

PRIVATE PATIENT UNITS

An area ready for joined-up working

Following his review of London's private patient units last month, Philip Housden (right) turns his spotlight onto England's southern home counties



OUR LAST issue analysed private patient revenue growth for the greater London NHS trusts. This was the first in our revolving series reviewing the NHS PPU sector across all regions of England.

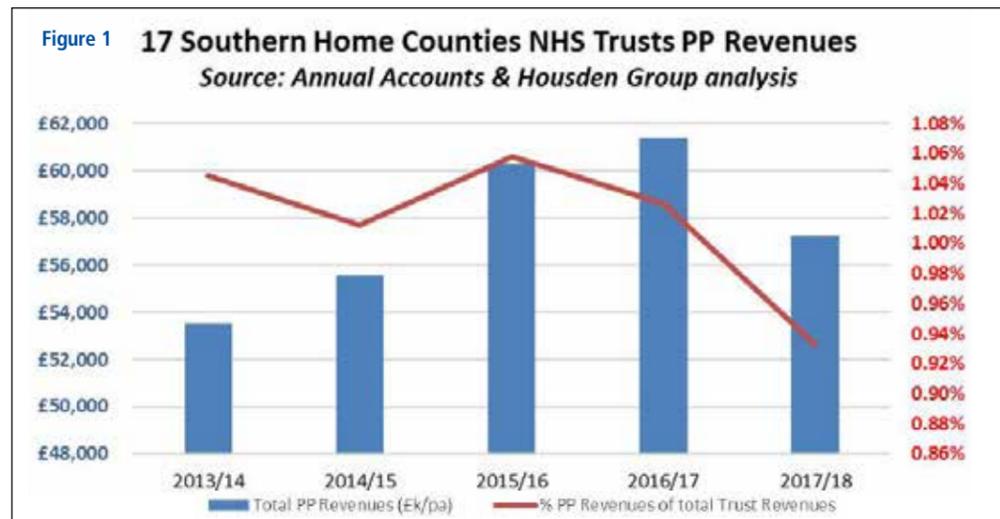
This month, it is again the turn of the 17 NHS trusts delivering acute care services to the southern home counties of Kent, Sussex, Surrey, Hampshire and the Isle of Wight.

Analysis of NHS trusts' 2016-17 annual accounts for this group shows that total private patient incomes declined by 6.8% from £61.4m to £57.2m (Figures 1 and 2).

This now represents 0.93% of these trusts' total revenues, down from 1.01% in 2016-17. The combined national average including London is 1.1%.

Although this region remains the highest-grossing area outside London, performance in the last 12 months has been patchy, with some trusts moving bed capacity away from PPUs to NHS supply during the winter months. The adverse impact on gross revenues is clear in the trust-by-trust analysis.

The top trust by both overall earnings and percentage of turnover is the same as last year: Frimley Health. Frimley Health's Parkside brand includes the 37-bed PPU at Frimley Hospital, Surrey, and beds at Wexham Park, Slough, Berkshire. The trust recently also announced the development of further private patient capacity



within the £98m development at Heatherwood Hospital, Ascot.

Frimley remains ranked the 11th highest private patient earner within the NHS, and first outside London despite recording a reduction in revenues of £628k (6.4%) last year.

Sustained growth

Hampshire Hospitals' Candover Suite in Basingstoke grew £1m in 2017-18 to £6.8m (17%). The 22 inpatient beds and a range of supporting outpatient and diagnostic services has supported sustained growth for several years and the trust has further room to grow in the Winchester market.

Royal Surrey Hospital, Guildford, grew a modest 1.4% to £6.1m delivering complex surgery and

niche services, including radiotherapy, nuclear medicine, brachytherapy and robotic surgery.

Southampton is fourth highest-grossing by revenue in the region despite also having no private inpatient inpatient beds but relying instead on a range of day case and diagnostic capability, including a small number of chemotherapy day case beds. The trust's private patient revenues declined by 1.1% in 2017-18.

Brighton grew by 3.9% and £177k also without having designated PPU beds. Further growth will be dependent on securing a facility in the hospital rebuild, now underway.

Two trusts have seen significant falls in revenues of £1m or more. Maidstone and Tunbridge Wells in

Kent experienced a £2.4m and 49.4% drop respectively due to the loss on inpatient capacity to NHS demands and also competition from Genesis for private cancer care.

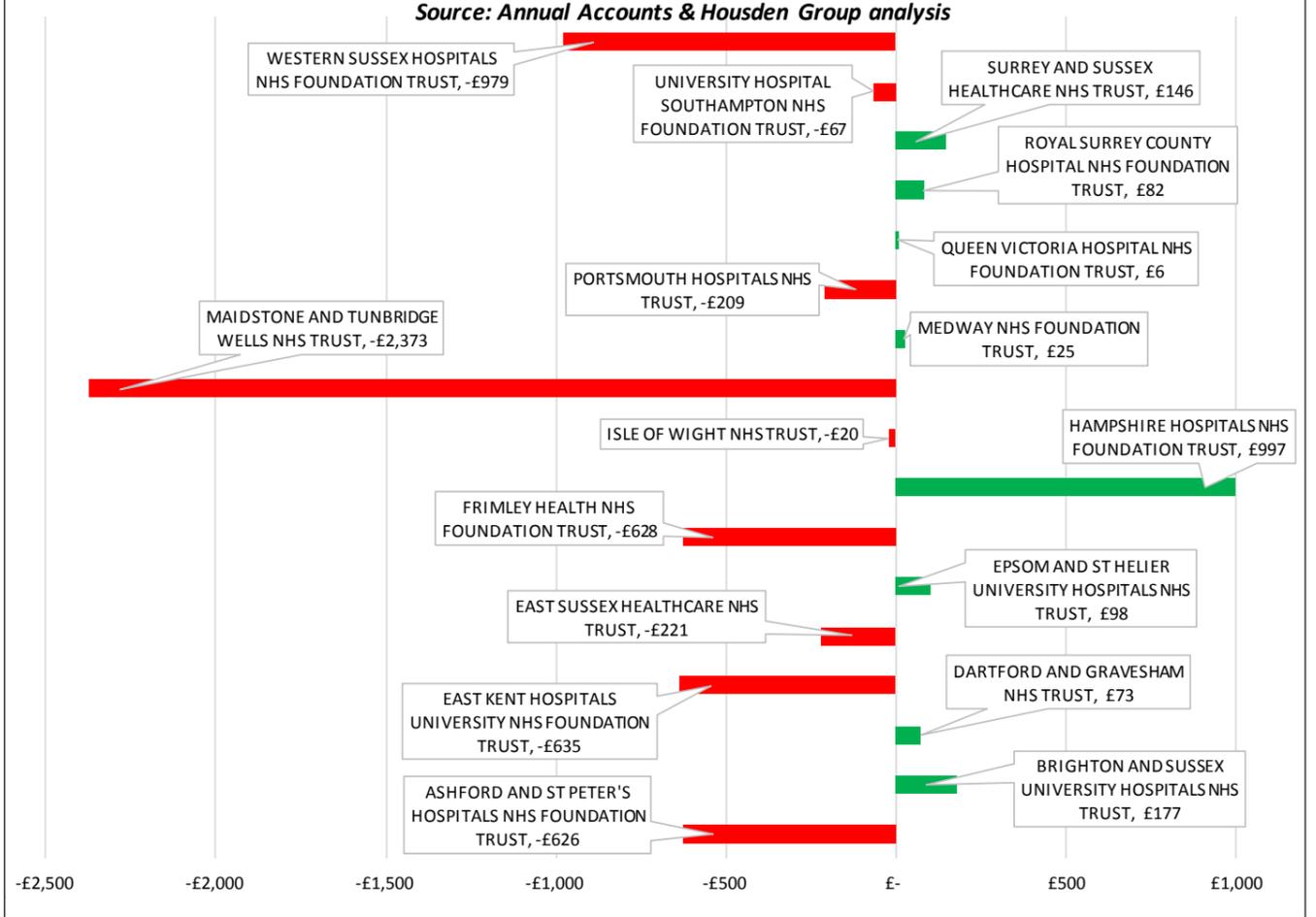
Renewed capacity

This decline has been arrested through investment in a re-opened ambulatory unit as a first stage towards renewed private patient capacity.

Western Sussex Hospitals' revenues fell £979k (14.9%) due to similar loss of capacity.

Along the coast, Portsmouth Hospitals Harbour Suite, despite enjoying growth through the summer, also fell back by 6.4% (£209k) once beds were redirected to the NHS in autumn 2018. Isle of Wight, too, reduced private patient bed

Figure 2 17 Southern Home Counties NHS Trusts private patient revenues change £k pa 2017/18



capacity and lost insurer recognition as a result.

East Kent Hospitals NHS Trust owns Spencer Hospitals, a subsidiary company managing PPU services out of Margate, Ashford and Canterbury of varying size.

The trust lost out on developing the Ashford market when One Healthcare invested in its first hospital, but still has opportunities to exploit through future trust site and service reconfiguration.

Spencer provides NHS Choose and Book services and was one of the first multi-site PPU 'chain' brands. The trust reported a decline of 18.6% and £635k last year, but this could be due to the accounting treatment of Spencer as a trading subsidiary rather than actual performance.

Epsom and St Helier's University Hospitals NHS Trust has appointed new management and rose in 2017-18 by 2.3% and £98k. The

trust is looking for further growth out of the Northey Suite at Epsom and the untapped potential of the St Helier site.

Ashford and St Peter's announced it was reviewing the present arrangements with BMI Healthcare and the onsite Runnymede Hospital. During the past few months, BMI has lost the Kingston Hospital Coombe Wing and is selling a Cheshire unit to the NHS.

Four trusts report under £1m a year revenues and all enjoyed some growth in 2017-18, encouraging but modest in cash terms.

Dartford and Gravesham, Surrey and Sussex and Medway all have potential to develop a modest entry level PPU offer, while Horder Healthcare runs the McIndoe Centre co-located at the regional burns and plastics centre at Queen Victoria Hospital in East Grinstead.

Looking ahead, the region can be expected to deliver significant

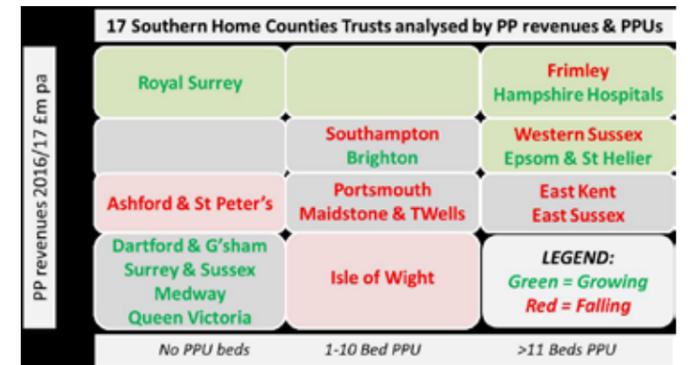


Figure 3

revenues from private patients. However, the patchy performance across otherwise similar markets suggests that some trusts are backing the sector and other much less so.

Given that insurance and self-pay demand rates are reasonably consistent, at least half of the region's trusts are most likely miss-

ing out on several million pounds of revenues a year.

This is a market ready for investment in capacity and perhaps joined-up working too.

Next month: the northern home counties.

Philip Housden is a director of Housden Group