The dismantling of our NHS and why we need an NHS bill to reinstate it

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Director, Institute of Health and Society
Newcastle University

Newcastle University
Institute of Health & Society

This talk will

- Tell you what is happening to our NHS: how it is being dismantled to make way for structures based on US health care providers ACOs
- Show high cost and unfairness of market driven US health care
- Show how the NHS is being remodelled along the lines of the US
- Call for the NHS Reinstatement Bill to stop americanisation of the NHS

A Radical Plan: the welfare state

‘The abolition of want before the war was easily within the economic resources of the community: want was a needless scandal due to not taking the trouble to prevent it.’

Beveridge, 1942

TACKLING THE FIRST GIANT

"WANT is only one of the five giants on the road of reconstruction." — The Beveridge Report.

The NHS

- "What it [the community] can and must do is to set aside an agreed proportion of the national revenues for the creation and maintenance of the service it has pledged itself to provide."

Bevan A (1976)

In place of fear.

Four Pillars of the NHS

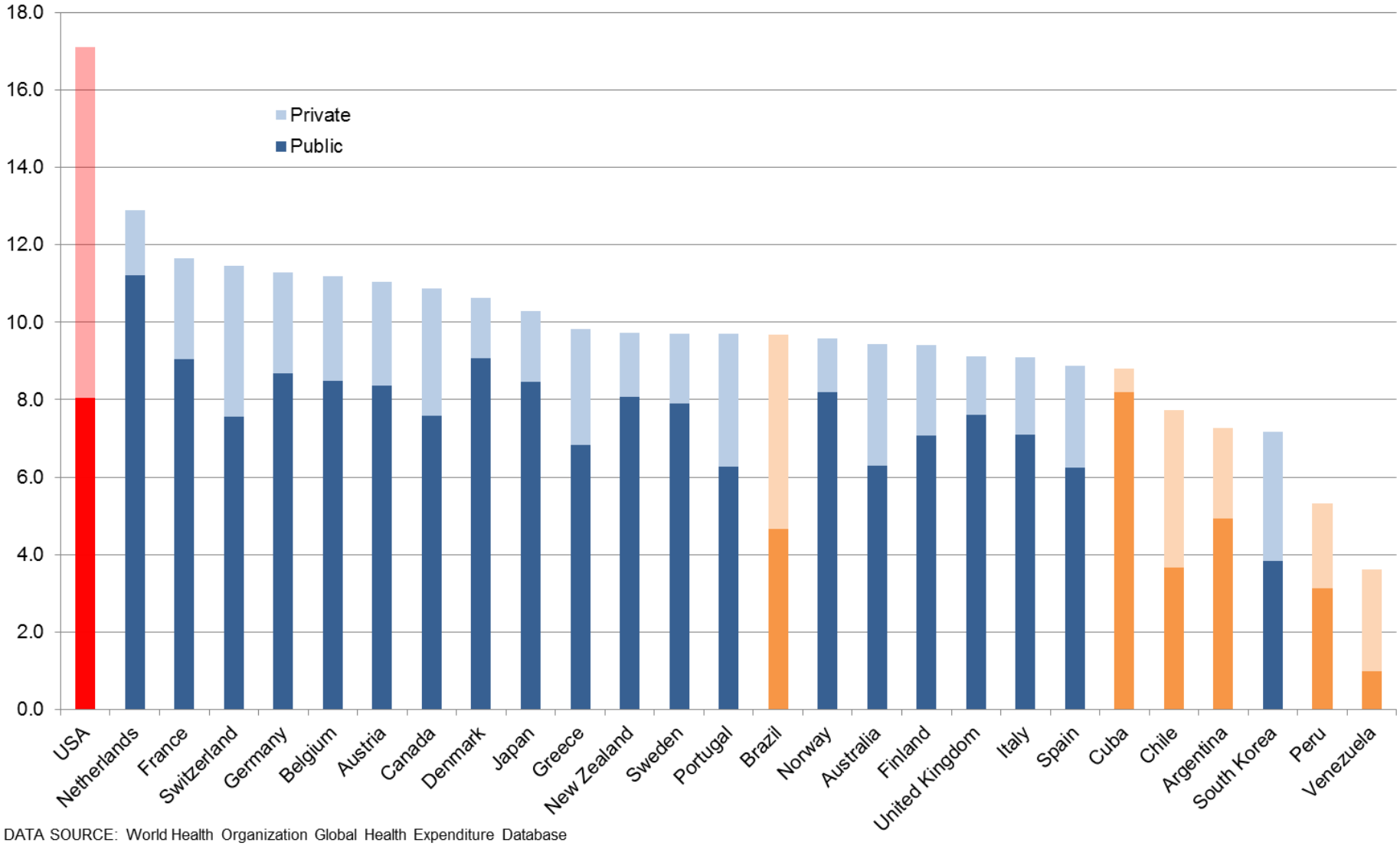
- Public funding
- Public ownership
- Public accountability
- Public provision
- Equal access for equal need, universal, comprehensive care, free at point of delivery
- Model maker for the world: efficient, low cost and fair

Contrast with US health care - the odd one out

- **costly**
- denial of care
- wasteful
- inefficient - maldistribution
- overtreatment
- undertreatment
- fraud

Health Expenditure 2013 for Selected OECD Countries plus Argentina, Brazil, Cuba, Peru and Venezuela

Total Health Expenditure as a Percentage of Gross Domestic Product (Public and Private) by Country

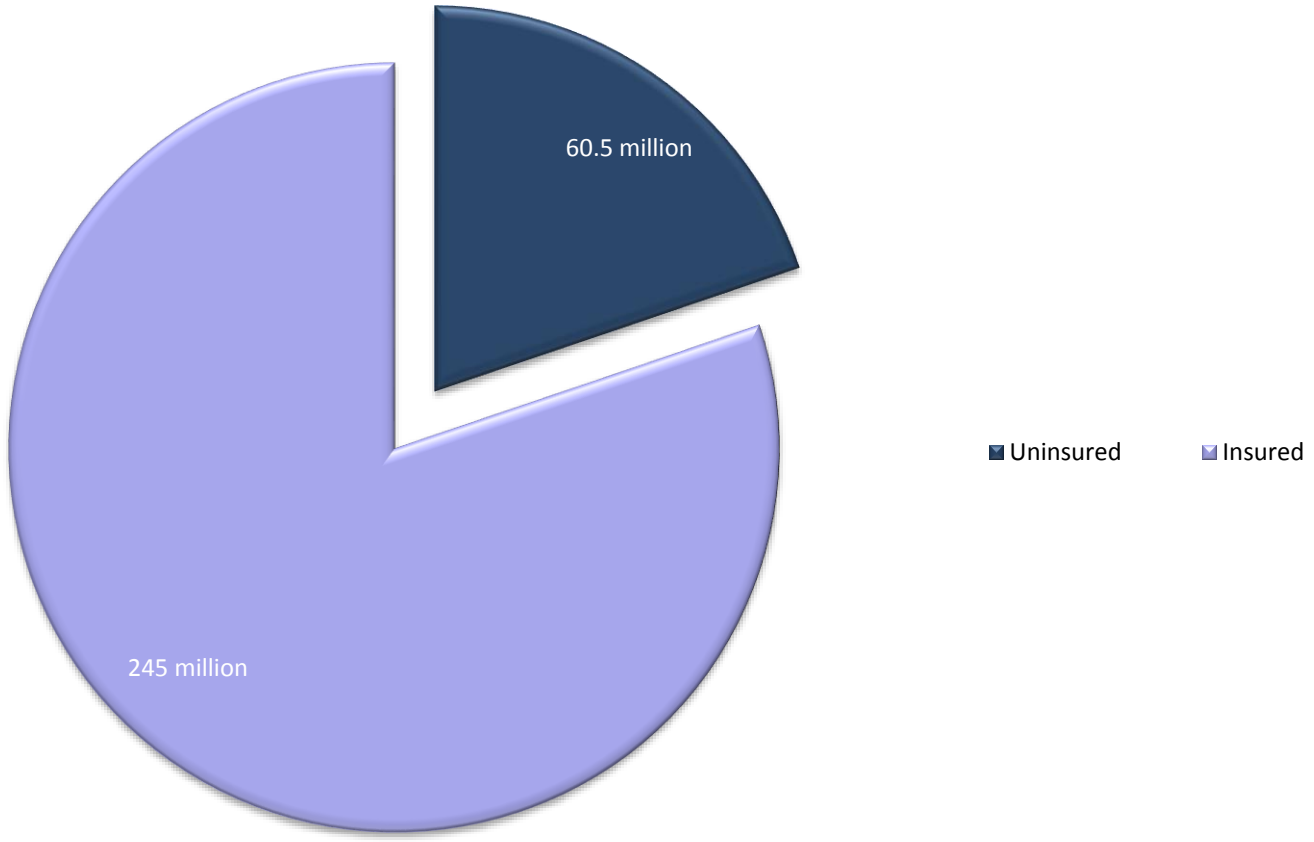


DATA SOURCE: World Health Organization Global Health Expenditure Database

Market failure and US health care

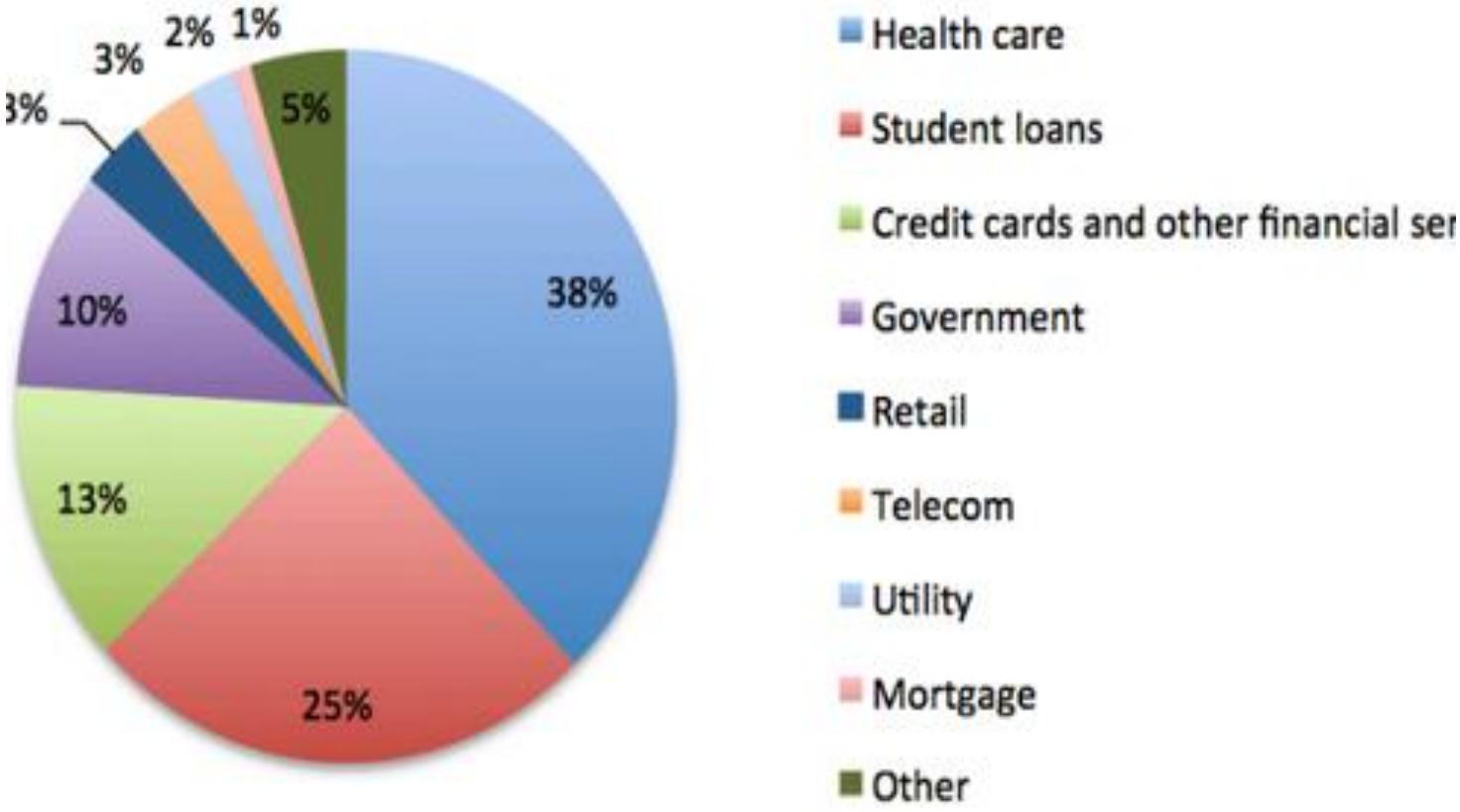
- costly
- **denial of care**
- wasteful
- inefficient - maldistribution
- overtreatment
- undertreatment
- fraud

US health insurance coverage : denial



Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, January—March 2011 *by Robin A. Cohen, Ph.D., and Michael E. Martinez, M.P.H., M.H.S.A., Division of Health Interview Statistics, National Center for Health Statistics*
http://www.cdc.gov/nchs/data/nhis/health_insurance/NCHS_CPS_Comparison092015.pdf

US (health care) bankruptcies



Source: NERDWALLET 2014

[2] David U. Himmelstein, Deborah Thorne, Elizabeth Warren, and Steffie Woolhandler, "Medical Bankruptcy in the United States, 2007: Results of a National Study," American Journal of Medicine 122, no. 8 (2009): 741–746, up to 56%

Market failure and US health care

- costly
- denial of care
- **wasteful**
- **inefficient - maldistribution**
- **overtreatment**
- **undertreatment**
- fraud

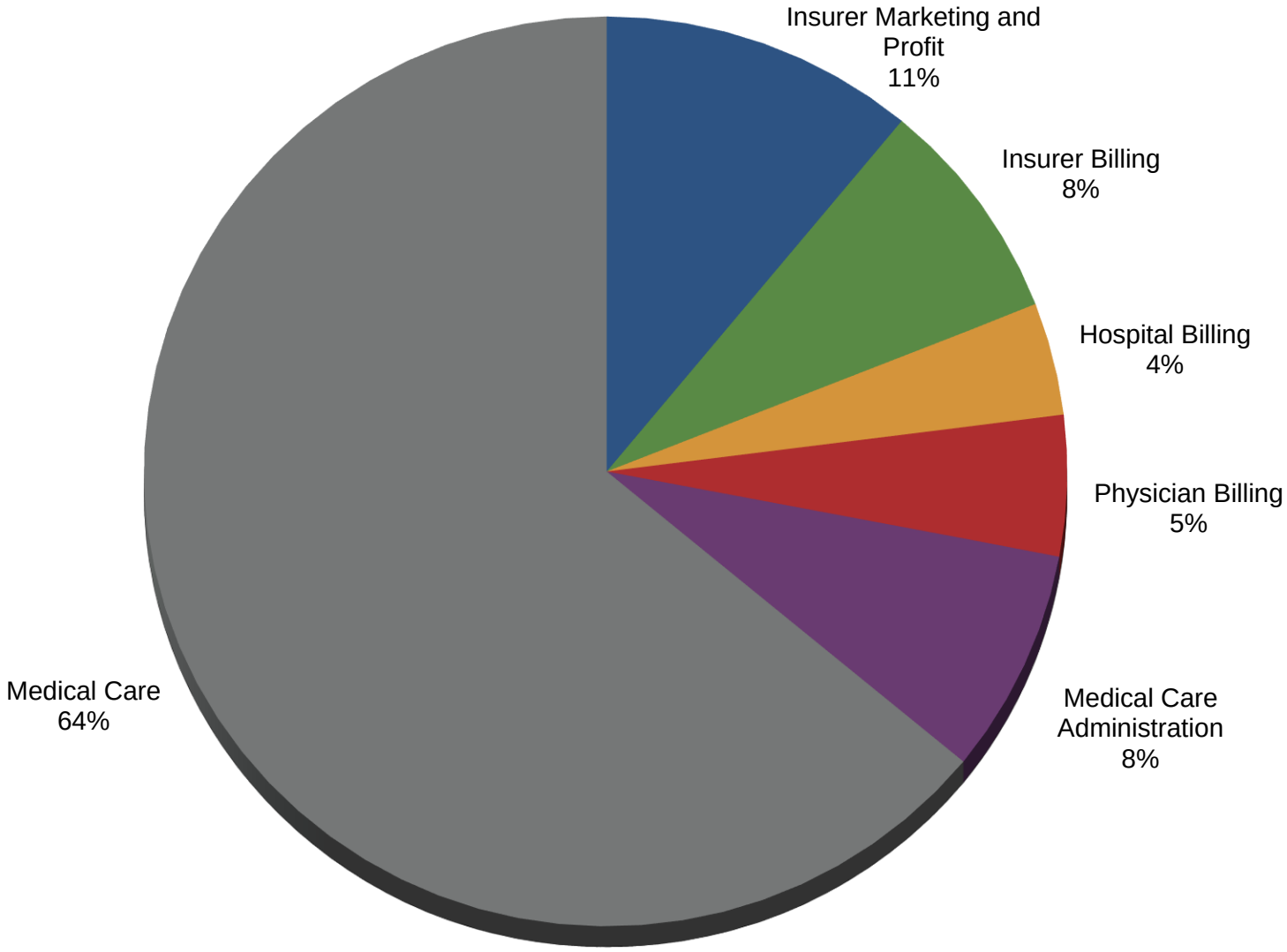
Estimated sources of excess costs in US market system of health care 2009

(Total spending at 2009: $2.9 trillion on health care)

Unnecessary services	$210 billion
Inefficiently delivered services	$130 billion
Excess administrative costs	$190 billion
Prices that are too high	$105 billion
Missed prevention opportunity	$155 billion
Total	**$790 billion**

(US Institute of Medicine report, 2012)

Allocation of spending for hospital and physician care paid through private insurers



Source: James G. Kahn et al, The Cost of Health Insurance Administration in California: Estimates for Insurers, Physicians, and Hospitals, Health Affairs, 2005

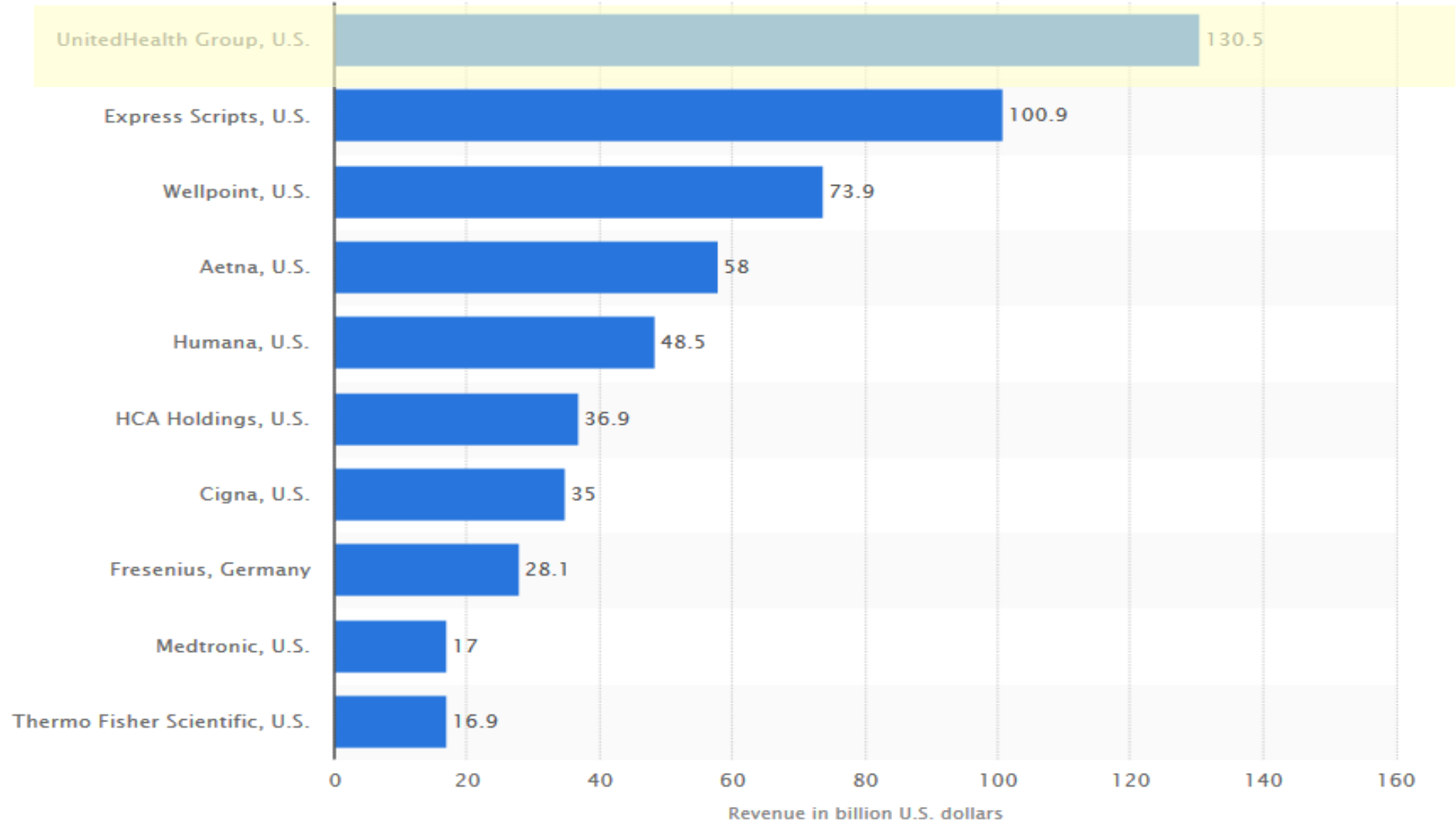
Market failure and US health care

- costly
- denial of care
- wasteful
- inefficient - maldistribution
- overtreatment
- undertreatment
- **fraud**

Health care fraud in the US: $100 billion a year

http://www.justice.gov/criminal-fraud/health-care-fraud-unit

2015 ranking of the global top 10 health care equipment and services companies based on revenue (in billion U.S. dollars)



Additional Information:

Worldwide

Sources:

Thomson Reuters; Various sources (company data)

US health care

- Large For profit provider corporations
- Pubic and private payers/ private health insurance
- User charges: copayments and deductables
- Known as **Accountable Care Organisations (ACOs)**

- Across the world, countries are realising that a free market in healthcare, with people buying and selling medical services like other commodities, will never result in UHC. In such a system, only the rich will receive adequate coverage and the poor and vulnerable will be excluded.

- …… Margaret Chan Director General of WHO

WHO and the World Bank Group: joint statement 2015

- **Universal health care** "is a critical component of the new Sustainable Development Goals (SDGs)"
- Target 3.8 "Achieve […] **access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all".**

https://sustainabledevelopment.un.org/?menu=1300

Who is in charge of our NHS?

Simon Stevens

Former policy adviser to Secs of State for health and Tony Blair 1997- 2006

2004 – 2013 **President of UnitedHealth Group and Global Health division**
2013- chief executive NHS England

‘The Great Risk Shift’

- State uses markets to shift risk and costs and responsibility from population to individuals:
- Markets operate through risk selection NOT inclusion- new charging Regs
- Business structures require risk selection: and overthrow risk pooling, universality, equity

Hacker, Jacob S. 2008. *The Great Risk Shift, Revised and Expanded Edition (New York:Oxford University Press).*

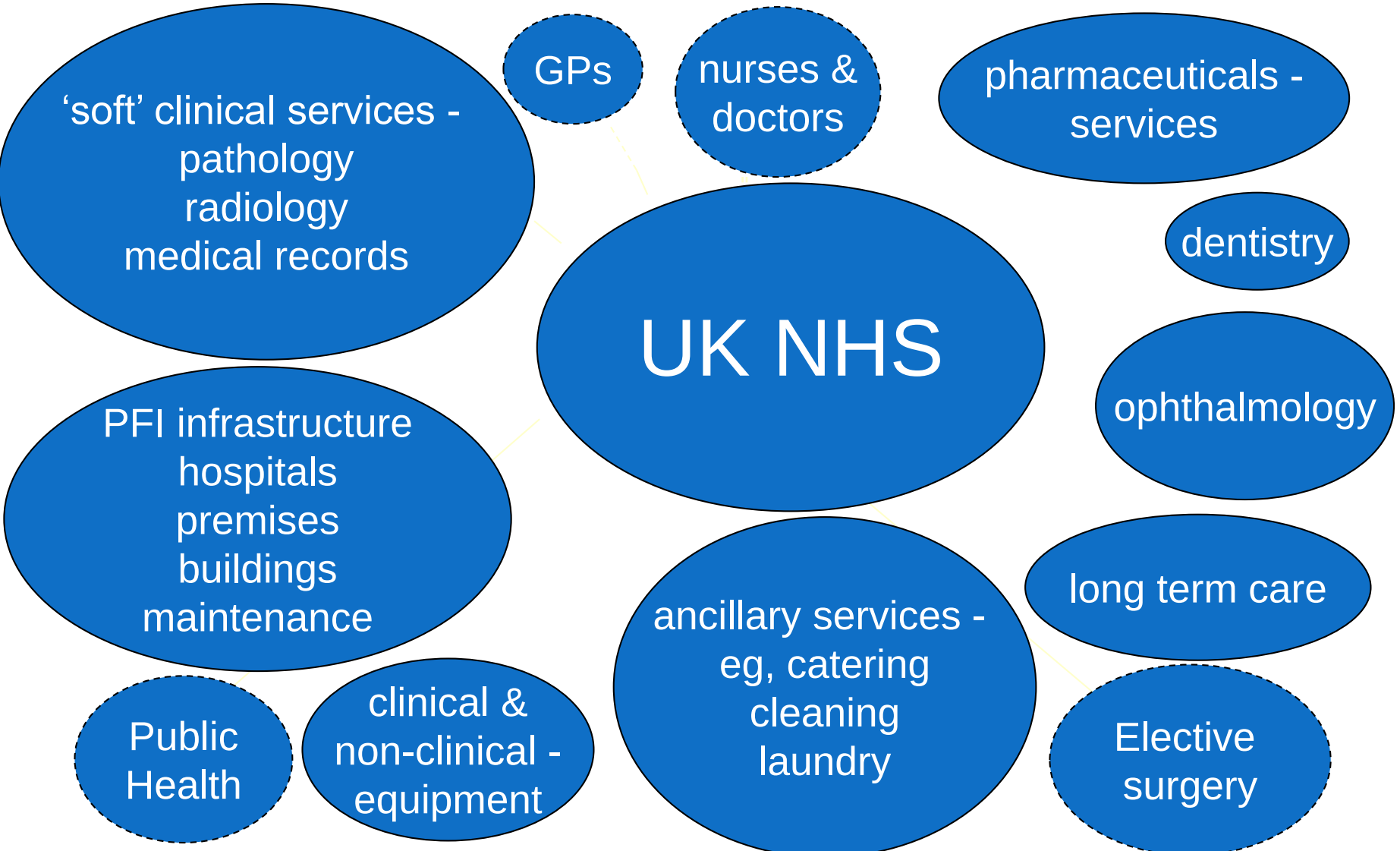
The Great Risk Shift within the NHS

- Market cannot enter NHS unless property and services are unbundled and priced
- Required (lots of) legislation to undo the 1946 Act

Key moments in Privatisation of NHS

- Phase 1 : Griffiths reforms – 1980s' general management reforms, early outsourcing
- Phase 2 : NHS and Community Care Act 1990 : internal market and PFI Act 1997
- Phase 3 : NHS Plan 2000, ISTCs
- Phase 4 : Health and Social Care (Community Standards Act) 2003 (establish Foundation Trusts and in general practice APMS contracts)
- Phase 5 : HSCAct 2012, Cities and Local Government Devolution Act 2016
- Five year forward View, STPs, ACOs, ACS

Unbundling of services disaggregating the risk pool

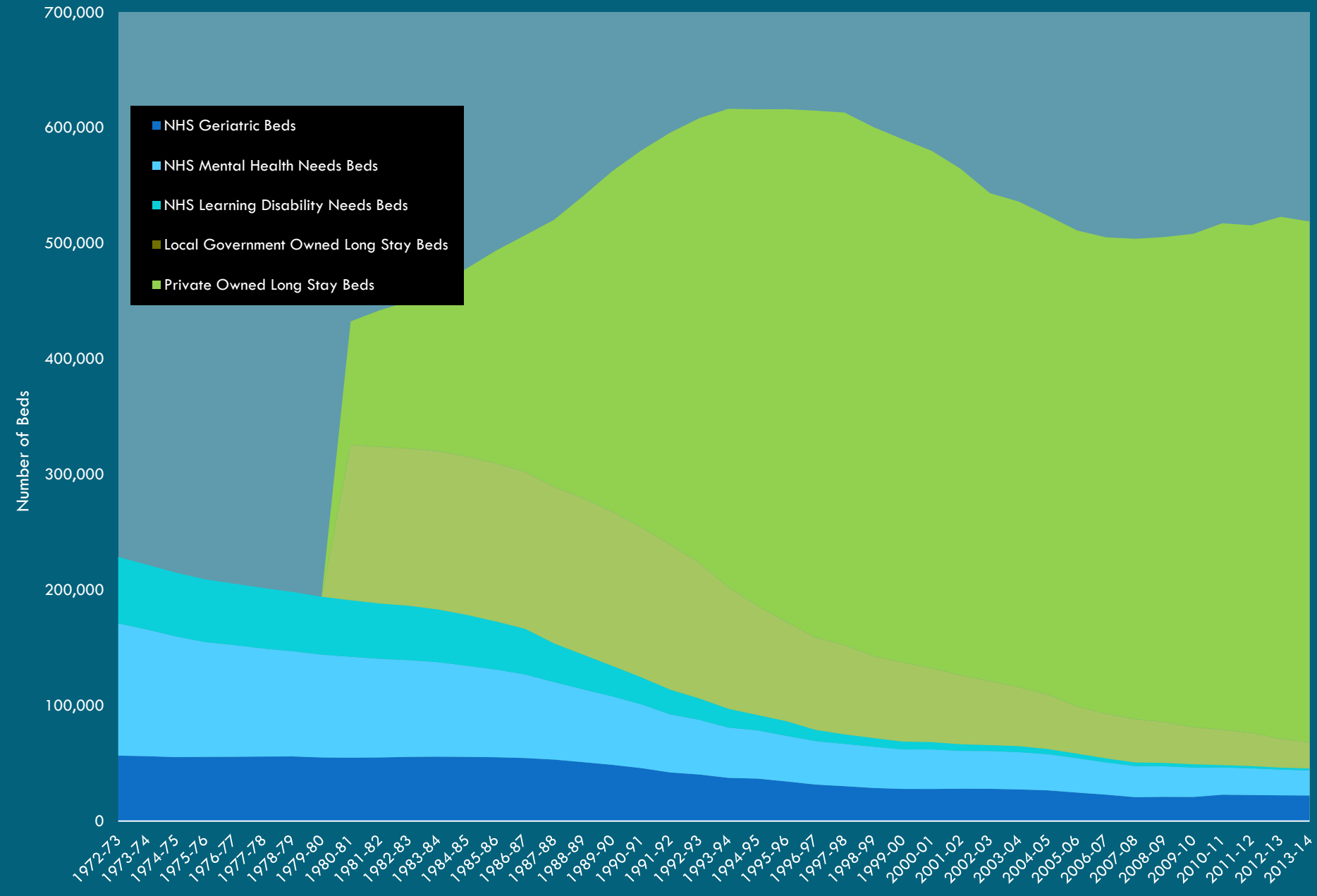


Long Term Care
From Public Health needs to Market

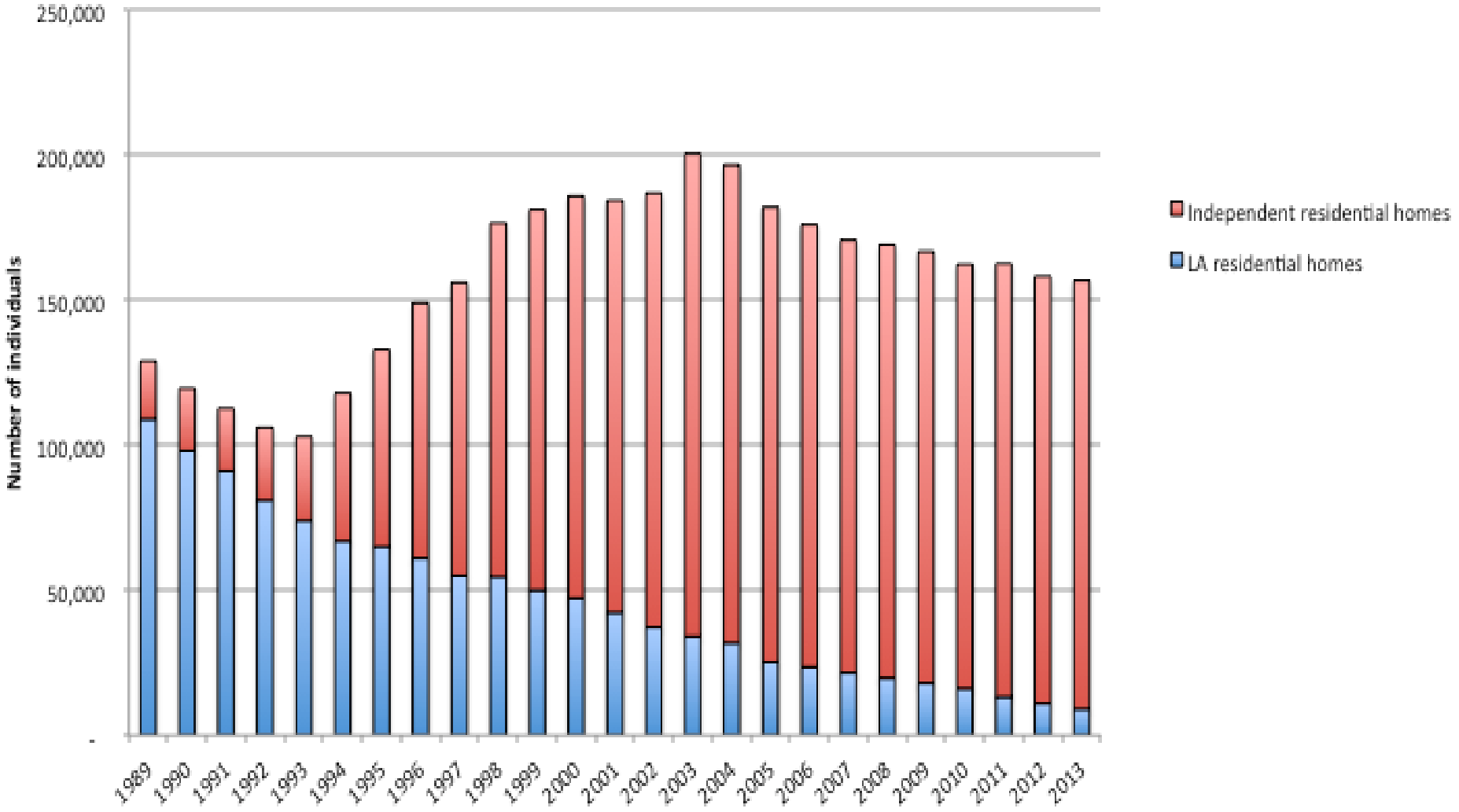
Long term care: dismantling all four pillars- the NHS and Community Care Act 1990

- Public ownership and control
- Public Provision
- Public funding - Means tested and charged care
- Public Accountability
- Transferred most long term care to local authorities

Average daily number of NHS geriatric, mental health needs and learning disability needs, beds and number of available long stay beds by provider, 01 April 1972 to 31 March 2014



Local authority supported adults in residential care, by provider type, 1989-2013



Notes:

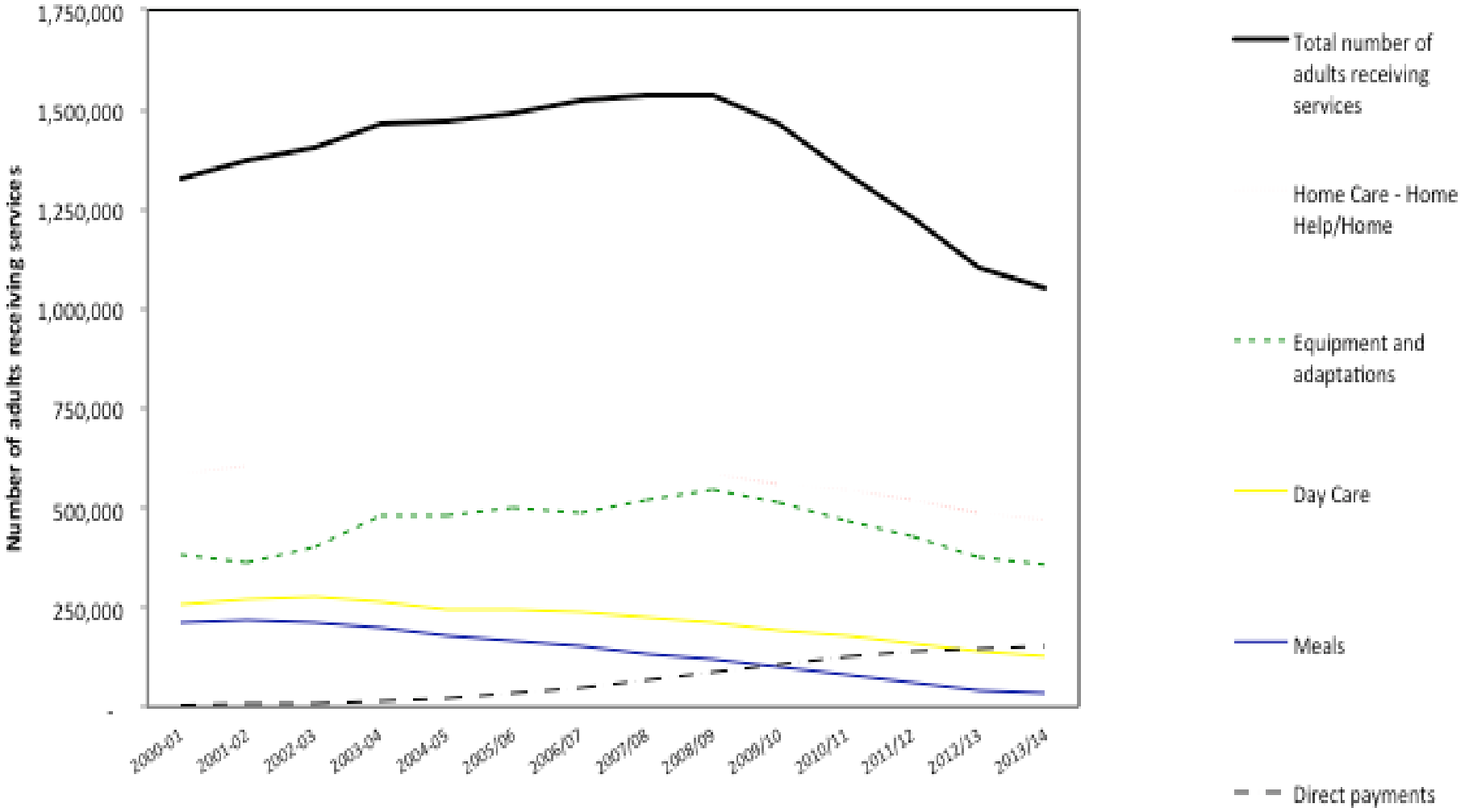
From 2003 data includes clients formely in receipt of preserved rights

From 2004 data includes former Boyd Loophole residents

In 2012, 1,840 Learning Disabilities service users were recorded as permanent admissions as a result of funding being transferred from NHS to council. Previously they would not have been included.

Data source: PSS, SR1 and S1 returns

Number of adults receiving social care services in England, by type of service, 2000-01 to 2013-14



Notes and data sources:
Health and Social Care Information Centre
Total number of adults receiving services = the number of clients receiving one or more services at some point during the year excluding double counting.
Direct payments have been expanded from Direct payments to Existing / New Direct payments and Personal Budgets in 2009-10
Services not shown: respite, transport, professional support and non-classified 'other' services.

The Total UK Private Healthcare Market by Sector by Value - 2009

Sector	Value (£bn)
Long-term care	13.15
Acute care *	6.85
Psychiatric care *	4.52
Private medical insurance *	3.78
Primary care *	0.69
Total	**£28.99bn**

* - key note estimates

Source - Market Report 2010 Private Healthcare ed. Sarah Walker (from Laing's Healthcare Market Review)

Top ten UK independent sector registered care home operators (by no. beds) 31 March 2008

Source: Laing & Buisson

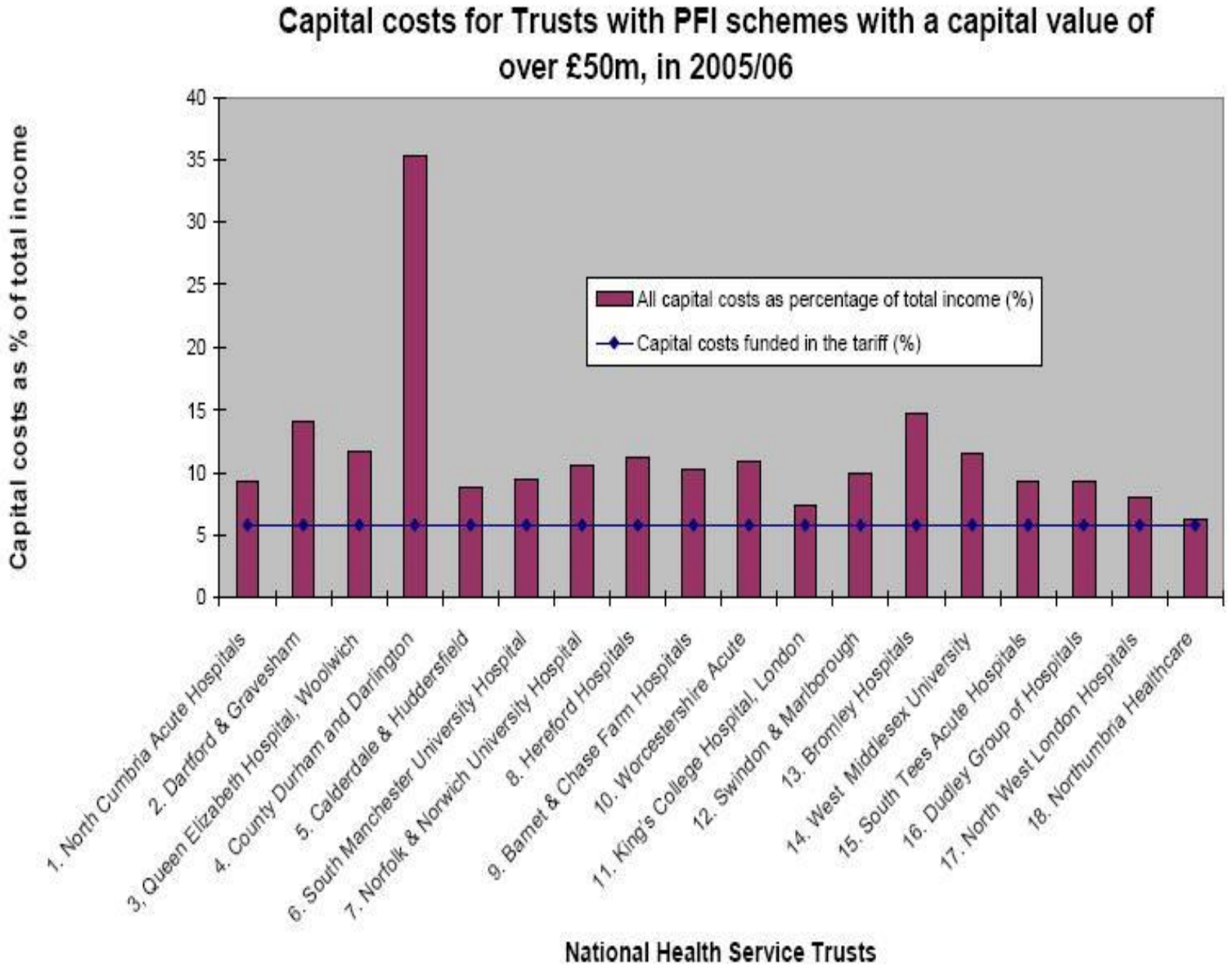
	Care Homes	Beds	Revenue £m	PBT £m	Total Net Assets £m
Southern Cross Healthcare Group Ltd	723	37,672	731.9	3	145
BUPA Care Homes (CFG) plc	302	21,360	471.5	55.7	459
Four Seasons Health Care Ltd	333	16,974	368.8	9	295.7
Barchester Healthcare Ltd	170	10,961	327.9	384	148.7
Craegmoor Ltd	222	4,512	164.1	-24.2	-21.2
Anchor Trust (not-for-profit)	101	4,392	247.4	11.8	233.6
European Care Group	89	3,675	NA	NA	NA
Care UK plc	80	3,370	275.7	14.5	107.6
Orders of St John Care Trust (not-for-profit)	74	3,251	73.9	3.8	9.9
Goring Homes Ltd	95	3,207	40	5.8	35

The NHS and Community Care Act 1990: capital charges and PFI

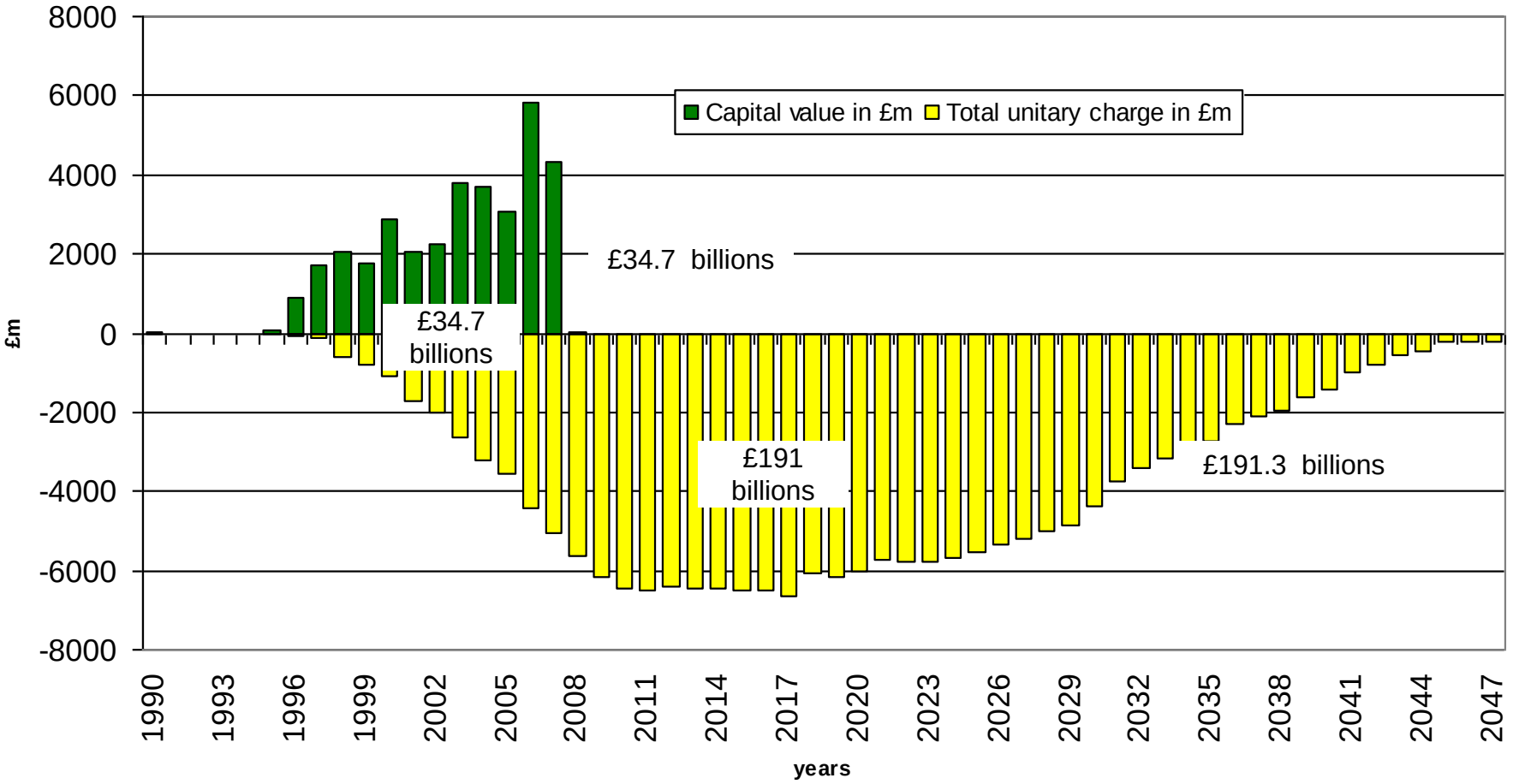
- **Public ownership and control**
- **Public Provision**
- Public funding – diverted out of NHS
- Public Accountability

Capital programmes in the NHS: switch to PFI

- PFI - private sector finances, designs, builds and operates NHS hospitals and services in return for a thirty year contract
- Builders, bankers, service operators and equity investors


Capital costs for Trusts with PFI schemes with a capital value of over £50m, in 2005/06
Capital costs as % of total income
40
35
30
25
20
15
10
5
0
All capital costs as percentage of total income (%)
Capital costs funded in the tariff (%)
1. North Cumbria Acute Hospitals
2. Dartford & Gravesham
3. Queen Elizabeth Hospital, Woolwich
4. County Durham and Darlington
5. Calderdale & Huddersfield
6. South Manchester University Hospital
7. Norfolk & Norwich University Hospital
8. Hereford Hospitals
9. Barnet & Chase Farm Hospitals
10. Worcestershire Acute
11. King's College Hospital, London
12. Swindon & Marlborough
13. Bromley Hospitals
14. West Middlesex University
15. South Tees Acute Hospitals
16. Dudley Group of Hospitals
17. North West London Hospitals
18. Northumbria Healthcare
National Health Service Trusts

Capital value and unitary payments for signed PFI projects in Northern Ireland, England and Wales (1990-2008; n=500)



NHS hospitals

- **159 PFI hospitals**
- Capital value - £13.6 billion (2009-10)
- Aggregate of all PFI availability payments - £42.8 billion (2009-10)
- Service charges - £30.7 billion (2009-10)

Changes in bed numbers at NHS trusts under PFI development

Values are average numbers of beds available daily (all specialties)

Trust	1995-96	1996-97	Planned
Bromley Hospitals	610	625	507
Calderdale Healthcare	797	772	553
Dartford & Gravesham	524	506	400
North Durham Acute Hospitals	665	597	454
Norfolk & Norwich	1,120	1,008	809
South Manchester	1,342	1,238	736
Worcester Royal Infirmary	697	699	390
South Buckinghamshire	745	732	535
Hereford Hospitals	397	384	250
Carlisle	506	507	465
Greenwich	660	566	484
Total	**8,063**	**7,634**	**5,583**
Percentage change from 1995-96		**(-5.2)**	**(-30.8)**

Staff Reductions

‘Unattractive economics’

“An incremental investment of £200m might require productivity improvements leading to perhaps 1,000 job losses which might be significantly greater than 25% of the workforce … [This] is probably only achievable by reducing the numbers of doctors and nurses … in the local health care market.”

PFI Futures
March 1998
Newchurch & Co

Projected dividends on three PFI projects

	Equity input (£m)	Projected dividends (£m)
New Royal Infirmary Edinburgh	0.5	167.9
Hairmyres Hospital	0.0001	89.14
Hereford Hospital	0.001	55.67

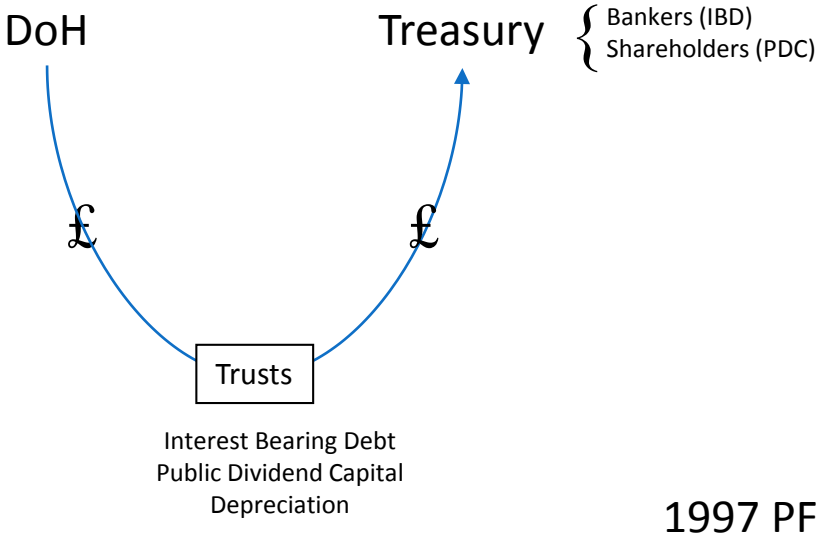
PPPs/Project finance initiatives

Pillar 1 Disposal of NHS Estates and Property

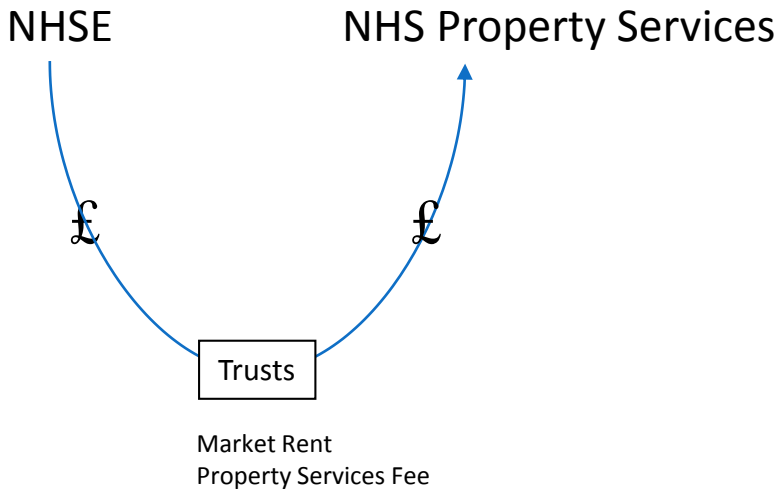
- NHS Estates now two DoH owned companies;
  - NHS Property Services: (3,400 NHS properties) –2012 transfer of PCTs and Trusts properties. NHS Property Services now charge market rents – ending internal market for property PLUS Property management services charge
  - Community Health Partnerships 49 LIFT companies and 1400 tenants including GP practices, Local Authority services, libraries, pharmacies, fitness centres and a wide range of community and social care providers
- New market rents squeeze NHS budgets further forcing sale and closure – see Naylor Review

Privatisation of NHS Properties

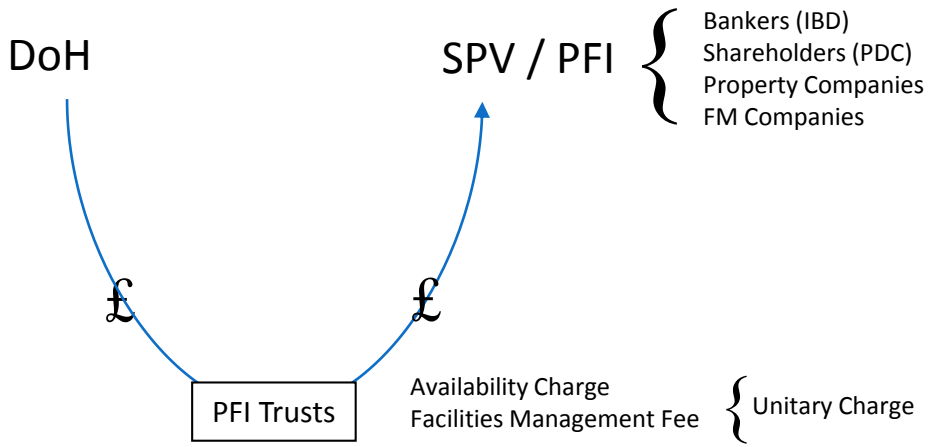
Post 1990



2012



1997 PFI



Pillar 2: Dismantling Public Provision

- Outsourcing surgery and elective care – ISTC contracts - £4 billion
- Outsourcing radiology, pathology, haematology
- Outsourcing physio etc
- General Practice : APMS : Virgin, UnitedHealth

Phase 1 and 2 ISTC providers in England - surgery, investigations etc

- Alliance Medical
- Atos Healthcare
- Care UK
- Fresenius Medical Care (UK) Limited
- Inhealth
- Interhealth Care Services (UK) Limited
- Nations Healthcare Limited
- Netcare UK Limited
- Partnership Health Group
- Ramsay Health Care UK
- Spire Healthcare (Holdings) Limited
- UK Specialist Hospitals
- Walk in Health

Commercial providers of primary care in England – since 2004

- APMS Medical Solutions
- Aston Healthcare
- AT Medics
- Atos healthcare
- Care UK
- Chilvers McCrea
- FMC Health Solutions/One Medicare
- Harmoni Ltd/Badger Harmoni
- IntraHealth
- Qube Medical Ltd
- Take Care Now (TNC) Ltd
- United Health UK
- VIRGIN

PCT 57 Preferred suppliers of public health

Aetna Health Services (UK) Limited

AXA PPP Healthcare Administration Services

BUPA Membership Commissioning

CHKS Ltd

Dr Foster Intelligence

Health Dialog Services Corporation

Humana Europe Ltd

KPMG

LLP

McKesson Information Solutions UK Ltd

McKinsey & Company Inc

Navigant Consulting Inc

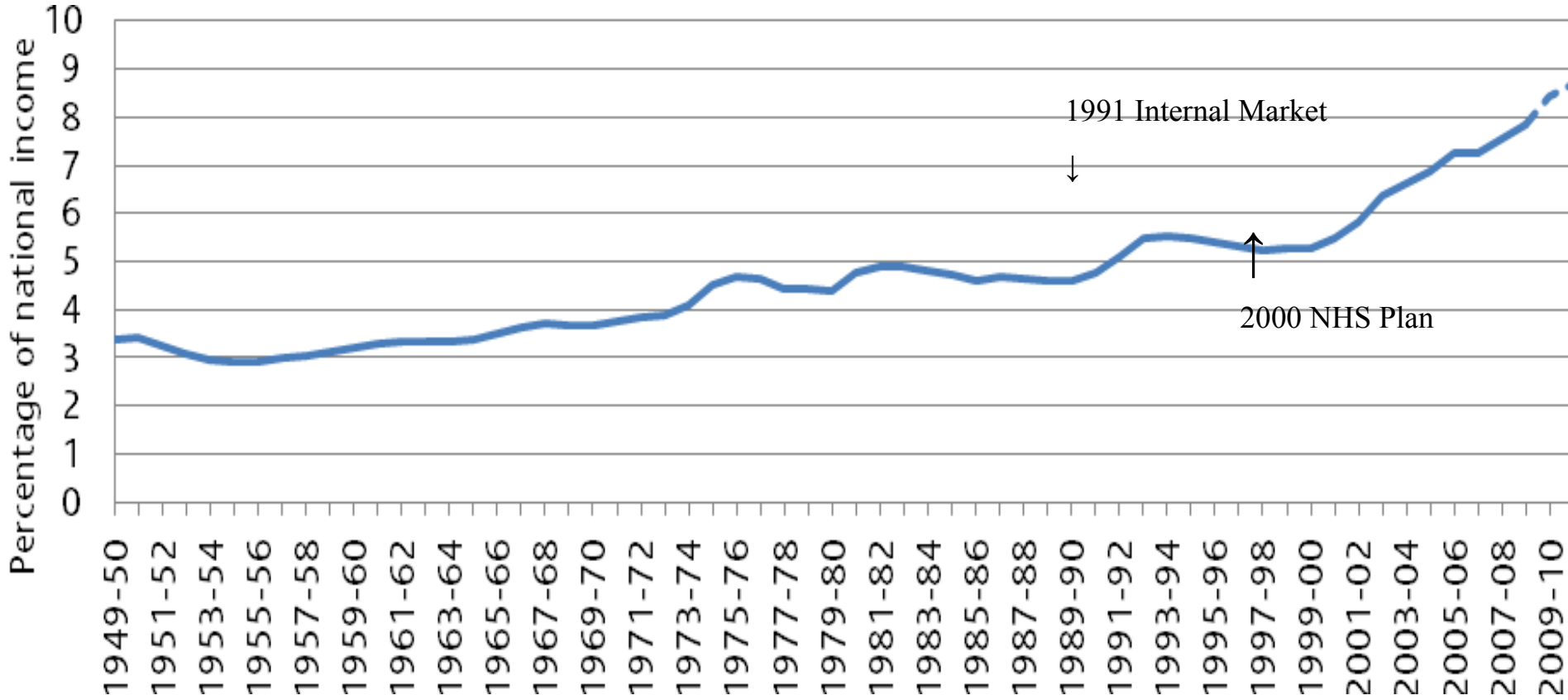
Tribal Consulting

United Health Europe Limited

WG Consulting Healthcare Limited


Jeremy Hunt -
SHAME ON YOU
79 WHITEHALL
SAVE OUR SURGERIES
HUNT!
CAMERON
CLEGG
COALITION
CUTS
CHAOS
CORPORATE
CRONYISM
CORRUPTION

Historical and forecast NHS spending as a share of national income, 1949–50 to 2010–11



Source - A Survey of Public Spending in the UK, IFS Briefing Note BN43 Sep 2009

Health and Social Care Act 2012

*If this goes through, the NHS as we have seen it, believed in it and persuaded the electorate that we support it, **will be massively changed**. It will take five, 10, 15 or maybe 20 years, but unless we pull back from this whole attitude there will be no National Health Service that any of us can recognise, and tonight I feel one feeling only: overwhelming sadness."*

Lord David Owen on the passage of the HSC Act 2012

Legal changes following HSC Act 2012

a. Removed duty to provide key **universal** services throughout England

b. Made **commercial contracting** virtually obligatory for all services

c. FTrusts given new powers to generate private income (FTs 49%)

d. Carving out of NHS public health and some children's and community services and transfer to Local authorities

e. New powers to LAs to make regulations for charging

NHS Deficits rising

- NHS commissioners, trusts NHS foundation trusts reported a combined deficit of **£1.85 billion in 2015-16, three-fold increase in the deficit position of £574 million reported in 2014–15.**
- **Private patient income rising**

https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/financial-sustainability-nhs-16-17/

Integrated care and New Models of care – no statutory basis

- Sustainable Transformation Plans
- Accountable Care Systems
- Accountable Care Organisations

STPs: 44 footprints – 29 billion pounds savings

" Simon Stevens We are going to formally appoint leads to the 44 STPs. … going to give them a range of governance rights over the organisations that are within their geographical areas, including the ability to marshal the forces of the CCGs and the local NHS England staff. **We will get probably between six and 10 of them going as accountable care organisations or systems,** which will for the first time since 1990 effectively end the purchaser-provider split, bringing about integrated funding and delivery for a given geographical population…."

STPs

- 29 billion pounds of savings, cuts and closures of hospitals and community services
- Presented as Integration, new models of care and ending competition
- New Models of care : hospital closures and new estates plan - Naylor report

Geographic areas versus Membership Pools: The shift from Inclusion to Selection

- STPs and CCGs are person based or list based (membership), not geographic in coverage
- All people living in an area are not automatically funded and covered
- Recruit on basis of membership of GP practices or enrolees, not residency
- Patients will be excluded if not eligible for funded services

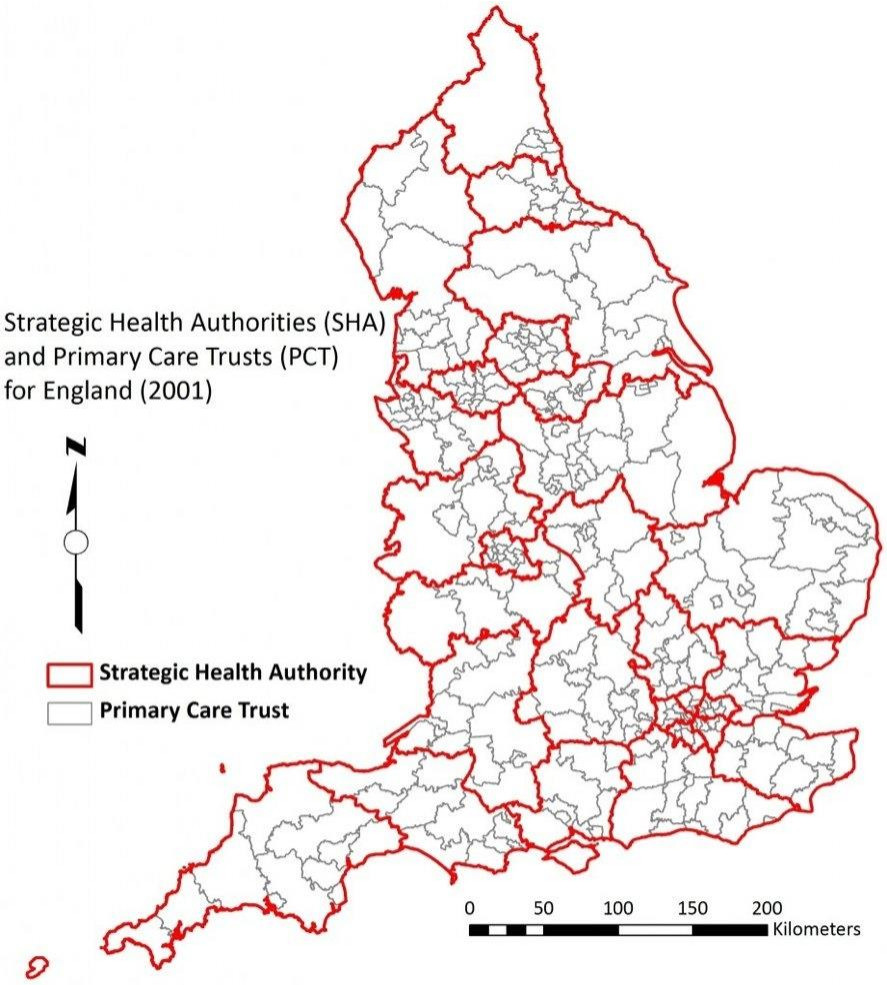
Simon Stevens we are doing “workarounds”

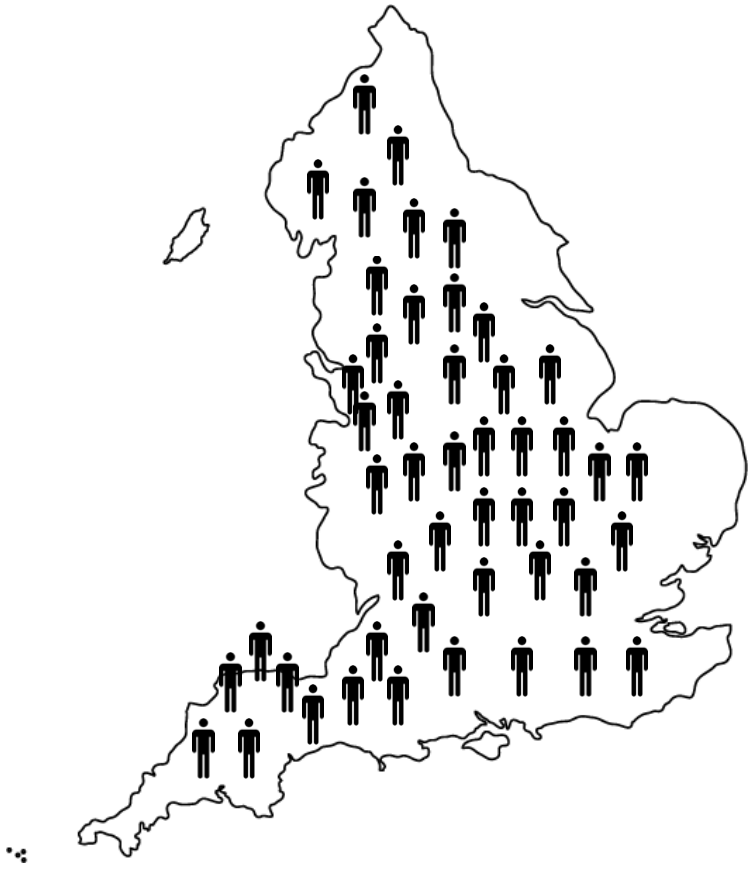
- These are are in the form of (1) an ACO contract, (2) an Alliance agreement, (3) a Gain/Loss Share Agreement, and (4) a suite of sub-contracts. There are also what NHS England term “workarounds for data challenges” in order to establish integrated budgets.

- Under the draft ACO contract, published by NHSE on 4th August 2017, a group of CCGs will contract with a single Provider - the ACO – to provide defined Services to people on a list maintained by NHS England –

http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/integrated-health-and-social-care/oral/48009.html

https://www.england.nhs.uk/publication/whole-population-models-of-provision-establishing-integrated-budgets-document-7b/


Strategic Health Authorities (SHA)
and Primary Care Trusts (PCT)
for England (2001)
N
Strategic Health Authority
Primary Care Trust
0
50
100
150
200
Kilometers



CCG

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The ACO Contract: Aug 4th 2017

- The ACO can be an NHS provider or a private company, including a so-called Special Purpose Vehicle, which is basically a shell company put in place to protect parent companies from risks under the contract and which allows them to use the guaranteed payments under the contract for raising finance and securitisation. Followed by an unspecified raft of sub-contracts.

- SPVs can be viewed as a method of disaggregating the risks of an underlying pool of exposures held by the SPV and reallocating them to investors willing to take on those risks. This allows investors access to investment opportunities which would not otherwise exist, and provides a new source of revenue generation for the sponsoring firm.“

https://www.pwc.com/gx/en/banking-capital-markets/publications/assets/pdf/next-chapter-creating-understanding-of-spvs.pdf

What PWC say

- "A Special Purpose Vehicle (SPV) sometimes referred to as a Special Purpose Entity (SPE) is an off-balance sheet vehicle (OBSV) comprised of a legal entity created by the sponsor or originator, **typically a major investment bank or insurance company,** to fulfil a temporary objective of the sponsoring firm.

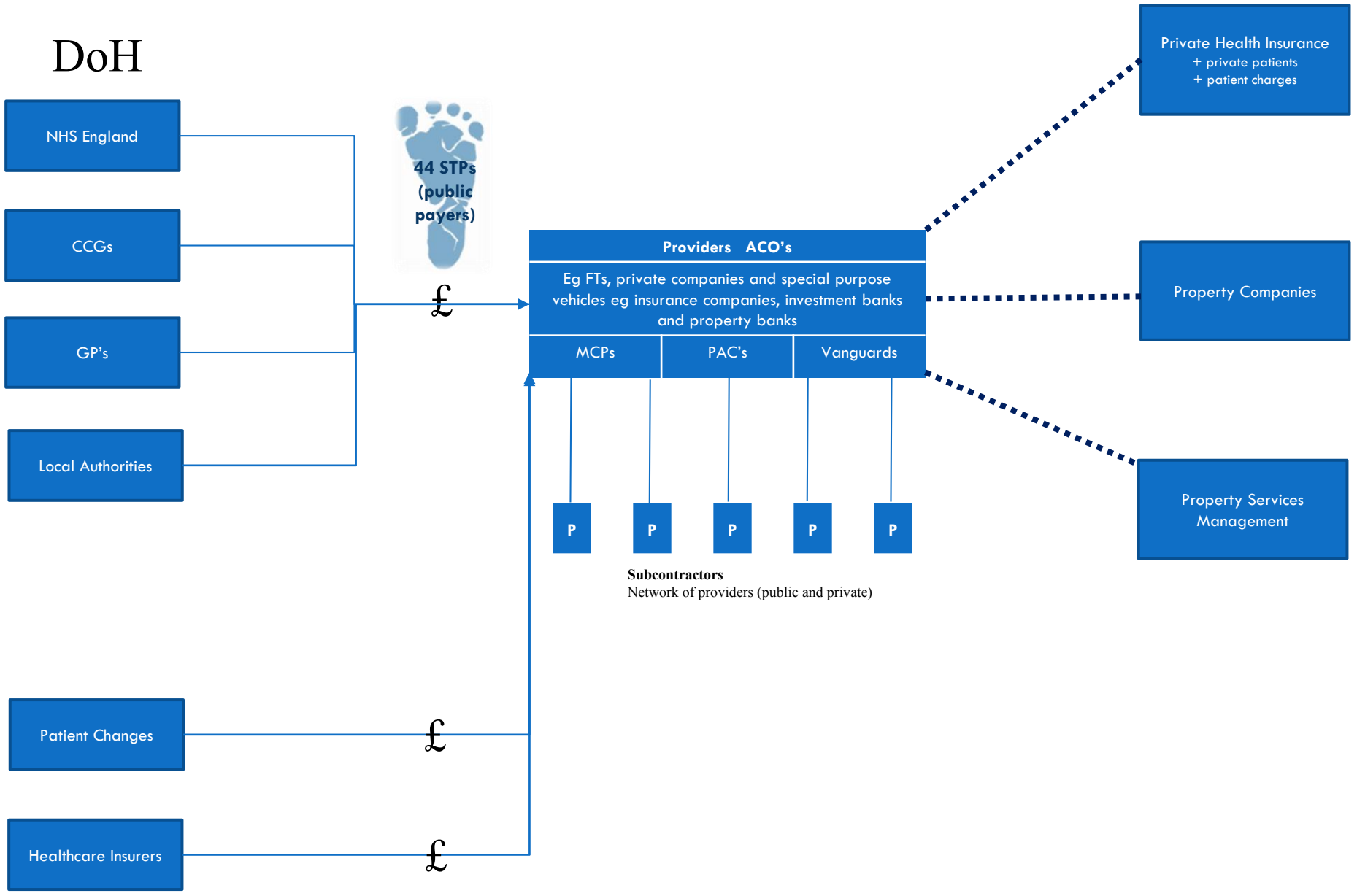
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/643467/Annex_I_and_Annex_II_Draft_GMS_and_PMS_Regulations_2017.pdf

Primary Care Regulations : Consultation Sep 07 2017

- **ACO" means a body known as an accountable care organisation, having been so designated by the National Health Service Commissioning Board because it is providing or arranging the provision of services** under the 2006 Act under contractual arrangements which - (a) have the objective of integrating care and having a single, systematic approach to using the resources for a local population to improve quality and health outcomes; and (b) **allow a single provider organisation to make most decisions about how to allocate resources and design care for its local population; "ACO provider" means an ACO which provides services under the 2006 Act (whether or not it also arranges the provision of services under the 2006 Act);**

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/643467/Annex_I_and_Annex_II_Draft_GMS_and_PMS_Regulations_2017.pdf

The New Accountable Care Systems?



Questions to ask

- Which Populations? Who will be covered under giant ACO contracts? LAs, CCGs, GPs, NHS England all have different responsibilities for different services and different populations
- Which services will be funded by NHS? Integrating budgets – different funding bases and charging arrangements-
- What will be free and for how long?
- What will be charged for?
- How will people move from one STP footprint/ACS/ ACO to another?
- How can we ensure services will continue to be provided in our area?

Reinstate our NHS

- NHS Reinstatement Bill :
  - www.nhsbillnow.org
  - https://keepournhspublic.com/
  - https://konpnortheast.com/

The END


NHS – NOT FOR SALE
SOS NHS
"The NHS will last while there are folk left with the faith to fight for it!"
NHS
Save Our Surgeries
Pedestrian access