

PRIVATE PATIENT UNITS

# PPU recovery is the heart of the matter

Private patient services in the 13 NHS trusts delivering acute care across East Anglia come under Philip Housden’s spotlight this month

FIGURES FROM the 2017-18 published annual accounts for this group of trusts show that total private patient revenues grew by 5.9% from £25.3m to £26.8m over the previous year.

This now represents 0.7% of these trusts’ total revenues, which is a return to the 2013-14 levels. The combined national average outside of London is 0.48%.

Leading the region by revenues is Royal Papworth, near Cambridge, with private patient income in 2017-18 of £8.15m, down £834,000 on the £8.98m achieved in 2016-17 and representing a small decline from 6.63% to 6.07% of total trust incomes.

As the UK’s largest cardiothoracic hospital, Papworth has a distinctive edge and focus, ensuring that the brand can stand out sufficiently to support local, regional and international demand for private patients.

The trust moved from 1 May 2019 to the new Royal Papworth Hospital located on the Cambridge Biomedical Campus. The £200m facility houses:

- Five operating theatres;
- Five cardiac catheterisation labs;
- Extensive diagnostic modalities;
- More than 300 beds, 12 of which are located in the new Varrier-Jones Ward for private patients.

This is an apparent significant reduction on the previous designated capacity, which was 32 beds on the old campus. However, it is to be anticipated that the apparent shortfall will be made up from

flexible use of other inpatient, ambulatory and diagnostic capacity.

Two cardiac units

Cambridge University Hospitals private patient revenues also fell back in 2017-18, by £603k (8.8%). The trust achieved revenues of £6.4m in 2016-17 at 0.97% of total turnover.

A significant part of this relates to the Cambridge Heart Clinic, a joint venture with Regent’s Park Healthcare operating since 2008, who have access to five inpatient

and day-case beds and three consulting rooms.

It will be interesting to see how the two Cambridge trusts and their cardiac private patient services work in such close proximity in the future.

Essex trusts

Basildon’s PPU is also predominantly based on the delivery of cardiac services. Within the Essex Cardiothoracic Centre, the trust’s eight-bed PPU – branded Nash Private Healthcare – has delivered significant growth in revenue for

the trust, rising to £2.9m in 2017-18 from £479k when the unit was managed externally.

This performance now equates to 1.01% of trust incomes. Further growth to well over £5m is expected to be reported in 2018-19 annual accounts.

The trust is due to merge with Southend and Mid Essex (Chelmsford) in 2021 and is already working to a joint executive management structure.

The three trusts are working to share back-office and private patient leadership to develop a

Figure 1

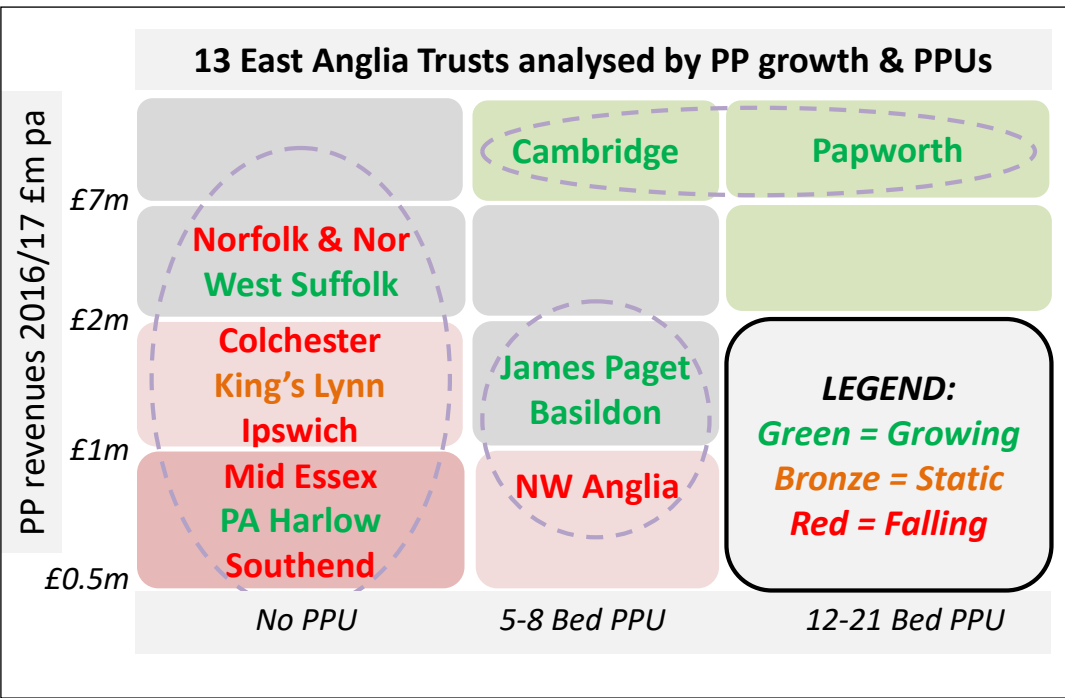
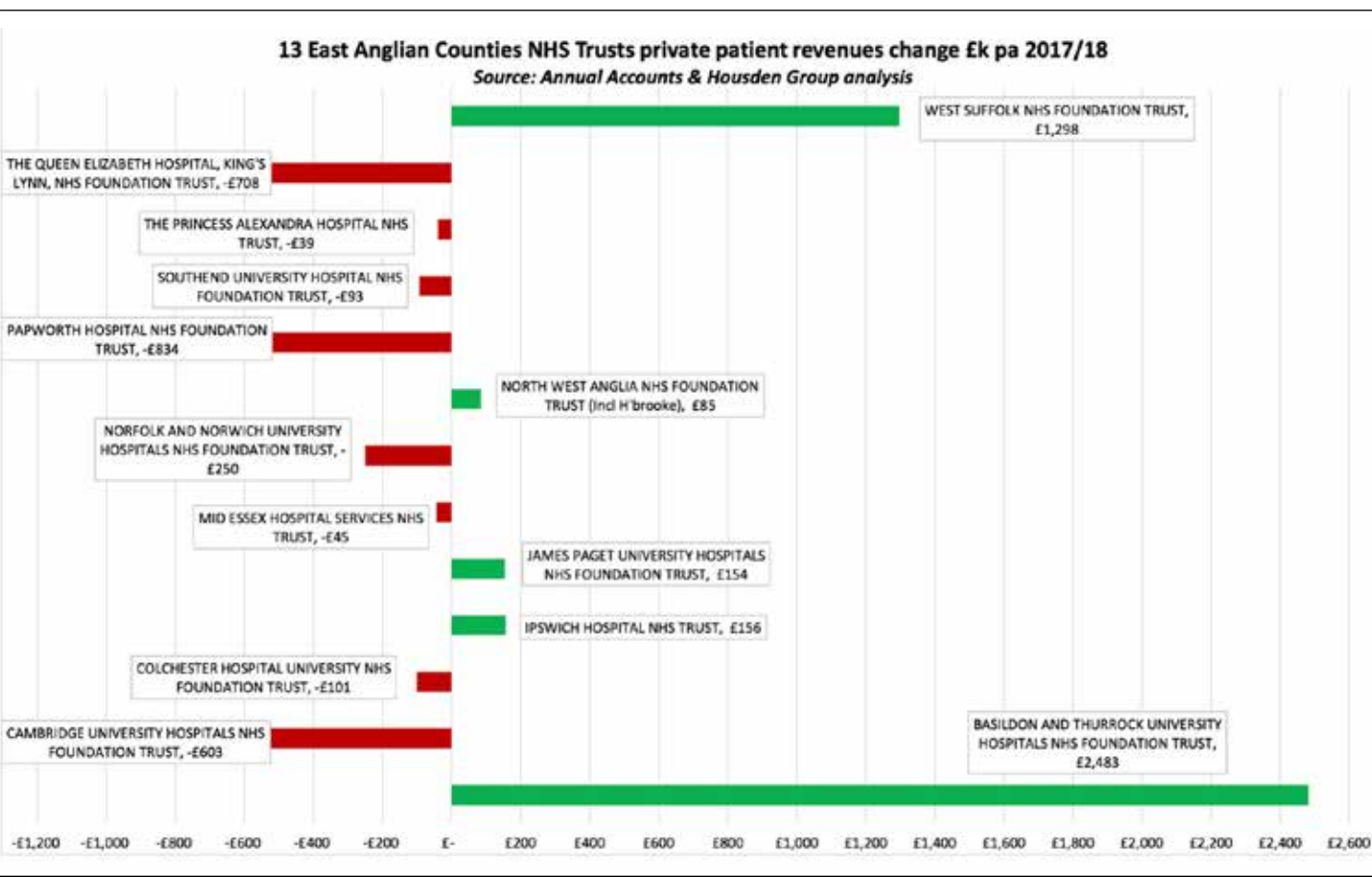


Figure 2



network or ‘PPU chain’ that is able to invest in expanded capacity based on the regional burns and plastics services at Chelmsford and the regional cancer centre at Southend.

Considering expansion

James Paget Hospital, Great Yarmouth, Norfolk, has an eight-bed PPU – the Charnwood Suite – and outpatient and ambulatory services through a sub-brand called East Point Consulting Rooms and is understood to be considering expansion of their capacity to boost this total.

In 2017-18, the trust grew income from £874,000 to £1.03m (17.6%) which equates to 0.6% of total revenues up from 0.51% in the previous year.

The third smaller PPU in this group is North West Anglia, comprising Peterborough and Hinchbrook Hospitals, Huntingdon. There is little to no present private patient service out of Peterborough, but since 1994, Hinchbrook has operated seven beds under the brand Mulberry Private Healthcare.

The trust’s private patient reve-

nues were reported as £1.75m, up £85,000 (5%) on 2016-17.

Of the eight trusts without a PPU, the largest two by revenue are Norfolk & Norwich and West Suffolk. Norfolk & Norwich private patient revenues dropped in 2017-18 from £1.63m to £1.38m (15%), which is a decline to 0.28% of total income from 0.34% the year before.

In 2016, the trust turned a 21-bed private patient ward into an NHS day-case facility and does not now have separate private patient facilities.

Significant growth

West Suffolk, the ‘Outstanding’-rated NHS trust, delivered significant private growth of £1.3m in 2017-18, almost doubling revenues to £2.65m; all achieved without a designated inpatient PPU.

This imbues the trust with the second-highest ratio of private patient revenues in the region at 1.23% of turnover.

King’s Lynn is a small- to medium-sized NHS trust, located away from big centres of population and has experienced a steep decline in private patient reve-

nues. Income was £780,000 in 2016-17, but this fell to only £72,000 in 2017-18 (91%).

Although the trust has a BMI Hospital very conveniently sited nearby, which has hindered in-house PPU development in inpatient activity, this does not on its own explain the decline, which is much more likely to be related to NHS access and winter capacity pressures.

Colchester and Ipswich merged in July 2018 to form East Suffolk and North Essex NHS Foundation Trust. In 2017-18, Colchester’s private patient revenues declined by £101k (12%) while Ipswich’s grew by £156k (23%).

It is understood that the new trust is considering private patient services growth, but without any particular new routes to market being identified at this stage.

Both main hospital sites are within attractive markets, which suggest that there is likely to be enough complex activity to support an entry-level PPU to meet the service gaps that the local private hospitals cannot fulfil.

Princess Alexandra, Harlow,

Essex, is another smaller single-campus hospital with no PPU. The trust is considering a strategy of relocation and rebuild to manage estates and capacity issues.

The trust had a 12% (£39,000) reduction in private patient revenues in 2017-18, but essentially is ‘stuck’ on low earnings representing 0.15% of turnover.

The local NHS sustainability and transformation partnership area links Harlow with Hertfordshire and the potential for private patient growth may stimulate changed services across the trusts in the group.

East Anglia is building private patient revenues principally through cardiac services growth at the trusts hosting the regional centres. There remains the potential for further growth in other clinically complex specialties to add to dedicated capacity for private patients.

Next time: East Midlands

Philip Housden (right) is a director of Housden Group

