

# New models of care: relationship with the private sector

## Discussion document

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The NHS is a much-loved institution and the public rightly feel strongly about ensuring that healthcare in the UK remains free at the point of access for all.

It should therefore not be surprising that the annual British Social Attitudes survey reveals that one of the top reasons people give for dissatisfaction with the NHS is government reforms and linked to this the fear that the NHS is becoming increasingly open to privatisation.<sup>1</sup>

The strength of this feeling arguably reached its apex with campaigners around the country marching to 'save our NHS', and a set of legal challenges to accountable care organisations launched against Jeremy Hunt and NHS England earlier this year.<sup>2,3</sup> Since the judicial review was launched, NHS England has announced that it will no longer be using the term 'accountable care systems', which has strong connotations with the privatised American model of healthcare, replacing this with Integrated Care Systems (ICS) and Integrated Care Organisations (ICO).

Despite these challenges, a mixed market has operated in the NHS, to varying degrees, since the early 1990s and the introduction of the purchaser-provider split. In this time, independent providers have made a marked and significant contribution to the provision of care. It should also be noted that most of primary care is provided by small business run and owned by GPs and dentists, or in the case of community pharmacy by large companies such as Boots and Lloyds.

The types of services provided by private organisations has ranged from the large multi-million pound contracts to organisations such as Virgin Care to directly deliver health care services, to the provision of medicines, machinery and IT services. Where managed effectively, NHS-private sector partnerships have greatly improved quality of care and efficiency. A good example of this is in the West Midlands where Good Hope Hospital has been working with Healthcare at Home to offer patients support to recover at home, where clinically appropriate. Between 2012-2015 this helped the organisation reduce the length of stay for medical patients from 10.8 to 8.6 days, reduce cancelled elective operations by 43%, and release £1.2m of savings.<sup>4</sup>

In 2016-17 the private sector won £3.1bn of the £7.2bn of contracts tendered by the NHS for services.

Given this context, what does an effective future relationship between private sector organisations and the NHS, especially with regards to the development of new models of care?

1. The Nuffield Trust and The King's Fund, Public satisfaction with the NHS and social care in 2017: Results and trends from the British Social Attitudes survey

2. The Guardian, NHS protest: thousands march to demand more cash for NHS

3. The Guardian, NHS England faces first legal challenge to plans for health shake-up

4. NHS Confederation, Healthcare at Home Recovery at Home Service at Good Hope Hospital

Although recent and significant procurements in Manchester and Dudley may be awarded to consortiums of existing NHS organisations, the initial ACO Contract Service Conditions launched by NHS England does not rule out such contracts being awarded to private sector organisations.<sup>5</sup> However, despite the awarding of substantial contracts to private providers, such as £700m contract awarded to Virgin Care for the provision of NHS and social care services in Bath and North Somerset, it seems more likely that, in the current political environment, private providers will sub-contract to new models of care.<sup>6</sup>

Nevertheless, one thing does seem certain, that the private sector will continue to have a relationship with the NHS and therefore new models of care in the future. NHS organisations then, need to be in a position to derive maximum benefit from these partnerships.

### **Key questions for organisations to consider**

- o What are the areas of new models of care that might require private sector support?
- o What are the benefits of private sector involvement in the development of new models of care, and how can NHS Boards ensure that these are realised?
- o How can the public be appropriately and effectively engaged in this area?
- o What has been the groups experience of working with private sector providers in the past?

5. NHS England, Accountable Care Organisation (ACO) Contract Service Conditions

6. The Guardian, Virgin Care wins £700m contract to run 200 NHS and social care services