

The 'patchwork privatisation' of our health service: a users' guide

A report by Keep Our NHS Public

Executive summary

- The government is carrying out the 'patchwork privatisation' of the NHS. For the first time, this report presents a comprehensive picture of the many kinds of privatisation occurring in the health service. It provides indisputable evidence that a process of privatisation is in train.
- This is happening on such a scale and in so coordinated a way as to make it a unique phenomenon – the 'patchwork privatisation' of a major public concern.
- Unlike the Thatcher privatisations of the 1980s, the entire NHS is not being put up for auction – but historically this is only one manifestation of privatisation. The deregulation of state monopolies, the outsourcing of state responsibilities and the cessation of services are the forms of privatisation we see in the NHS today.
- The government is transforming the NHS from a comprehensive, equitable provider of healthcare into a tax-funded insurer, paying for care provided by others. What emerges will still be called the NHS, but it will take the form of a kite-mark attached to selected services.
- The government argues that while the health service remains free at the point of need, funded from taxation, it is still public. However, access does not determine whether a service is public. ITV is free for all to watch, but is clearly different from the BBC. Neither does public funding automatically translate into public service status. There are examples of private ventures that are publicly funded.
- The 'patchwork privatisation' of the NHS is deeply worrying because privatised healthcare tends to cost more; accountability suffers; the fog of 'commercial confidentiality' makes scrutinising public spending impossible; the profit motive encourages 'cherry-picking' of the lucrative work, ultimately leading to NHS services being cut.
- The report presents an anatomy of NHS privatisation:

Creating a market

- 'Patchwork privatisation' is only possible because of the creation of a market. This process began with the purchaser/provider split introduced by the Conservatives, but has been greatly accelerated under Labour with the introduction of 'choose and book' and a new financial system – 'payment by results'. The latter has been rolled out faster and further than in any comparable country, creating powerful incentives that will have unpredictable consequences.

Privatisation in primary care

- **Privatising GP services** - Huge multinational corporations are taking over GP surgeries. This process will have profound implications. There are already examples of continuity of care suffering where companies are unable to retain doctors.
- **Privatising the commissioning function of Primary Care Trusts** – Takes privatisation into the heart of the NHS by giving the private sector a role in the decisions on what care patients can receive, determining to some extent how the NHS budget should be spent.
- **Practice-based commissioning** – Transfers the buying power for purchasing many treatments from a public body with responsibility for the whole local population to practices accountable only for their registered patients. Increasingly these will be run by corporations that could dominate the market in any region and gain huge power over what kind of care patients receive and who provides it.
- **Outsourcing PCT care** – The government wishes to see PCTs stop providing health care directly, instead contracting the private sector and social enterprises to provide services. This will increase administration costs and reduce flexibility.
- **Unbundling of primary care services** – Primary care services are being broken up into saleable commodities in a process known as unbundling. The most high profile instance is out-of-hours GP care, where the private sector has performed poorly.

Privatisation in secondary care

- **Independent Sector Treatment Centres (ISTCs)** – ISTCs (private sector clinics usually specialising in straightforward procedures like cataract surgery) have not provided value for money, have made only a very modest contribution to cutting waiting lists and in many areas have seriously destabilised NHS hospitals causing service closures.
- **Privately run NHS hospitals** – The fullest extension of the ISTC policy is the handing over of an entire hospital to the private sector as has happened at the Lymington New Forest Hospital. This is the first time a whole NHS hospital, including urgent care, is to be run by a private company, meaning local patients will have little choice but to use the private facility.
- **Off-shoring medical secretaries** – NHS trusts are cutting trained medical secretaries in favour of cheaper services abroad, raising fears for safety.

- **Private ambulance services** – Non-emergency ambulance services are being put out to tender. There are examples of serious problems where contracts have been awarded to the private sector.

Privatisation in diagnostics:

- **ICATS and CATS** – Diagnostic and treatment centres that raise the prospect of conflicts of interest because of their ability to refer patients on for further care. One company, Netcare UK, has contracts for an ICATS and an ISTC in Manchester meaning it could refer patients to its own facilities.
- **Privatisation of pathology services** – The government has signed large contracts with private sector companies for pathology and diagnostic tests, despite warnings of the dangers involved in fragmenting pathology services through privatisation

Privatisation of NHS facilities:

- **PFI** – A vastly expensive way of building hospitals that is taking money away from frontline care. PFI has a direct effect on patient services, as the fixed costs are borne by the local NHS trust and have first call on the available money.
- **LIFT** – Often referred to as the primary care version of PFI, LIFT projects are costing up to eight times more than traditional ways of building.
- **Subsidising private sector infrastructure** – Department of Health guidance advises that the NHS could pay a “supplement... to cover the set-up or development costs faced by a new provider,” to “reduce the capital investment required” – i.e., supply the buildings.

Privatisation in NHS supplies:

- **Privatisation of NHS Logistics** – The government outsourced NHS supplies to delivery firm DHL and its sub-contractor Novation, which will control over £4 billion of NHS money. Novation is being investigated in the US over bribery and defrauding American public health schemes.
- **Privatisation of oxygen supplies** – The service supplying oxygen to patients with breathing difficulties was privatised in February 2006, resulting in chaos. One woman, Alice Broderick, died while waiting for an emergency delivery of oxygen that took nine hours to arrive.