

PRIVATE PATIENT UNITS

# Stiff competition lies in the cities

Private patient revenue growth for 13 NHS acute trusts across the county of Yorkshire is put under the spotlight here by **Philip Housden** (right)



THE FIGURES used here are from the most recently published 2018-19 annual accounts. However, two trusts, Mid Yorkshire and Sheffield Children's, had not published private patient revenues at the time of writing and so the 2017-18 figures have been used.

For this group of trusts, the data reveals that total private patient

revenues fell back in 2018-19 after a year of growth in 2017-18.

**Below average**

Total revenues are estimated at £13.8m, down approximately 6% from £14.7m last year. This level of income represents 0.25% (down from 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. For the following analysis, they have been grouped together, where relevant, according to whether they have a dedicated private patient unit (PPU) or not and present turnover.



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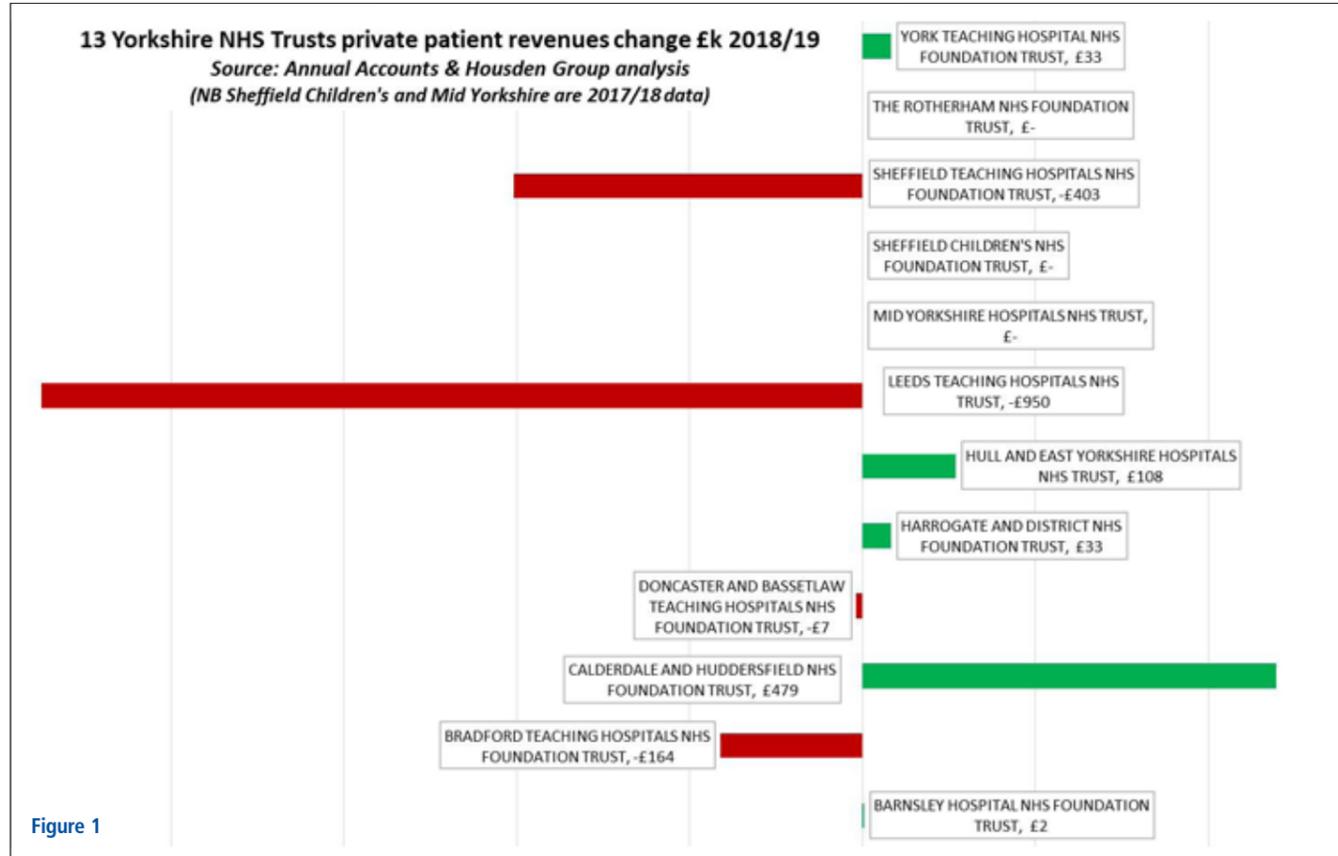


Figure 1

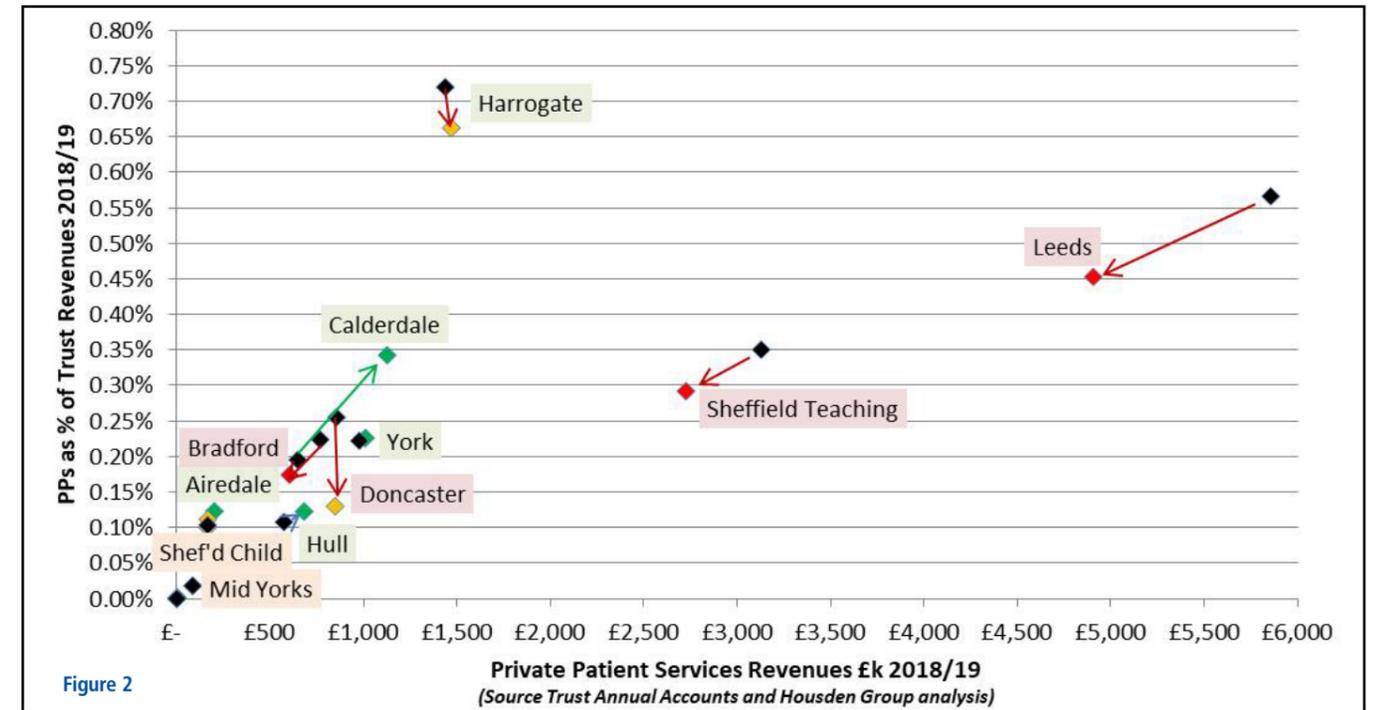


Figure 2

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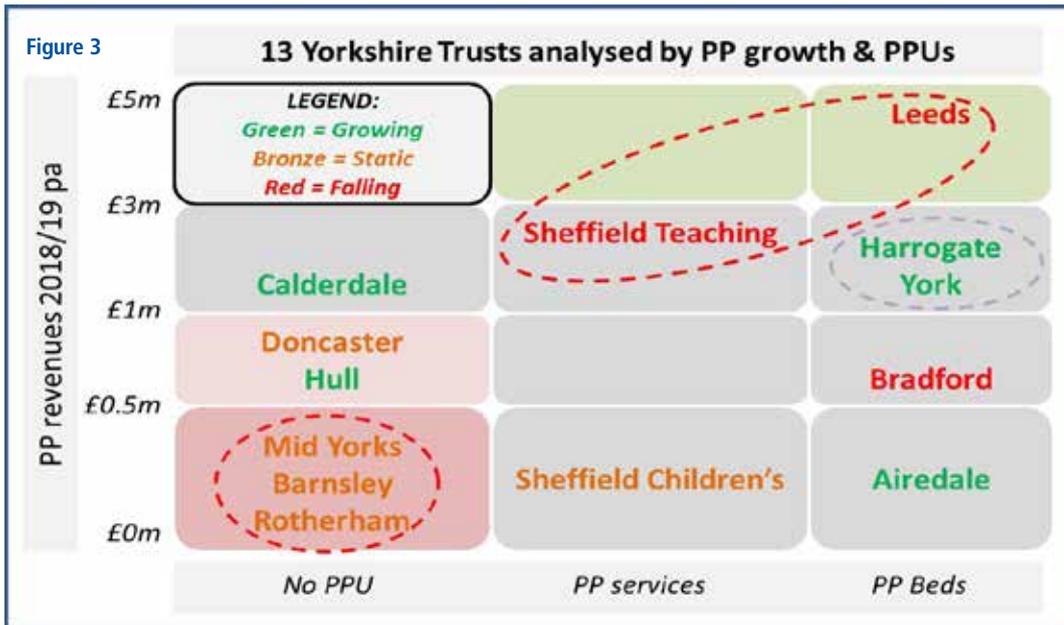
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The regional top earner remains Leeds Teaching Hospital Trust at £4.9m, but this fell £950,000 (16.2%) last year from £5.85m. This is a reduction from 0.57% to 0.45% of trust revenues.

Leeds holds a partnership with Nova Healthcare, part of Aspen Healthcare, located within St James's Institute of Oncology in the Leeds Cancer Centre in Bexley Wing.

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 hospitals

Sheffield Teaching Trust has no specific private patient services, but instead offers a range of treatments privately across its five hospitals.

Incomes have fallen back after a period of growth, dropping £403,000 or 12.9% last year at 0.29% of turnover, down from 0.35%.

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

The trust has a private patients business manager and work is underway to think through the opportunities for developing overseas markets, to grow the last

reported private patient revenues of £165,000, which are only 0.1% of turnover.

Harrogate and York, by contrast, both have private patient units and are in relative regional hot spots for private medical insurance take-up. Both are reporting growth.

Harrogate's ten-bed Harlow Suite is branded the Harrogate Harlow Private Healthcare Service and delivered growth of 2.3% last year to £1,470k.

The unit has access to dedicated space within endoscopy in addition to the ward. Harrogate achieves 0.66% of trust turnover as private income, the highest in the region, and the only one in Yorkshire ahead of the out-of-London national average.

### York hospitals

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

The group service is not collectively branded and this could be an opportunity to develop another local 'chain' approach.

Revenues were up 3.4% in 2018-19 to just over £1m for the first time for five years, now reaching 0.23% of turnover.

A third trust increasing private activity is Airedale. Airedale Hospital similarly has a PPU, with Ward 19 having 11 bedrooms and two private consulting rooms. Last

year, the trust grew £35,000 and 21% from £166,000 to £210,000 private patient revenues at 0.12% of total trust incomes.

Bradford also has an inpatient PPU, having invested in recent years in refurbishing the 12-bed 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 outpatient consultations, diagnostic scanning, minor day-case treatments to complex surgery.

The trust reported a disappointing 21% drop in private patient incomes from £768,000 to £604,000, which is now the fifth consecutive year of decline from a high point from £1.34m in 2013-14.

Of the remaining trusts, these can be split into two groups, none of which have a dedicated private patient ward. The first comprises Calderdale, Doncaster and Hull, each of which has a material private patient revenue stream but, as yet, without inpatient facilities.

### Significant mover

Calderdale and Huddersfield is a significant mover with an increase in 2018-19 of £479,000 and 74% to £1.1m.

Over the past two years, the trust has more than doubled revenues and taken income from 0.15% to 0.34% of trust revenues.

Doncaster has remained static in 2018-19 at £848,000 and 0.24% of

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turnover and Hull grew 19% to £682,000 from £574,000. In all three trusts, these results have been achieved without dedicated private patient facilities.

The final group has very little private patient incomes and apparently little appetite to offer private services.

Mid Yorkshire, Rotherham and Barnsley together reported well under £100,000 private patient revenues with no change year on year.

Across the Yorkshire region, there is no single discernible trend with regards to private patient revenues. However, some themes may be emerging.

The trusts in the biggest cities of Leeds and Sheffield must compete with the largest private hospitals, which have significant infrastructure and protected capacity. Here the independent sector appears to be taking market share.

In smaller markets, such as Calderdale, Harrogate, Hull, York and Airedale, where there is higher than average insurance and/or self-pay take-up and smaller independent hospitals, the NHS is developing brands that are growing the market and/or taking share.

Future reviews will examine these themes further to identify any wider trends.

### Next month: North-west PPUs

Philip Housden is a director of Housden Group