

WHO DEFINES FAILURES OF HEALTH CARE PRIVATISATION?

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CONTINUUM OF PRIVATISATION

- Private sector contracted to run ancillary services
- Private sector contracted to run clinical services
- Public private partnerships - private sector invests in high technology equipment
- Public private partnerships - private sector builds new hospitals and is contracted to run the hospitals on long-term management contracts
- Private sector purchases hospitals

FAILURE

- User view - restricted access to services and deterioration in the quality of services;
- Company view - bankruptcy and withdrawal from market;
- Government view - poor value for money or ineffective

COMPANY EXPANSION

- *"Health systems, not only in Germany but all over the world, are in a state of change which is marked by increasing privatisation of hospitals and the demand for qualified, economically-efficient care of patients"*
- Gerd Krick, Chairman Fresenius, April 2001 Annual General Meeting

FAILURE

Uneconomic due to:

- Better medical knowledge
- Improved treatments
- Shorter bed occupancy
- Higher VAT rates
- Increased energy prices
- Small reduction of 0.07% of the health budget

FAILURE

- Chaotic management
- No support from other hospital
- Lack of employee involvement
- Lack of interest by company in providing services to local people

SOLUTION

- 105 of 160 workers taken on by local hospital
- €2 million paid by Fresenius for staff redundancy costs
- €10 million paid by Fresenius to pay off hospital debts

TREATMENT CENTRES

- 2000, the UK government announced an increase in investment in the NHS, as set out in the NHS Plan.
- 2002 *Delivering the NHS Plan: next steps on investment, next steps on reform*
- Creation of a network of Treatment Centres, described as a "*network of fast-track surgery units*", to reduce waiting lists
- Run part by NHS and some by the private sector
- £700 million per year was to be invested into these new centres.

VALUE FOR MONEY

- Manchester ISTC (Netcare, South African company) lost £2m to the local NHS in its first six months of operation
- 14 local health services commissioners paid £1.9m to Netcare for operations not carried out because patients opted for traditional NHS care
- ISTC only performed 4,000 out of 6,000 contracted operations
- Netcare paid full amount
- Hospital Doctor magazine found doctors were being paid £30 for every patient sent to Greater Manchester ISTC

PRICES

- In 2006, every cataract operation at the Mercury Healthcare ISTC at St Mary's Hospital, Portsmouth, cost £5,590 compared to the standard NHS price of £847.
- The NHS paid £335,412 for 60 cataract operations at the private-sector centre 2005-2006 but the same number would cost £50,820 at an NHS hospital.
- Mercury Healthcare has an £84m, five-year contract, with local NHS commissioners to carry out 1,650 cataract operations a year, but the company gets paid whether patients are referred or not.
- The government also pays out an extra 20% to compensate Mercury for setting up the £10m centre

TRAINING

- British Medical Association concerned at the scope for international companies to take on NHS staff and impact on routine surgery, important for training.
- Second phase of ISTCs allowed to take NHS staff on secondment.
- New ISTCs involved in training
- Companies have recruited international doctors, often untrained in NHS systems and procedures
- Increasing number of complaints

LACK OF DATA

- Healthcare Commission unable to evaluate the ISTCs - lack of data available to compare them to NHS services.
- Emphasis on speed for setting up new centres so systems for collecting data not been set up
- The Department of Health had asked companies to report "*key performance indicators*" as well as routine NHS statistics but this had not been collected
- Emergency readmission rates for hip replacements was similar to NHS rates but "*This is perhaps unexpected, given the mix of patients treated at ISTCs, which excluded those with the most complex needs*" (Healthcare Commission, 2007).

PRIMARY PURPOSE

Part of the invitation for bids for the second wave of ISTCs:

- *"The primary purpose of the contracts would be to help create a "sustainable" market in the provision of elective care to NHS patients and encourage competition between NHS and private providers"*
- Private providers could take over NHS buildings and equipment.
- 22 September 2005 The Guardian www.psiru.org

THIRD WAVE ABANDONED

- 26 July 2007 announcement to abandon 3rd wave of ISTCs
- Private sector providers dismay but many contracts continuing
- New plans for contracting out commissioning at local level to private sector
- Netcare expanding in international market

ISTC PROBLEMS

- Inflexible 5 year contracts
- No transparent pricing
- Lack of data
- Impact on local health care providers
- Involvement of private sector in training

CONCLUSION

- Failures do not always lead to policy changes
- Changing role of government
- Pricing of health care
- Growing presence of private sector
- Future training of health workers