS

Multiple data sources were used in this analysis. Data on private hospital activity in 2018 were provided by the three open-market health insurers in Ireland (Vhi, Irish Life, Laya). This unique dataset captured the number and cost of day and in-patient health insurance claims and the number of days spent in private hospitals

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<sup>1</sup> This Bulletin summaries the findings from: Keegan, C., Brick, A., Henry, E. and Bergin, A., “Projected private hospital expenditure in Ireland, 2018-2035: What role for demographics, cost, and Sláintecare?”. Available online: <http://dx.doi.org/10.1002/hpm.3381>. This work was supported by the ESRI Research Programme in Healthcare Reform funded by the Department of Health.

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in 2018 by age and sex. Data on private activity in public hospitals are taken from the Hospital In-Patient Enquiry scheme which captures information on discharges from, and deaths in, acute public hospitals nationally. Covid-19 adjusted population projections are developed in-house using the ESRI's demographic model.

We use the ESRI's Hippocrates projection model to project demand and expenditure on private hospital day and in-patient care between 2018 and 2035. We analyse six projection scenarios. The first three scenarios vary assumptions in relation to population growth and ageing, healthy ageing, and the cost of care delivery. The remaining three scenarios additionally examine alternative assumptions in relation to the possible transfer of private care from public to private hospitals. Underlying these three scenarios is an assumption that not all private patients can be transferred out of public hospitals. We adjust projections to account for the small proportion of non-insurer financed care in private hospitals.

## **FINDINGS**

We estimate total spending on admitted care in Irish private hospitals of €1.2bn in 2018. We estimate that the proportion of elective (or scheduled) private day patient discharges in public hospitals that might transfer to private hospitals to be between 21% and 79%. For elective in-patient bed days, the comparable proportions are between 9% and 45%.

In nominal terms, which capture the effects of projected volume and price changes, we project average annual private hospital expenditure increases of between 2.8% and 4.6% for day-patients and between 3.5% and 5.3% for in-patients. In addition, the analysis suggests that the future cost of care delivery, overall, will be the main expenditure driver. Proposed plans to end private practice in public hospitals are likely to lead to increased demand for private hospital services, which will largely be concentrated in day patient services. At its modelled peak in 2025, removal of private practice from public hospitals could account for between 18.2% to 43.0% of additional projected day-patient expenditure in private hospitals.

## **DISCUSSION**

Findings from this analysis have implications for capital investment and workforce planning in private hospitals. Our analysis also suggests that the proposed Sláintecare reform to remove private practice from public hospitals will lead to additional demand for private hospital services, particularly day patient services. However, over the medium-term demographic change and cost of care delivery will remain the dominant expenditure drivers. Furthermore, removal of private practice from public hospitals is unlikely to free up a substantial number of bed days within the public hospital system.

Private care in public hospitals represents a small fraction of total public hospital bed days and while we have identified certain private elective activity that may transfer to private hospitals, most private activity in public hospitals relates to emergency care for which comparable private hospital alternatives do not currently exist. Under the range of medium-term assumptions considered in this analysis most private in-patients in public hospitals under the current system would likely therefore become public patients under the reform.

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