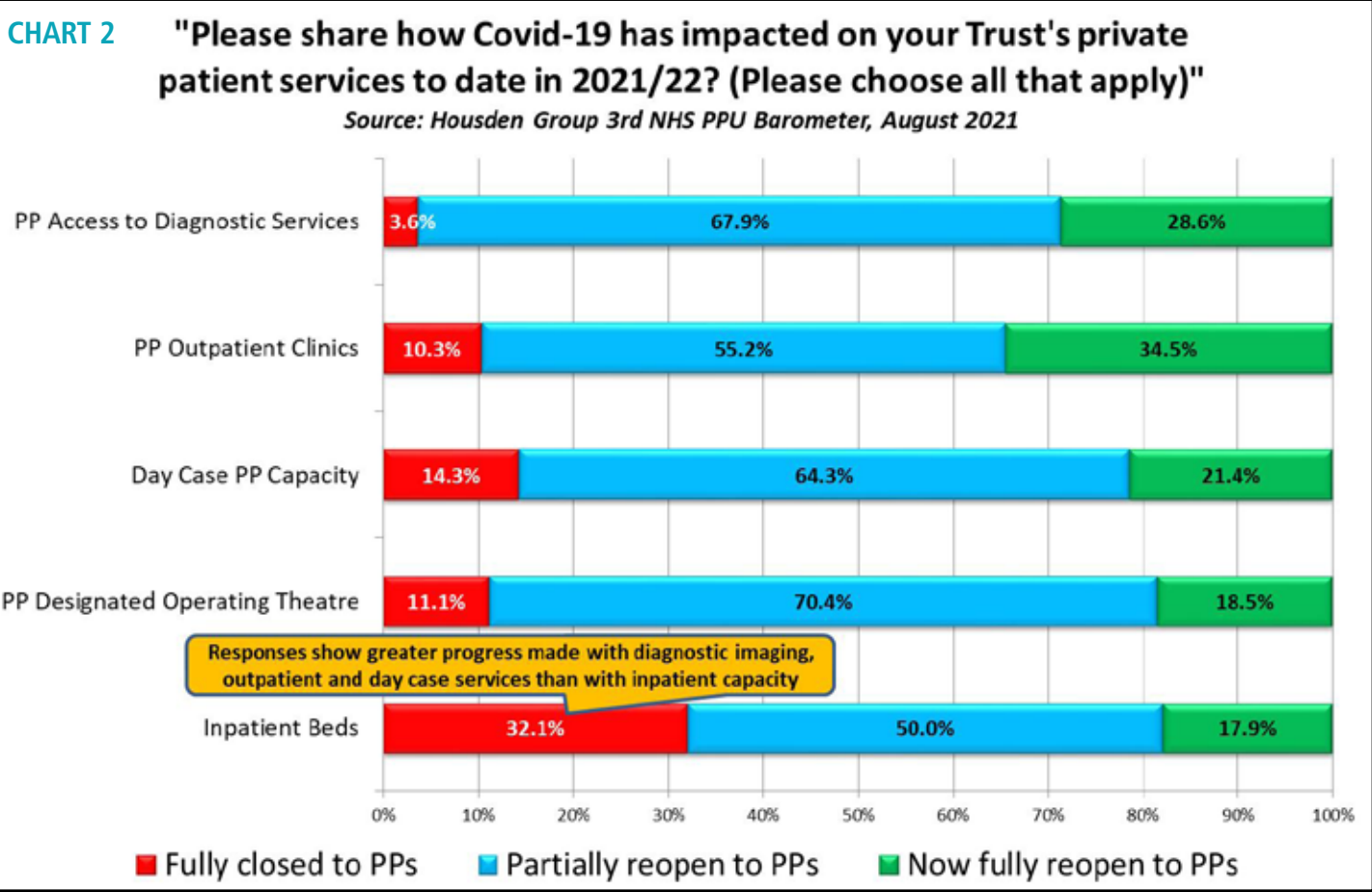
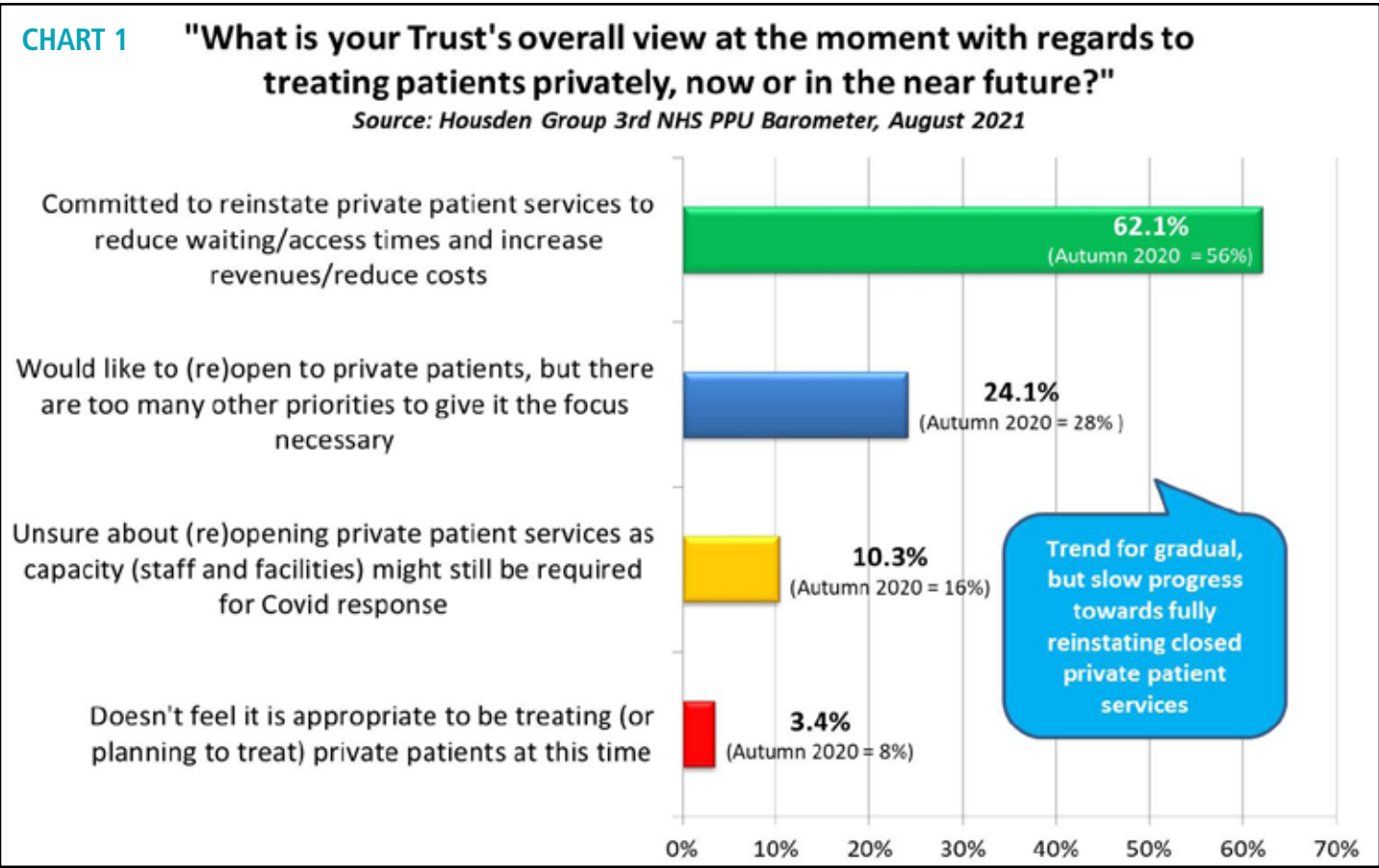


NHS PRIVATE PATIENTS' BAROMETER

Covid halves trusts' private earnings

The third annual NHS PPU Barometer provides a snapshot of performance and valuable insights into the impact of Covid-19 on the sector. Its author Philip Housden reports

THE NHS PPU Barometer is a unique measure of trading performance and of the confidence levels of the management teams of trusts' private patient services. Completed as an online survey by 28 trusts during August 2021, all regions are represented with the exception of the North-west. The highest number of returns came from London and south-west regions with seven and there were five responses from trusts in the southern Home Counties. The 28 trusts accounted for approximately £336m revenue in 2019-20, which was 50% of the total NHS PPU market that year of £673m. Both these values are comparable with the £349m of revenues and 53.3% of the market in last year's second Barometer. Individual comments from trust managers confirmed that this significant reduction from the long-term average was due to the prolonged and ongoing impact of Covid-19 throughout the year. Given the dramatic impact of the pandemic on the NHS and its capacity, the Barometer first asked: 'What is your trust's overall position at the moment with regards to treating patients privately, now or in the near future?' Only 3.4% of responding trusts in contrast preferred the state-



ment choice for their trust that it 'Doesn't feel it is appropriate to be treating - or planning to treat - private patients at this time', and this is a decrease from the 8% reported last year. Trust managers reported two main factors linked to Covid-19 as the principal causes of reduced private patient income. The first is clinical priority-setting: private patient activity was possible through the pandemic in many/most trusts, but only in so far as clinical urgency allowed within NHS priority guidance. As one manager put it: 'We reduced all PP activity in line with national NHS priority guidance, so we were still able to operate on patients deemed urgent enough. This did reduce our activity significantly.' The second is capacity constraints: in many trusts, physical capacity for private patients has been redirected towards the NHS's efforts to increase volume through-patient recognising the lengthening waiting times and waiting lists. An example of this is one trust reporting: 'We have access to NHS beds for procedures, but the PP unit is still in use by the NHS currently. No timeline to re-instate dedicated PP beds until pandemic truly under control.' The Barometer asked for details of the changes to capacity in terms of inpatient and day-case beds, outpatient clinics, diagnostic services and operating theatres. And it asked whether these were presently fully closed to private patients or partly or fully open within the trust. As can be seen from chart 2, trusts' responses this year show that, for each category, more than 67% of trusts report being partially or fully re-open for private patients - up from 65% last time. Access to diagnostic services fares best with 96.4% (was 84%) either fully or partly open to private patients. However, access to inpatient beds remains most restricted, with 32.1% of trusts sharing that their facilities remain closed to insured and self-pay patients while only 17.9% are fully open. Experience varies widely; consider these summaries from managers in different trusts: 'PPU beds were repurposed as part of the Covid response. A new PPU ward will be made available December 2021 with just a small inpatient offering to start. It will likely be closer to February when capacity more fully resumes.' 'The PPU was scheduled to re-open Sept/Oct 2021. However, winter pressures may mean it will not be operational until Spring 2022.' 'Only offering PP theatre procedures at weekends and with limited capacity since Spring 2021.' 'Currently no plans to re-open services and any decision is likely to be months away.' Although many trusts shared that they were expecting increases this year, this needs to be put into context given the significant reductions in income delivered in 2020-21. As can be seen from the chart, over one-third (37.5%) expect out-turn for this year to be a broadly roll-over position, with a further 25% predicting growth of between 10% and 20%, and the most bullish commenting that their trust was 'looking to restore 95% of 2019-20 activity - keeping alignment with NHS restoration targets.' In contrast, 20.9% predict further private patient income reductions of more than 10%, with nearly half of these expecting a 50% or more fall. One manager stated: 'The capacity pressures imposed by the recovery of elective care and the growing waiting lists will have a reducing impact on the growth of private patient activity.' 'The anticipation of a third wave of the pandemic and ensuing winter pressures on capacity will also

CHART 3 "What is your forecast for private patient services revenues for the full financial year 2021/22? (When compared with last year 2020/21)"

Source: Housden Group 3rd NHS PPU Barometer, August 2021

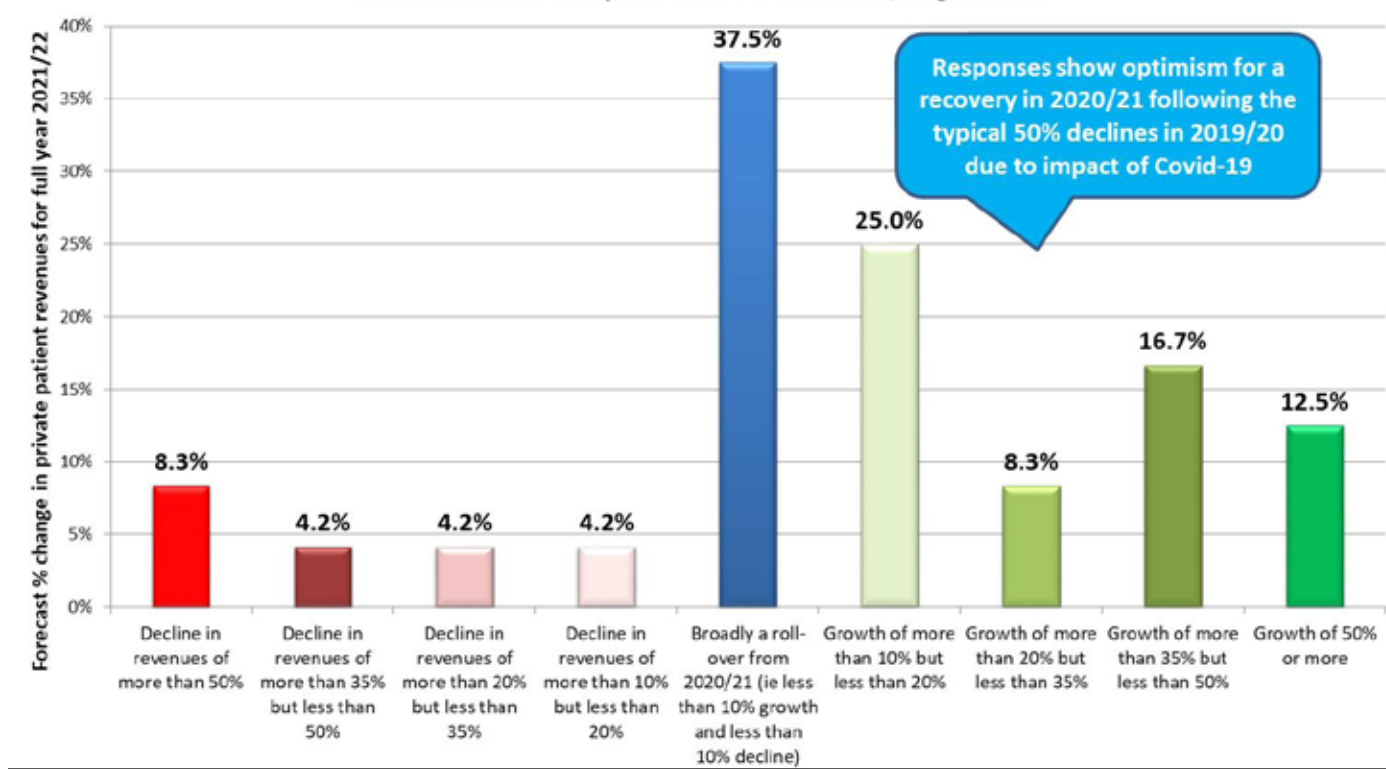
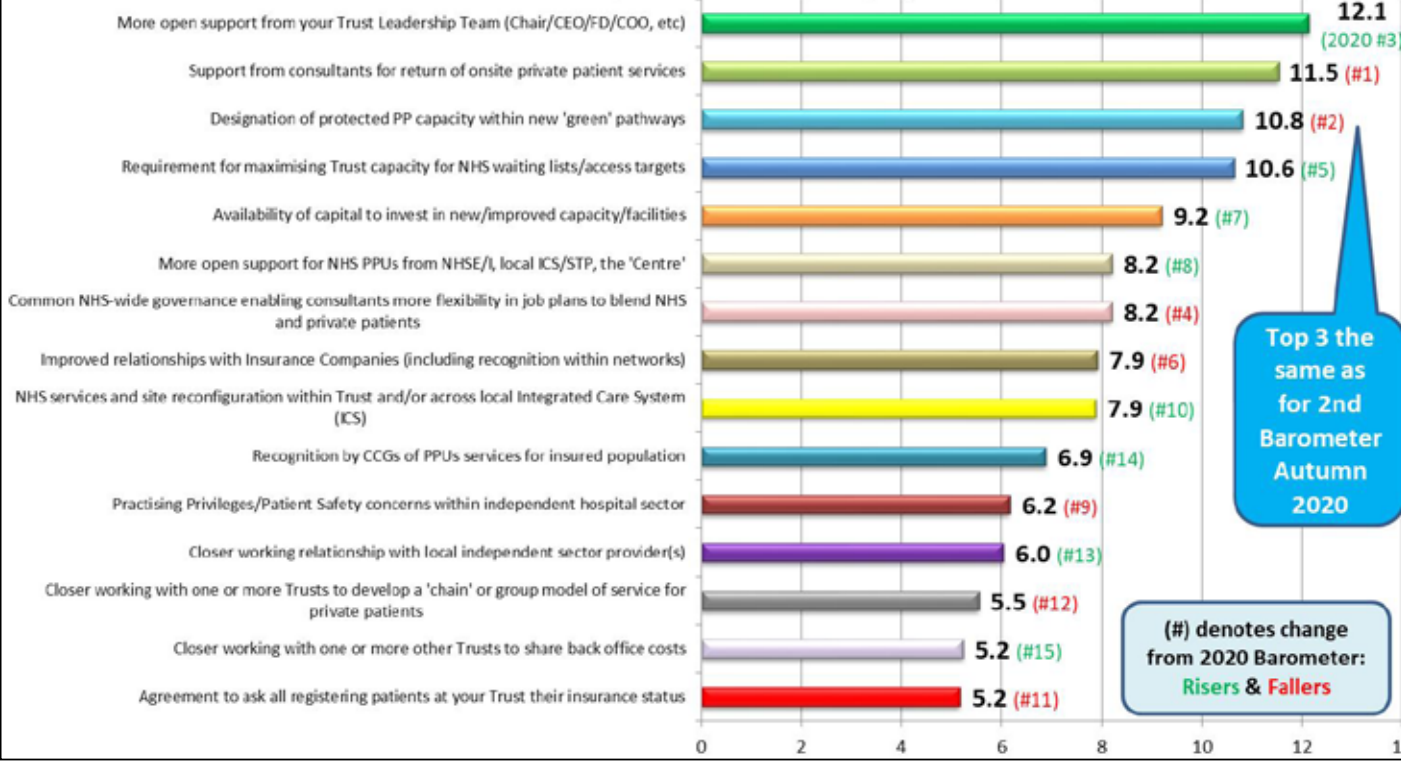


CHART 4 "Please rank the following factors for their impact in 2021/22 in helping to support the growth and/or (re)opening of your Trust's NHS private patient services/units." (Most impact at the top Ranked #1, least impact at the bottom Ranked #15)

Source: Housden Group 3rd NHS PPU Barometer, August 2021



How does your Trust manage private patient complaints? (NB Recommendation 6 from the Paterson Enquiry refers: "We recommend that information about the means to escalate a complaint to an independent body is communicated more effectively in both the NHS and independent sector. We recommend all private patients should have the right to mandatory independent resolution of their complaint.")

Which of the following currently apply to your private patient service?

Source: Housden Group 3rd NHS PPU Barometer, August 2021

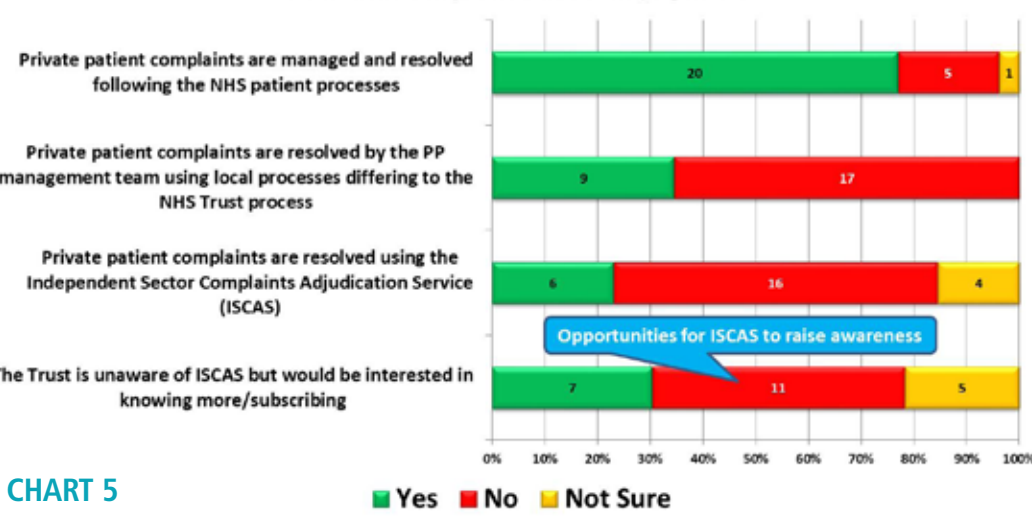


CHART 5

impinge on the rate of recovery or private patient activity.'

35% growth

In London, five of the top ten highest-earning NHS trusts responded to the Barometer – six in 2020. There is a marked spread of forecasts for 2021-22: three of these five predict growth of over 20%, with one of the three suggesting greater than 35% growth.

The other two shared their views that income would fall; in one case by between 10-20% and the other over 50%.

CHART 4

The survey also again asked for a ranking of 15 factors identified as

potentially most likely to help deliver the re-opening of presently closed or restricted NHS private patient services.

Those with the most impact ranked #1, the least impactful ranked #15, with the weighted average scores shown in chart 4.

The three highest average weighted scores for 2021 were the same as last year. The importance of trust executive support has been further emphasised with a rise from third to first, chiming with the similar results consistently reported from consultant user surveys.

Open support from consultants for return of onsite private patient services ranks second, followed by

designation of 'protected green pathways' for private patients. Unsurprisingly, the requirement for maximising trust capacity rose from 5th to 4th place.

Flexible job plans

Noticeable decliners were common NHS-wide governance enabling consultants more flexibility in job plans to blend NHS and private patients – down to 7th from 4th – and reducing concerns over practising privileges/patient safety concerns with the independent sector – down to 11th from 9th.

CHART 5

Private patient service managers in trusts were also asked a set of topi-

cal questions related to the management of patient complaints raised because of the recent highlighting of this in the Paterson Report.

In the first, 20 of 26 trusts answered 'yes' to the statement 'Private patient complaints are managed and resolved following the NHS patient processes'.

The second question asked whether private patient complaints were resolved using alternative processes. Nine trusts, approximately one-third, said they were. As one manager put it: 'We follow NHS PALS complaints process with the right to appeal to ISCAS at stage 3 if unresolved.'

Third, a clear majority of 16 of 26 trusts confirmed that their trust private patient service did not use the Independent Sector Complaints Adjudication Service (ISCAS), but one trust shared that 'the trust is aware of ISCAS and is updating processes to include this as services resume.'

Finally, 20 trusts responded to the question regarding their lack of awareness of ISCAS with 11 (30.4%) saying they would be keen to know more or subscribe to ISCAS in the future.

■ Next month: We return to our regional reviews to consider developments in the North-west.

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



SUMMARY

This third Barometer survey has continued to build on the support of NHS trusts' private patient services, as they are keen to share and then learn how their own service compares with the market.

In these challenging times, the responding trusts remain positive that there will be an increasing trend to re-instate private patient services within NHS trusts – albeit with recognition of the over-arching need to support the wider NHS core priorities to tackle growing waiting lists and times and in the context of the coming winter and potential future waves of the pandemic.

The NHS PPU management community has shared how they are working hard to

re-instate services, but are realistic as to the extent and speed of recovery.

But it is clear that the lasting impact of Covid for NHS trusts has been the dramatic loss of private patient income in 2020-21 and into 2021-22.

This needs to be set alongside the significant positive contribution that PPU capacity, both beds and workforce, has made throughout the pandemic period to the wider NHS effort.

Not all trusts have yet published 2020-21 annual accounts, but, from those that have at the time of writing, we estimate the total NHS private patient revenues for 2020-21 will be in the range £325m to £350m.

This is a year-on-year drop of approximately 50% and a fall of around £25-30m a month private patient income since April 2020 to the NHS in England.

A further fall may well be reported in due course for the present financial year, but that will not become clear until 2021-22 accounts are published in autumn next year.

This multi-year impact should be seen in the context of the average annual growth of private patient revenues for the six-year period 2013-19 for all NHS trusts in England being 5.8%.

Housden Group plans to continue the annual survey to help trusts build a picture of the sector's emerging key trends.