



Viewpoint: How CCGs save money by choosing private sector over NHS

By Dr Kosta Manis, 11 February 2013

Private sector involvement in the NHS can bring positive outcomes if contracts are well managed and have strong clinical input, argues GP Dr Kosta Manis, of Bexley CCG in south-east London.



Dr Kosta Manis: 'Hospitals have little motivation to improve services until there is direct competition.'

I am a great advocate of the NHS and patients' continued right to enjoy free healthcare but we should not be blind to its shortcomings.

The NHS is a great British institution but has to evolve or the institution risks becoming institutionalised.

The global recession revealed just how financially cossetted some areas of it had become operating in a manner that would bring most private sector organisations to their knees.

We have to stop feeding certain areas of the NHS grapes and sympathy like some long-standing relation whose seniority means they are beyond reproach.

What we need is more honesty about what is and isn't working and that includes potential private sector involvement and secondary care's often lopsided relationship with primary care.

Primary care should also not blindly accept that patients need to be treated in a traditional hospital setting with all its incumbent costs, add-ons and delays without looking at alternatives.

Patient commitment

CCGs primary commitment must be to its patients, not to other parts of the NHS.

Competition is the key word here or rather the lack of it.

An athlete doesn't get fitter, stronger and more capable by shunning competition and I think the NHS could benefit from the private sector's involvement.

In reality, it is already delivering cheaper high quality services when the contracts are managed properly.

This is nothing new.

I recall a former health secretary telling me during an award presentation - for the use of a private company in cardiac diagnostics - that private sector involvement was inevitable and the key was how to manage its involvement.

It doesn't help that mentioning the private sector and NHS in the same breath is like raising a red flag to a bull and any sensible debate on its potential merits is stymied by claims of privatisation and a 'them and us' healthcare system where cash counts.

In reality, it can work if managers and clinicians work alongside one another drawing up contracts.

Saving money

It's our job to strike a deal that is good for our patients, our budgets and outcomes and that boils down to strong contract management.

We have evidence of this working in Bexley through a [cardiology project which has clearly saved money \(£1.3m over three years\)](#), improved patient satisfaction (100%) and reduced waiting times from 18 to two weeks. This was also externally validated through the project winning several national awards for innovation.

Bexley set itself the task of providing a high quality, low cost service in delivering non-invasive cardiac diagnostics by contracting a surgery-based private firm and state-of-the-art scanner in Harley Street in central London.

This involves the use of a cardiac scanner for patients with chest pains dispensing with invasive, expensive and often unnecessary angiograms.

It's worth noting that 80% of chest pain has no cardiac origin so this project has real validity. It has allowed quicker more accurate diagnosis of chest pains as well as reducing the need for further consultant visits. An accurate diagnosis alone saves £1,000 on an angiogram.

If a patient is found to have a serious condition they are taken immediately to King's, Guy's or St Thomas hospitals in central London.

Doublecharging

It also sidesteps hospitals practice of 'double charging' primary care whereby we are charged for a patient's initial referral to secondary care and then a second time within the system if further specialist treatment is needed.

This is where private sector healthcare can really help CCGs keep costs down and deliver better outcomes.

I'm not saying that we shouldn't use secondary care but hospitals have little motivation to improve services until there is direct competition.

It happens in every other walk of commercial life, so why not the health service?

Of course, poor contract management can be an expensive business and you only have to look at hospital financed PFI schemes and independent sector treatment centres to see where this can go wrong.

Independent treatment centres are a classic example where the standard of service and turnaround of patients was generally excellent but the flow of patients through their doors poor. The private provider still got paid regardless because of the way the long-term block contracts were agreed.

You can't blame the private sector. It is out to get the best deal for itself which is why contracts have to be mutually beneficial and watertight.

This requires bringing together contract managers and clinicians to draw up contracts that are mutually beneficial to both sides.

There appears to be a lot of apprehension and misunderstanding around this subject but a hungry, performance-conscious and competitive private sector can be a great asset as long as CCGs dictate the terms and conditions.