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## The role of economists in social care

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*Pressures from an ageing population, increasing complexity of health needs and increasing comorbidity have resulted in a need for local councils to make cuts that are increasingly felt in the social care sector. This has intensified the call for integration of health care and social care to pool costs and outcomes. The impact of the welfare reforms are still coming to fruition and cuts are likely to be felt in both sectors as decisions are made about which health and social care interventions are sustainable in the current system. Here we have a look at why economists are integral to the decision making process that determines what health and social care interventions are worth investing in.*

Reablement services have the potential for integrated health and social care work, reduced hospital stays and promoting independent living. However reablement it has been shown to have high initial costs, savings of which are only visible in the longer term. The cost-effectiveness of reablement is increasingly being discussed and in light of this the director of the Personal Social Services Research Unit and the NIHR School for Social Care Research, Martin Knapp, presented at the Social Care Evidence in Practice project's reablement workshop at the University of Birmingham on 23 January 2013, exploring the principles of economic evaluation in social care and how this can, and has been applied, to the topic of reablement.

### Why is economics relevant?

The scarcity of resources available at both local and national levels has resulted in a need to 'ration' services and find sustainable services that promote health and wellbeing. This has led to a focus on data that can enable decision makers to make choices between which services provide positive outcomes while proving affordable. Interventions in the social care sector expect to see outcomes concerning:

- independence in daily living
- social interaction
- safety
- nutrition
- positive behaviour changes
- quality of life
- carer quality of life

What economists are concerned with are the cost savings that are generated from interventions in social care, which arise in increased health and wellbeing, and reduced need for services. That is to say it is important for health and social care economics to link outcomes of interventions to all potential economic consequences. In the past economists have received a bad reputation for promoting saving money at the expense of good health, but the main principle behind it is to capture aspects of the complex data around outcomes that can then be used in the decision making process.

### What is cost-effectiveness?

Cost-effectiveness is the process of looking at the costs of interventions and the possible economic consequences it is likely to have. The underlying questions for economists on whether an intervention is cost effective are:

1. What does the intervention cost?
2. Will the cost of the intervention be offset by the outcomes or cost savings?
3. Is it worth it?

A cost-effective analysis requires an intervention to be compared to another intervention, multiple interventions, or outcomes if no intervention is used. There are four elements to economic evaluation:

1. Does it work/meet a need/promote quality of life?
2. Is it affordable?

3. Is it more or less effective than the current or other interventions?
4. How do the costs of each intervention compare?

It is important in this process to look at costs from services, carer inputs and outcomes, and also to assess whether investment in one service is likely to reduce the need to multiple services in or outside of the social care sector, such as the criminal justice, education or housing systems. But social care is not accountancy and it is important to consider both the costs and outcomes together through cost-effective analyses and determine whether the cost of an intervention is worth the outcomes it produces.

### **The crunch question: Is it worth it?**

The social care or health care question will always be 'does the intervention work?' following this the economic one is 'is it worth it?' One of the biggest challenges facing the health and social care sector is whether we make the decision to invest in an intervention based on its costs or on its outcomes. Many of the interventions currently in use, or proposed, have higher outcomes but also carry higher costs. And the alternative to this can be interventions which have high cost savings with only slight negative effects on outcomes.

So decision makers are in a position where they must 'trade-offs' between the outcomes and costs of different interventions in health and social care. In health this process is made easier by the National Institute for Health and Clinical Excellence ([NICE](#)) who provide comprehensive and transparent reviews on which interventions are worth the cost based on their outcomes. Historically this has been easier in health than social care partially as a result of the use and availability of effective outcome measures such as the QALY ( ) which can be used to compare different health interventions. In social care we are only recently adopting a similar measure, the [ASCOT](#) (adult social care outcomes tool) which can be used to compare outcomes across all social care interventions.

### **Cost-effectiveness and reablement**

A cost-effectiveness analysis was funded by the Department of Health to evaluate reablement services. This was conducted by Caroline Glendinning and colleagues at the Social Policy Research Unit and Julien Forder and colleagues at the Personal Social Services Research Unit at the University of Kent. This study examined the immediate and long term benefits of home care reablement at both the user and service levels, examined the costs of the use of social care and other services, and evaluated the cost-effectiveness relative to standard home care. The findings showed the impact of reablement in terms of outcomes was significantly better (by both QALY and ASCOT measures) and that the impact on costs of social services used was 60% lower for the reablement group than the standard home care group, however these savings were almost entirely offset by the initial cost of reablement. The conclusion of the study was that reablement was found to be cost-effective in respect to improving outcomes for service users but was slightly less likely to be cost-effective when health costs are considered. Overall the study concluded that reablement was worth investing in, thus reflecting how complicated judging the effectiveness and cost-effectiveness of social care services are.

The complex nature of cost-effective evaluation of social care services means that it is difficult for commissioners to fully assess the effectiveness of interventions and decisions cannot always wait for the completion of 3 year evaluation studies. It is also difficult to gather the data needed when researching interventions not widely taken up. This has led to the increased use of simulation modelling research in social care, which uses existing and new data to simulate the impacts of interventions by tracing 'pathways' through the care system or a life course and estimating the associated outcomes and costs.

For a full copy of Martin Knapp's presentation '[Economic evaluation and reablement](#)' given at the SCEiP workshop on reablement at the University of Birmingham on 23 January 2013. For more information on the simulation work being undertaken at the Personal Social Services Research Unit at the London School of Economics see the PSSRU website [here](#).

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