

PRIVATE PATIENT UNITS: NORTHERN HOME COUNTIES

In our third annual round of reviewing the NHS private patient unit sector in England, Philip Housden brings a focus to the eight NHS trusts delivering acute care services to Oxfordshire, Berkshire, Buckinghamshire, and Hertfordshire

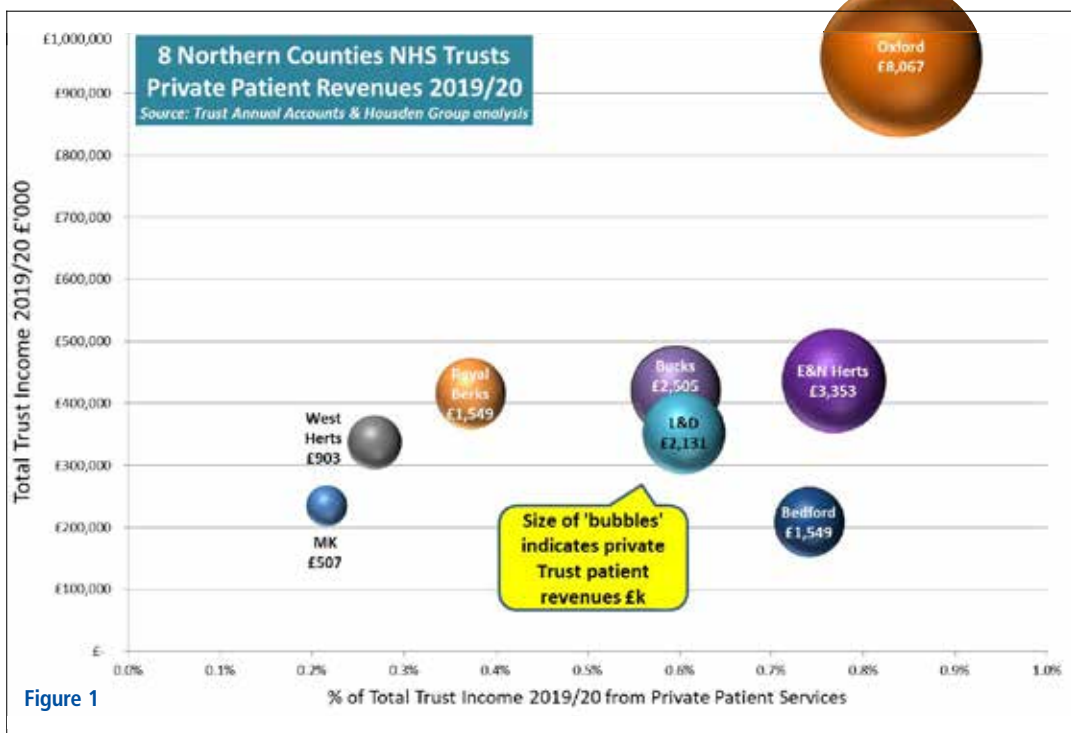


Figure 1

The demand is there

FIGURES FROM the published 2019-20 annual accounts for this group of trusts show that total private patient revenues grew by £451,000 (2.24%) to £20.5m (Figure 3). These statistics were published in autumn 2020 and partially impacted by the early months of the Covid pandemic. This represents 0.61% of these trusts' total revenues and is down from 0.65% last year. For comparison, the combined national average outside of London is 0.43%.

The top trust in this group by both overall earnings and percentage of turnover remains Oxford University Hospitals.

Oxford has developed local success through utilising specialty capacity across its four main hospital sites. The trust's private patient revenues grew by £1.2m and 18% in 2019-20 to £8.1m and Oxford remains ranked 13th highest private patient earners within the NHS, and third outside London.

Further growth was to be achieved through a joint venture

partnership with the Mayo Clinic, announced in 2017, to open an outpatient and ambulatory London base.

The clinic was staffed from both organisations to offer a wide range of services, including diagnostic, genetic testing and endoscopy.

Partnership abandoned

But, as reported in *Independent Practitioner Today*, this partnership was abandoned last year when the Mayo Clinic bought out the trust five months after opening to become the sole owner of the six-story healthcare clinic in Portland Place, London.

East and North Hertfordshire Hospitals uses the branding Hertfordshire Private Healthcare to offer a range of private outpatients, day case and a small range of inpatient services – including two private en-suite rooms for orthopaedic and urology procedures only – between the Lister in Stevenage, Mount Vernon in Northwood, Middlesex, Hertford

County Hospital and QEII Hospital, Welwyn.

The private patient earnings of the trust grew by 3.8% and £124,000 to £3.35m in 2019-20, representing 0.77% of total revenues. The trust also has a co-located BMI hospital, Bishop's Wood, on the Mount Vernon site.

Mount Vernon cancer services, which deliver a significant proportion of private patient revenue for the trust, are due to transfer to UCL from April 2021.

Buckinghamshire Healthcare delivers a limited range of private patient services from both the High Wycombe and Stoke Mandeville sites.

At Wycombe Hospital, the trust provides private amenity rooms to NHS patients who wish to pay for extra comfort and privacy after surgery.

These are available to orthopaedic, general surgery, plastic surgery and urology patients.

At Wycombe, the trust works with the on-campus BMI

Shelburne Hospital and this arrangement has survived the most recent review of BMI's estate in relation to NHS partnership/co-located sites.

In 2019-20, the trust's private patient revenues were £2.5m, up £24,000 and 1% on the previous year and representing 0.6% of total revenues.

Fell back

Luton and Dunstable, now merged with Bedford to form Bedfordshire Hospitals NHS Foundation Trust, does have a 13-bed inpatient PPU, the Cobham Clinic, providing a range of surgical services including bariatric, ENT and orthopaedic surgery.

The trust grew revenues by 2.2% and £36,000 last year to £2.13m, which is 0.6% of turnover. However, Bedford Hospital fell back by 18% and £337,000 to a total of £1.55m last year after several consecutive years of private patient revenues growth in real terms since 2011-12.

“The northern home counties are an attractive market for private patients, but competition with the established independent hospital provider groups is strong”

Despite a lack of dedicated inpatient beds, the trust achieves this income through the capture of diagnostic and low-volume specialty activity through its branded outpatient offer, the Bridges Clinic.

This offers a range of medical specialties, including endoscopy, cosmetic procedures, diagnostic imaging and physiotherapy. The recent merger provides the enlarged trust with the opportunity for cross-site working and collaboration on private patient services to build on the combined income of nearly £3.7m.

Crowded market

Royal Berkshire's private patient revenues also fell back significantly in 2019-20 by £779,000 (33%). The trust operates in a crowded local independent hospital market and without designated private patient beds and so concentrates on complex surgery and niche services that the local competitors cannot provide.

The trust has from time to time developed plans to open on-site private patient inpatient capacity, but these have not yet come to fruition.

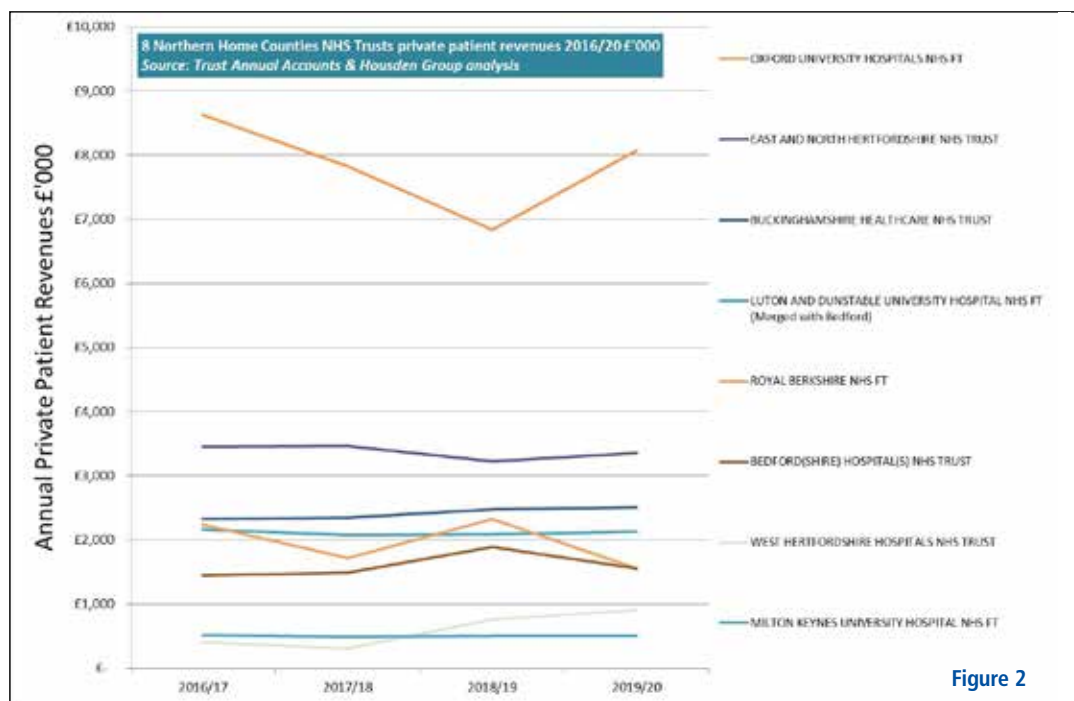


Figure 2

The West Hertfordshire Trust Hospitals, located across Watford, St Alban's and Hemel Hempstead, sit well in an attractive market for private patients.

However, they face significant competition from Spire's Bushey and Harpenden hospitals and a range of other providers. The trust has reversed a long period of decline with growth sustained over both 2018-19 and 2019-20 financial years.

Growth last year was 18% and £140,000 to reach a total of £903,000; the highest income for five years and 0.27% of turnover, principally based on cardiac and diagnostic imaging and ambulatory services.

Great platform

This growth is in part due to the trust launching in 2019 a physiotherapy service for private patients at the West Hertfordshire Therapy Unit in Abbots Langley, which provides specialist treatment, including women's health, muscular treatments and care for sports injuries.

Looking ahead, the site and service redevelopment programme, including a new hospital development at Watford General due to open in 2025, provides a great platform for inclusion of a wider range of private patient capacity and service than is presently able to be offered.

Milton Keynes Hospital's earnings are stuck at £0.5m turnover, flat on 2018-19, but a further decline of total trust revenues to a new low of 0.22%. The trust has not yet invested in the potential to break into the attractive growing private patient market despite Spire's cancelling of plans to open a private hospital in the city.

The northern home counties are an attractive market for private patients, but competition with the established independent hospital provider groups is strong.

Most regional trusts do now provide branded outpatient and diagnostic facilities that offer a local, fast access to consultants.

However, a majority still do not have any protected designated pri-

mate patient beds. This means that where the trust is the provider of choice for consultants when considering patient safety – typically the case as the local independent providers usually do not have full critical care facilities – the low volume of private inpatients must continue to be accommodated on NHS wards or these insured inpatients are treated as NHS and so their insurers are not charged.

Overall, regional trust earnings show modest growth despite the competition, both local and from London, and given the strong underlying demand factors, the market potential post-Covid remains attractive for the future.

As the ageing population, increasing patient safety agenda and the service limits delivered by private hospitals are all driving complex insured activity into NHS trust sites, if these trust were minded to invest in capacity and capability, then there are several opportunities to develop new NHS private patient services in this region.

Next month: the South-west

Philip Housden (right) is managing director of Housden Group commercial healthcare consultancy

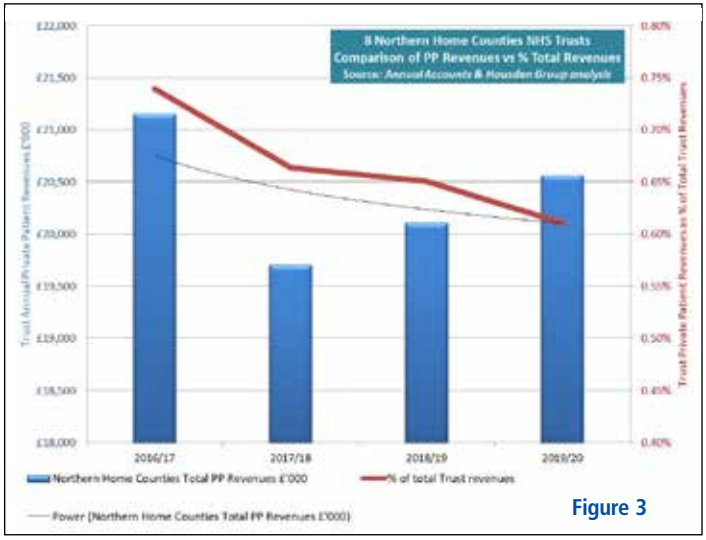


Figure 3