

PRIVATE PATIENT UNITS

Orthopaedic units show how to do it

Our monthly analysis of private patient revenue growth moves to the West Midlands' 15 NHS acute trusts across the counties of Warwickshire, Worcestershire, Herefordshire, Shropshire, Staffordshire. **Philip Housden** (right) reports



ALL THE figures in this article are from recently published 2018-19 trust accounts. They show that total private patient revenues for the region grew slightly by 0.5% in 2018-19, up £107,000 to £20.45m (see Figure 1 on the right).

This now represents 0.34% of these trusts' total revenues, a slight drop from 0.36% the year before and below the combined national average outside London of 0.5%.

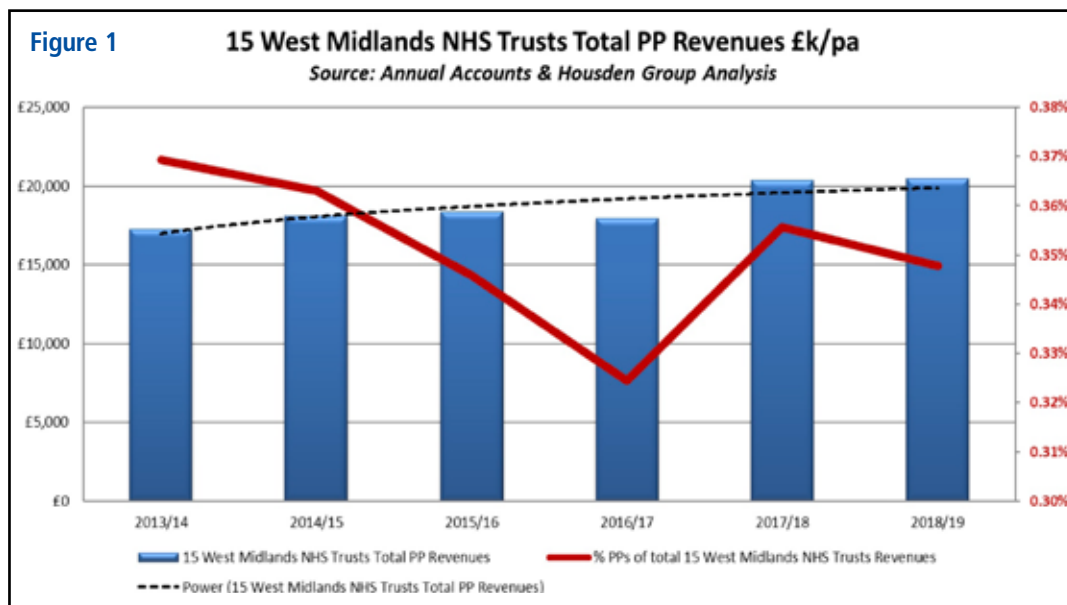
These trusts vary significantly by turnover, private patient revenues, growth and range of facilities (see Figure 2 overleaf).

In the city of Birmingham, there has been substantial consolidation of providers. University Hospitals Birmingham's private patient income for 2018-19 was £4.89m at 0.35% of turnover, up £600,000 (14%) from the previous year.

The main contribution came from The Mindelsohn Unit, a private radiotherapy service incorporating the regional cyber knife and 12-bed private patient ward.

But the trust's ambitious partnership development with HCA Healthcare UK to build a £100m specialist hospital offering both NHS capacity and 66 private beds on the Queen Elizabeth Hospital Birmingham campus will change this significantly when it opens in 2022.

Across the city, Birmingham Women's & Children's Hospital presently offers private maternity and paediatric services. The private patient revenues of the trust



were £2.24m last year, down 10.3% and £258,000 on 2017-18.

The region has two specialist orthopaedic hospitals in the Royal Orthopaedic in Birmingham and Robert Jones and Agnes Hunt at Oswestry. Both have dedicated private beds and are enjoying growth.

Orthopaedic units

In the city, the Royal Orthopaedic Hospital increased revenues through the seven-bed Woodlands Suite by 114% and £921,000 to reach £1.7m. This now represents 2.16% of turnover, a significant jump from 1.07% in 2017-18.

Robert Jones and Agnes Hunt delivers services through RJAH

Private Healthcare and the 16-bed ward in the Ludlow Unit. The trust's PPU achieved growth of 6.1% and £332,000 last year, which now represent a regional high of 5.56% of total trust income and places the trust second outside London by percentage of turnover.

Another trust delivering growth was University Hospitals of Coventry and Warwickshire, which reported private patient revenues up 15.4% from £942,000 to £1.09m – now 0.19% of total revenues. The trust has no in-house PPU but is understood to work closely with the onsite 52-bed BMI Meriden Hospital.

By contrast, there were several

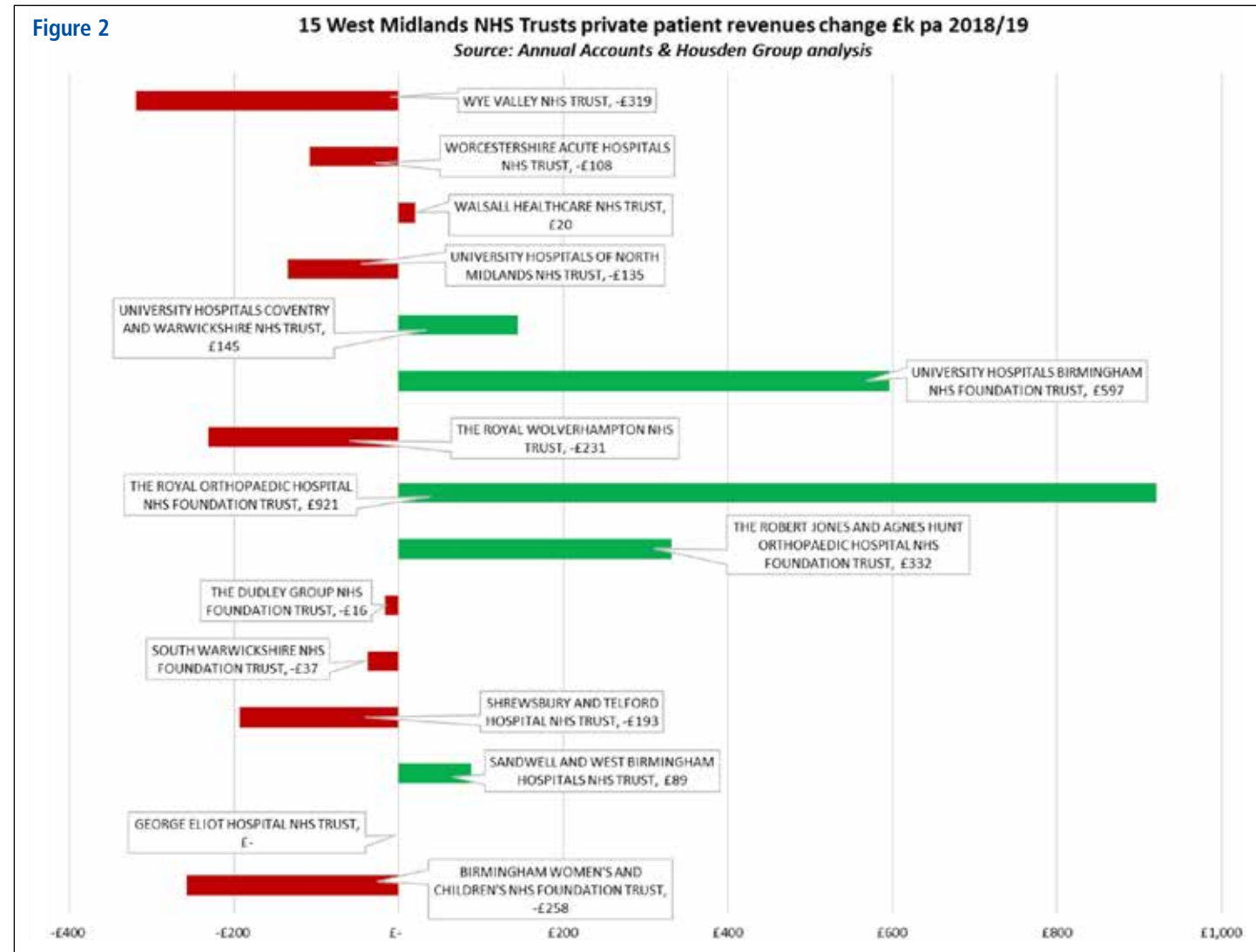
large West Midlands trusts where private patient incomes fell last year.

Social enterprise

South Warwickshire leads a foundation group of trusts including Wye Valley and George Eliot Hospitals. It delivers private healthcare services through a wholly-owned subsidiary company, SWFT Clinical Services, formed in 2011 and turned into a social enterprise in 2014.

That year SWFT acquired The Stratford Clinic, formerly owned by Circle. In 2016, the trust commenced private fertility services

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and opened 15 predominantly amenity beds in the Beauchamp Suite at Warwick Hospital.

In 2018-19, South Warwick's revenues declined by 5.9% to £586,000 – 0.21% of turnover – while Wye Valley in Hereford also fell by 63% and £319,000 to only £188,000 and 0.11% of turnover. George Eliot Hospital's revenues were again zero or close to it.

University Hospitals of North Midlands presently provides only a limited range of private patient outpatient and ambulatory services, but this includes a specialist service through its Muscular Sclerosis Centre.

Total revenues were £1.2m in 2018-19, down 10% and £135,000 on the previous year. The Royal Stoke campus has received funding for an additional three wards and 84 beds to help with significant demand pressures.

As the market is a relatively

strong one for private healthcare, this could also enable the trust to enter the inpatient private care market, particularly to support those most complex patients who cannot be supported in the local independent hospitals.

Declining trend

Shrewsbury and Telford's revenues also fell last year, down 15.6% and £193,000 to £1.04m, which is 0.31% of turnover. The trust's Apley Clinic in Shrewsbury is a private outpatients and diagnostic facility. These figures continue the trust's long term declining trend from £2.3m and 0.83% in 2012-13, when the trust made use of a ten-bed private patient ward.

Worcestershire Hospitals also reported a decline, with income down 22% from £497,000 to £389,000 in 2018-19. The trust does not have any dedicated private patient beds or services.

Royal Wolverhampton private patient revenues dropped last year too, a fall of 18.6% and £231k. The proportion of total trust income from private patient declined to 0.21% from 0.27%.

The trust provides a range of expected to lead to higher-complexity private activity shifting to the trust. It has over the past two years become a leading provider of GP services in the city, but has not yet led to a stimulus of demand by utilising this link to engage with GPs and their patients to ask them to use their medical insurance.

City-country split

Elsewhere in the 'Black Country', Walsall and Dudley trusts deliver presently very little revenues between them, reporting an aggregate of less than £50,000 a year. Meanwhile, Sandwell enjoyed an increase from £165,000 to

£254,000 (54%), though this still represents only 0.06% of turnover.

West Midlands trusts' private patient performance presently splits between two groups. The strongest returns are in the city of Birmingham trusts and the two specialist orthopaedic trusts.

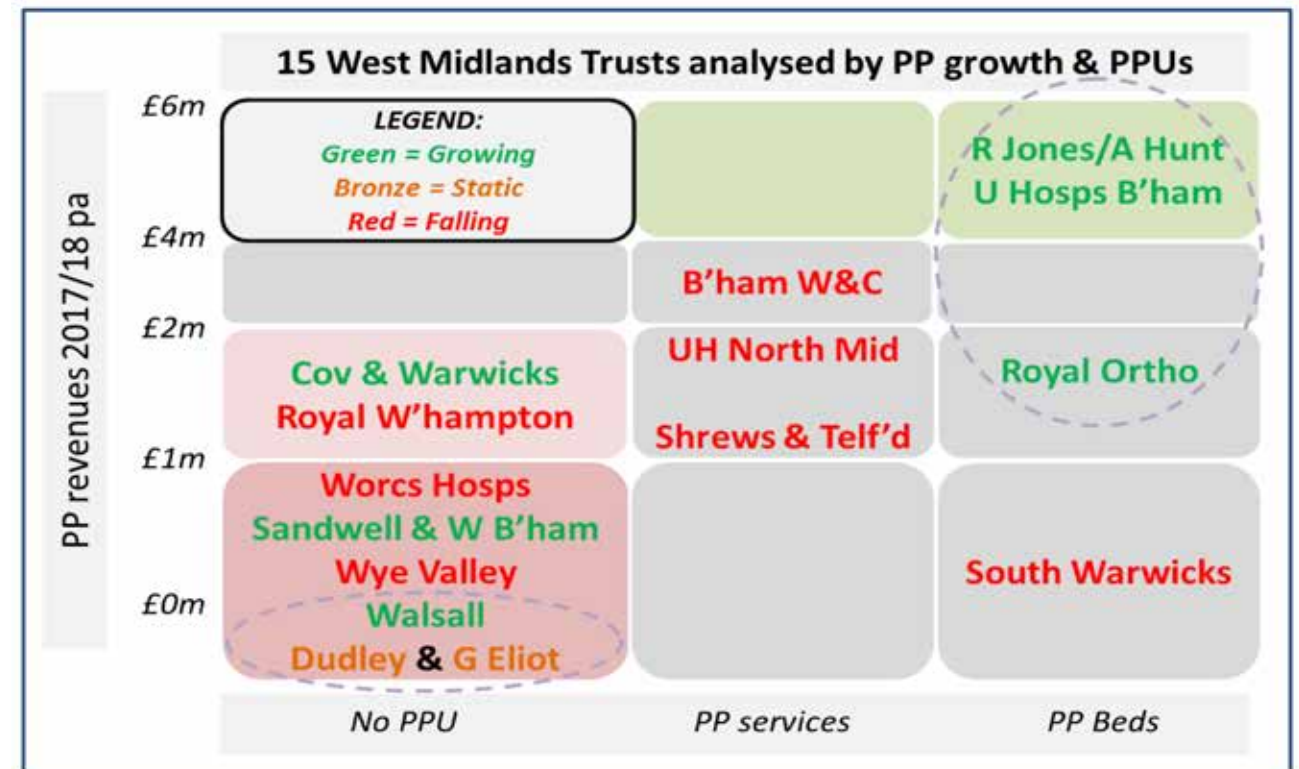
Of the rest, most of these are relatively 'stuck' below £2m revenues, with several known to be under capacity constraints. For these, the decline may well be due to bed and other capacity challenges.

But the absence of private patient capability in all these trusts most likely results in the costs for many insured patients falling back on the NHS for most complex treatments. Perhaps smaller 'entry-level' private patient units could be part of future capacity and winter planning.

■ **Next month: Yorkshire**

Philip Housden is a director of Housden Group

Figure 3



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