

PRIVATE PATIENT UNITS

A mixed bag – but still an opportunity

In our latest tour of NHS private patient units (PPUs), **Philip Housden** (right) analyses private patient revenue growth for 13 NHS acute trusts across the county of Yorkshire



FOR THIS group of trusts, the accounts show that total private patient revenues increased in 2017-18 after a period of stagnation.*

Total revenues are estimated at £14.5m in 2017-18, up approximately 4% from £13.9m in 2016-17 (Figure 1).

This level of income represents a stable 0.27% of these trusts' total revenues. This remains below the combined national average outside of London of 0.5%.

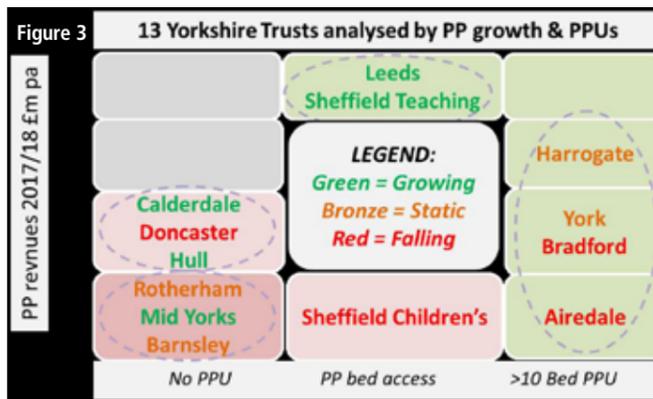
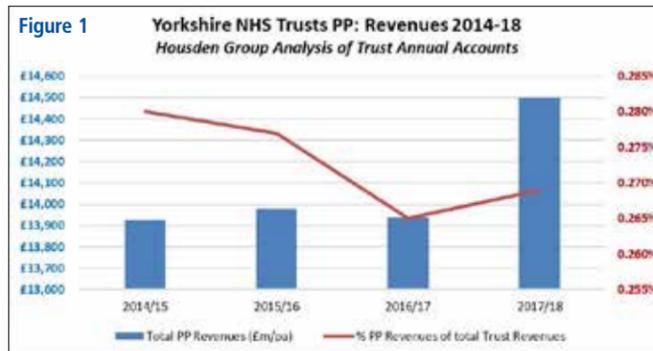
These 13 acute trusts vary significantly by private patient revenues (Figure 2 on opposite page). For the following analysis, the trusts have been grouped together, where relevant, according to whether or not they have a dedicated private patient unit or not and present turnover (Figure 3).

Top earner

The region's top earner is Leeds Teaching Hospital Trust at £5.85m, up £264k year on year (4.7%) and £1.1m in last two years.

This places the trust in the top ten earning trusts outside of London and represents 0.57% of trust revenues. The trust achieves the majority of these earnings through a partnership with Nova Healthcare located within St James's Institute of Oncology in the Leeds Cancer Centre in Bexley Wing.

Nova is part of Aspen Healthcare, recently purchased by NMC from Tenet (*Independent Practitioner Today*, September 2018).



The service offers the full range of cancer treatment including radiotherapy, gamma knife and robotic surgery and chemotherapy.

There is also access to private beds within the Bexley Wing for patients requiring inpatient admission.

Sheffield Teaching Trust has no specific private patient services,

but instead offers a range of treatments privately across its five hospitals.

Incomes have grown in the last two years, but longer-term review shows these overall to have remained between £2.9m to £3.1m for the past several years, this holding steady at 0.35% of turnover.

Also in Sheffield is the specialist

Children's Hospital Trust, one of only four such trusts in the NHS – the others being Great Ormond Street, Birmingham Children's and Alder Hey in Liverpool.

The trust most recently reported private patient revenues of £165k, only 0.1% of turnover, and is understood to be considering a strategic market review of the opportunities to develop private patient services to meet both UK and overseas demand.

Hot spots

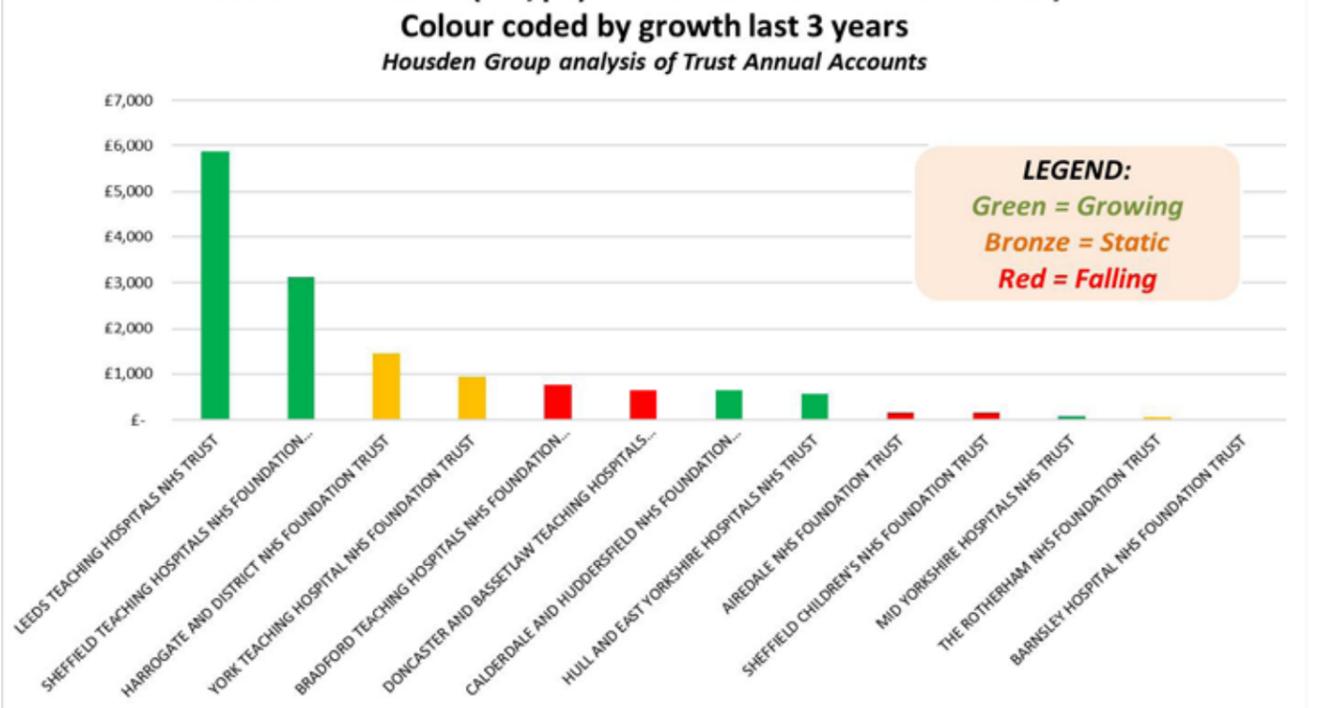
Harrogate and York, by contrast, both have private patient units and are located in relative hot spots for private medical insurance take-up. Harrogate's ten-bed Harlow Suite is branded the Harrogate Harlow Private Healthcare Service and has achieved £1.4m revenues in 2017-18, up nearly £200k on the previous year, making up for an equivalent fall last year.

Harrogate achieves 0.72% of trust turnover as private income, the highest in the region and, together with Leeds, are the only two in Yorkshire ahead of the out-of-London national average.

York Hospitals Trust offers private patient services at York, Bridlington and also at Scarborough. These are for a range of surgical, ambulatory and diagnostic services.

The group service is not separately branded. Revenues have remained around £1m for several

Figure 2 Total PP Revenues (£m/pa) for 13 Yorkshire NHS Trusts 2017/18



years, but the 2017-18 total is not yet published. However, this does represent a gently declining proportion of total incomes, down from 0.25% four years ago to an estimated 0.19% today.

Range of services

Bradford also has a PPU, recently investing in refurbishing the 12-bedded The York Suite located on Level 4 of the Duke of York Wing at the Bradford Royal Infirmary.

This offers a range of medical care and surgical interventions from out-patient consultations, diagnostic scanning, minor day-case treatments, to complex surgery.

The trust reported a disappointing 14% drop in private patient incomes from £894k to £768k in the 2017-18 annual accounts. This continues the long-term decline in the proportion of overall trust incomes from private patients which stood at nearly 0.5% seven years ago but is now down to 0.22%.

Airedale Hospital similarly has a PPU, with Ward 19 having 11 bedrooms and two private consulting rooms. As with Bradford, the unit delivers a relatively low and declining contribution to overall trust finances. Last year, the trust reported only £166k private

patient revenues, only 0.11% of the total.

Of the remaining trusts, these can be split into two groups, none of which have a dedicated private patient ward.

The first comprises Doncaster, Calderdale and Hull, each of which has private patient revenues of over £500k a year. The latter two achieved significant growth of over £150k in the year, each being >35% up on 2016-17 and also representing growth in real terms, as the proportion of total trust incomes it represents also improved. Note that Doncaster's accounts do not show up the separate private patient revenues.

The second and final group has very little private patient incomes to report. Mid Yorkshire, Rotherham and Barnsley together reported under £100k private patient revenues in 2016-17, each being less than 0.03% of turnover.

Significant revenues

NHS trusts in Yorkshire offer a mixed bag, with growth within the major teaching hospitals and significant revenues where there is a private patient ward.

There is no single correlation between PPU beds and success, however, as some trusts have a sig-

nificant proportion of their earnings unrelated to patient admission and are so not dependent on a PPU – with fertility services being one such example – and others find that private patient beds have been utilised for winter pressures.

Across the region, there remain several trusts with the likely opportunity to develop new private patient services and facilities – perhaps linking up with neighbouring trusts already providing a successful service?

Even the trusts that operate within the most challenging socio-economic catchments still provide

an infrastructure that the local independent sector cannot match and so closer working arrangements with these operators, mainly around complex treatments requiring 24/7 infrastructure, remains an income opportunity.

* The figures used here are predominantly from the recently published 2017-18 annual accounts. However, four trusts have not yet published private patient revenues at the time of writing and so previous year accounts have been used.

Next month: North-west

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