

4th November, 2013.

Mr. T. O'Brien  
Director General  
Health Service Executive  
Dr. Steeven's Hospital  
Dublin 8

Dear Mr. O'Brien

St. James's, Tallaght, Our Lady's Hospital for Sick Children and Mater Hospitals are writing to you regarding the overall revenue allocation provisions applied to them in recent years and in anticipation of the expected response of the HSE to the announced funding reductions to the health budget in 2014.

Since the advent of the economic downturn, hospitals have been doubly impacted financially as follows:

- Reductions in funding arising as a direct consequence of the down-turn
- Disproportionate application of reductions in the health budget to hospitals in favour of other programmes.

The consequence has been a cumulative reduction in the collective budgets of the aforementioned hospitals of €206m amount (20.5%) between 2009 – 2013. Evidence would suggest that these reductions have been determined and applied arbitrarily both to and within the acute sector. In addition to these reductions, the hospitals have been required to generate further cost savings to offset significantly increased patient services demand and complexity and general inflationary issues e.g. energy costs.

Against this backdrop, hospitals are expected to simultaneously meet waiting list, ED waiting time and human resource and budget reduction targets while at the same time guaranteeing safe services to patients. These are inherently contradictory and in the circumstances undeliverable imperatives. This is more so the case with this group of hospitals which provide the majority of the most complex tertiary and quaternary health services to the sickest patients in the country and which in recent years have experienced unprecedented demand for such services. In addition, consequences of the general economic climate and demographic shifts have led to increased volume and complexity of their secondary services demand.

There is clear evidence that funding reductions coupled with accelerating demand have begun to seriously threaten the quality and safety of patient services. This has been reflected in instances of recent emergence of unacceptable delays in treatment access for certain cancer patients due to overwhelming pressures on services which negate application of conventional prioritisation processes and highly publicised sentinel events in the acute system. Paradoxically, the consequences of these quality and safety problems place an even greater long run financial burden on the hospital system.

In addition to the unacceptable patient position, this short-sighted and random application of budgetary reductions is clearly likely to seriously damage the foundation of the system. It should be clear that to continue with the current approach to funding contraction of hospitals is unsustainable.

We also note the suggestion that MFTP provisions will inform hospital allocation arrangements in 2014. While this group wholeheartedly supports introduction of a prospective MFTP basis for reimbursing hospitals, it is considered that neither related structural nor information systems are even close to being sufficiently developed or sophisticated for it's objective and meaningful application in 2014. Also, the reported suggestion that such an approach will save significant money clearly misunderstands the nature and dynamic of hospital services and their functioning.

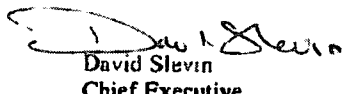
St. James's, Tallaght, Our Lady's Hospital for Sick Children and Mater Hospitals have a strong track record of working positively with the HSE and DOH in minimising the impact on patients in constrained financial conditions. They have always been highly responsive, in consultation, to the need to adapt to changing circumstances. However the unstructured, uniformed and sometimes impulsive approach taken to hospitals in these matters over recent years, if to continue, has the potential to fracture and undermine this relational arrangement.


We would urge that the implications of continuing in this vein be recognised and that constructive engagement with hospitals in the budgetary formulation process be pursued to secure a more rational, realistic and sustainable allocation position. It is emphasised that a continuation of the current approach is likely to lead to a serious dysfunctional and damaging outcome.

Your sincerely,

  
Brian Fitzgerald  
Chief Executive  
St. James's Hospital

  
Mary Day  
Chief Executive  
Mater Hospital

  
David Slevin  
Chief Executive  
Tallaght Hospital

  
Lorcan Birthistle  
Chief Executive  
Our Lady's Hospital for Sick Children