

PRIVATE PATIENT UNITS

Regional centre is the only hot spot

We continue our regional round-up of PPU progress with a review of private patient revenue growth for the NHS acute trusts across the north-east region covering the conurbations of Tyne and Wear and counties of Durham and Northumbria. **Philip Housden** (right) reports



THE FIGURES used here are from the most recently published 2018-19 annual accounts. For this regional group, the accounts show total private patient revenues fell 3.2% in 2018-19 to £6.03m, down from £6.33m in 2017-18.

This level of income represents a decrease to 0.18% of these trusts' total patient-related activity revenues from 0.19% in 2017-18 and well below the 0.22% achieved in 2015-16.

These figures are also the lowest regional value in England and well below the combined national average outside of London in 2018-19 of 0.46%.

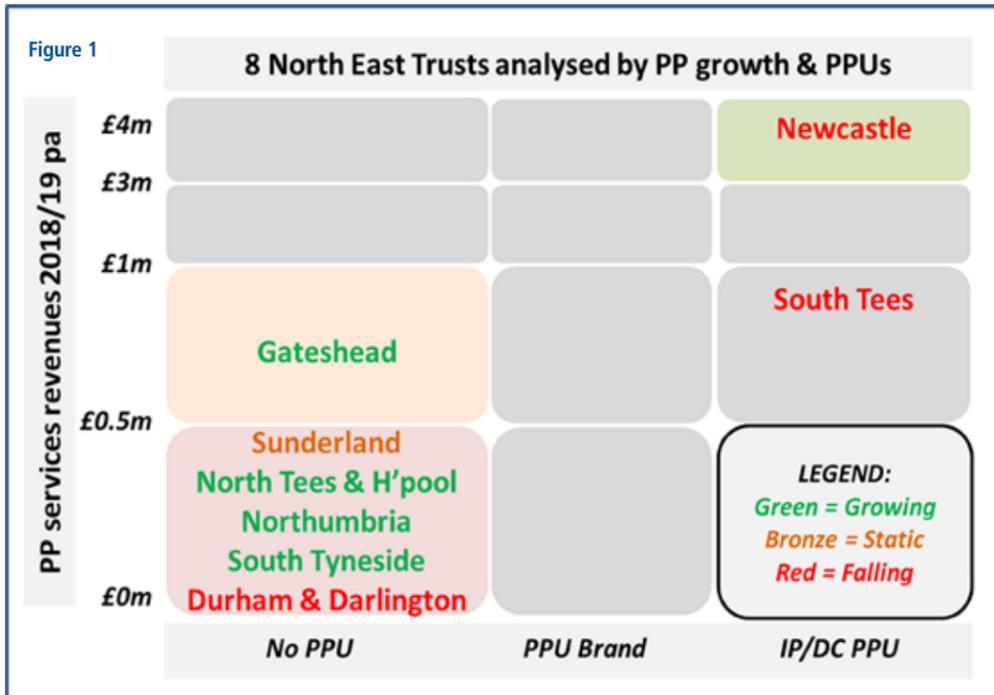
The regional acute trusts vary significantly by private patient revenues. The regional top earner is The Newcastle Upon Tyne Hospitals at £3.76m.

Dedicated unit

However, this total was down £123k year on year (3.2%); now 0.41% of the trust's total patient revenues.

The trust is the only one in the North-east with dedicated inpatient facilities, having a six-bed private patient unit, the Park Suite at the Royal Victoria Infirmary (RVI). The trust also has dedicated private outpatient consulting rooms in The Lodge, also on the RVI site.

Across the river, Gateshead Health last year delivered private patient income growth, rising to



£663k from £610k in 2017-18 – up 8.7%. Cumulative growth has been over 65% in the past four years, rising to 0.28% of total trust patient incomes.

South Tees Hospitals is the other significant private patient earner in the North-east. Revenues last year fell back £218,000 to £935,000, a drop of 19%. However, these totals are well down on the £1.8m achieved only four years

ago and represent a decline from 0.35% to 0.19% of total revenues.

The trust offers private patient services from the Wensleydale Suite at Friarage Hospital, Northallerton, through a four-room treatment and outpatient area.

Also, at James Cook University Hospital in Middlesbrough, there are private patient fertility and therapy services and a commercial arrangement with Sk:n, the der-

matology provider for mole mapping and related services.

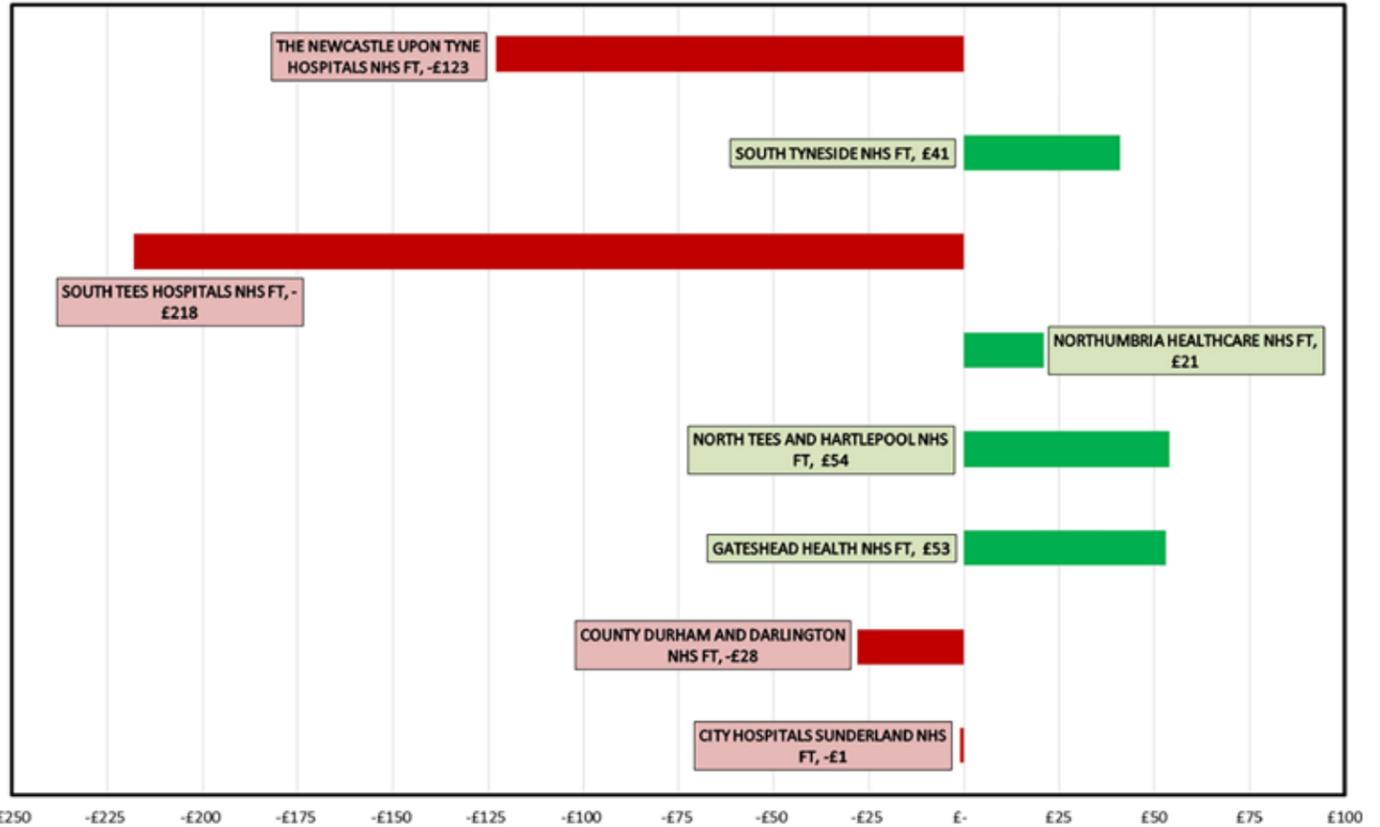
Flat revenues

City Hospitals Sunderland reported flat revenues of £325,000, which is 0.09% of total income. The trust merged with South Tyneside from April 2019, where private patient revenues grew to £63,000 in 2018-19, but still a low 0.04% of trust turnover.

Figure 2

8 North East NHS Trusts private patient revenues change £k 2018/19

Source: Annual Accounts & Housden Group analysis



“Except for Newcastle, private patient earnings provide little in the way of significant additional income for these NHS trusts in the North-east”

To the north, North Tees and Hartlepool grew £54,000 and 48% in 2018-19 to a total of £167,000. The trust provides private assisted conception services using the same provider as South Tees.

Northumbria also grew, by £21,000 and 27% to £97,000. Northumbria has developed links with both Ireland and with China to share expertise on providing high-quality health and, over time, this commercial approach may enable international patient services to develop.

To the south, County Durham and Darlington fell from the already low level of £51,000 to £23,000 last year.

Except for Newcastle, the regional and supra-regional services centre, private patient earnings provide little in the way of significant additional income for these NHS trusts in the North-east.

Newcastle is the only PPU in the region where the service is competing significantly with the local independent sector for private patients.

There does remain a private

patient market in the area and, given the relative geographic isolation, it is likely that higher complexity private patients are either travelling out of area or are being treated within the NHS.

Given the complexities of opening, managing and growing a trust inhouse private patient service, this may be a good health care economy that could foster trust collaboration.

Forming a ‘chain’ of trust PPUs, most likely led by Newcastle – where presently 62% of the region’s private patient revenues are earned – could potentially enable leadership and/or back office cost-sharing to give the NHS private patient offer a fresh approach to drive growth. ■

Philip Housden is a director of Housden Group

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