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Submission to the Department of Health and Children on the Strategic Review of Disability Services

S/05/009

September 2005



The provision of services to people with intellectual, physical and sensory disabilities and autism is an extremely complex area where the individuals' welfare is paramount. At the same time, value for money i.e. cost efficiency and effectiveness of the provision of services is essential to those funding the services, the people cared for and their families: efficient and effective delivery of services can result in cost savings that can be used to deliver more services to more people or to provide additional services.

Currently, the manner in which service providers are selected and funded

- does not necessarily foster cost-efficiency and effectiveness in the delivery of services,
- does not provide incentives to respond to changing needs, to innovate, and
- ultimately, can harm people cared for by restricting their choice and their ability to switch service providers.

In particular, we are concerned with the following:

- Services for people with a disability are currently contracted to service providers with no tendering mechanisms for what often turns out to be infinite contract length. This means that service providers face little incentives to honour their contracts in a satisfactory fashion.
- The provision of new investments and services are bundled which means that there is little scope to allow a new service provider to take over from a service provider that does not provide satisfaction.
- There is no clear mechanism to allow new service providers to access funding, which means that it is extremely difficult for new service providers to offer services - potentially, more innovative services - in Ireland.
- Service providers are given "catchment areas" by Health Boards which hinders service users' ability to choose the service provider that suits them best and reduces their ability to switch service provider.

The existence of these problems suggests that the delivery of services to people with disabilities could benefit from radical reform using the principles of competition and Better Regulation. To ensure that the Better Regulation Principles are complied with, the Strategic Review Group should submit its recommendations to a regulatory impact assessment¹ as recommended in the White Paper.

Overall, we would like to highlight that unbundling the delivery of investment and on going services as well as introducing competition among service providers (depending on funding mechanisms, competition can take the form of competition between service providers or competition for the provision of services, for example suppliers could compete with each other in delivering services or in tendering for the right to run a specific service) should be envisaged as a mechanism to deliver cheaper and better services, foster innovation and promote choice for the benefit of people with disabilities.

¹ <http://www.betterregulation.ie/index.asp?docID=72>

Beyond the economic concerns, we would also want to bring to the attention of the Review Group that the absence of transparent, non-discriminatory, proportionate mechanisms to access funding may raise legal issues under article 86 (undertaking with special or exclusive rights - services of general economic interest) when trade between Member States is affected.

The Competition Authority will be happy to meet with the Strategic Review Group to discuss these comments. We hope that prior to issuing its final recommendations, the Review Group will consult widely on its proposal as recommended by the Government's guidelines on consultation².

²http://www.betterregulation.ie/attached_files/Rtfs/Consultation%20Guidelines.doc

