

Some current aspects of NHS privatisation

Greg Dropkin
KONP Merseyside

This note concerns three major strands of current NHS privatisation which continue the path initiated under Thatcher. For the history and background see:

James Meek. It's already happened. London Review of Books, 22.9.2011
<https://www.lrb.co.uk/the-paper/v33/n18/james-meek/it-s-already-happened>

Lucy Reynolds and Martin McKee. Opening the oyster: the 2010–11 NHS reforms in England. Clinical Medicine 2012, 12(2), 128–32
<https://www.rcpjournals.org/content/clinmedicine/12/2/128>

Alex Scott-Samuel. The NHS has become simply a logo for a partially privatised system – and the roots of the change go back to Davos. LabourList, 3.6.2017.
<https://labourlist.org/2017/06/the-nhs-has-become-simply-a-logo-for-a-partially-privatised-system-and-the-roots-of-the-change-go-back-to-davos/>

Alex Scott-Samuel et al. The impact of Thatcherism on health and well-being in Britain. International Journal of Health Services, 2014, 44(1), 53–71.
<https://journals.sagepub.com/doi/10.2190/HS.44.1.d>

The current phase includes the Covid-19 contracts, the Health Systems Support Framework (HSSF), and the ongoing privatisation of clinical services.

Covid-19

The pandemic has been a massive opportunity for the private sector, as the BMA discussed in September “[Outsourced and undermined: the COVID-19 windfall for private providers](#)”. Earlier, The Canary exposed “[The £5.5bn PPE scandal that goes to the core of government incompetence](#)”, including the Ayanda Capital £252 million contract challenged by the [Good Law project](#). Ayanda is a ‘family office’ owned through a tax haven in Mauritius, with connections to International Trade Secretary Liz Truss through her advisor Andrew Mills. The Government admitted to Good Law that the 50 million FFP2 masks they purchased from Ayanda “will not be used in the NHS” because “there was concern as to whether the[y]... provided an adequate fixing.”

Some [£18.6 billion](#) has been awarded in around 2400 UK Covid contracts, many of them without any procurement process. For example, on 16 October the online Official Journal of the European Union published another 26 contracts worth £1.576 billion, awarded by NHS England in May “without prior publication of a call for competition... to provide inpatient, outpatient and critical care... [in] response to the Covid-19 Pandemic”. Circle Health, which walked away from failure at [privatised Hinchingsbrooke Hospital](#) in 2015, got £346.6m. Spire Healthcare, whose rogue breast cancer surgeon Ian Paterson had damaged an [estimated 750 women](#), got £345.9m. Another £153.2m went to HCA Healthcare UK, whose parent company [Hospital Corporation of America](#) had revenue over \$51 billion in 2019.

Serco, whose “Track and Trace” programme is failing to control the virus, has 4 contracts worth over £200m, the latest awarded [without competition](#). And, as the Government told David Davis MP [on 12 Oct](#), “Contractual penalties are often unenforceable under English law so they were not included in test and trace contracts with Serco or Sitel. Sitel and Serco are approved suppliers on the

Crown Commercial Service contact centre framework and the contracts have standard performance and quality assurance processes in place. Some information on Key Performance Indicators and service levels has been redacted from these published contracts as it is considered to be commercially sensitive.”

HSSF

NHS England accredits companies to help develop Integrated Care Systems with “programme services that can support the move to integrated models of care based on intelligence-led population health management”. For background see <http://labournet.net/other/1911/LTPfinal.pdf> Accreditation is via the Health Systems Support Framework <https://www.england.nhs.uk/hssf/> and is divided into Lots:

Lot 1 - Enterprise-wide Electronic Patient Records systems (for Acute, Community and Mental Health Hospitals)

Lot 2A - Local Health and Care Record solutions (strategy / implementation support)

Lot 2B - Local Health and Care Record solutions (infrastructure)

Lot 3 - ICT infrastructure support and strategic ICT services, including Primary Care IT support and cyber security

Lot 4 – Informatics, analytics and digital tools to support system planning, assurance and evaluation

Lot 5 - Informatics, analytics and digital tools to support care co-ordination and management, risk and impactability models

Lot 6 - Transformation and Change Support

Lot 7 - Patient empowerment and activation

Lot 8 - Demand management and capacity planning support

Lot 9 - System Assurance Support

Lot 10 - Medicines Optimisation

Some 83 companies are accredited for one or more of these Lots, putting them in a strong position to bid for contracts to develop ICS. Twenty two of them are US firms. For example, IBM is accredited for all except Lot 1. Centene is accredited for all except Lot 1 and Lot 2a. PA Consulting, [controlled by the Carlyle Group](#), is accredited for all except Lot 1 and Lot 10.

The Lot titles correspond to key themes in the current operation of the private healthcare market. For example “risk stratification” is an essential tool for the health insurance industry, which sets premiums according to the estimated risk that a patient will incur healthcare costs covered by the policy. The detailed description of Lot 5 starts with risk stratification, and includes the telling phrase “financial impact assessment (to calculate the return on investment)”.

Here are quotes from some of the US firms accredited for Lot 5:

Health Catalyst: “Risk stratification is essential to effective population health management. To know which patients require what level of care, a platform for separating patients into high-risk, low-risk, and rising-risk is necessary... At Health Catalyst, we use an analytics application called the Risk Model Analyzer to stratify patients into risk categories. This becomes a powerful tool for filtering populations to find higher-risk patients.” <https://www.healthcatalyst.com/?s=risk+stratification>

IBM: “Multiple versions of the HHS algorithm exist for the metal tiers of available insurance plans: platinum, gold, silver, bronze, and catastrophic. The HHS HCC algorithm will be used as the risk adjustment engine for computing net-zero payment transfers between health plans, based upon average risk of patients in each plan.” <https://www.ibm.com/downloads/cas/QXNNLGX0>

PA Consulting: “Developing an aligned financial model allows iterative development and easy modification of the entire business model. In a recent analysis for a major provider, we found the need to achieve a 10-fold reduction in cost of care to meet the expected price. Such reductions are only possible by revisiting the care model assumptions and leveraging technology solutions, such as highly precise risk stratification, remote monitoring and telehealth.”

<https://www.paconsulting.com/newsroom/expert-opinion/population-health-news-developing-population-health-programs-that-add-value-21-october-2015/>

Lot 8 includes “Demand Management”, and as the HSSF explains, this includes “standardising referral processes across a care system, implementing trusted assessment schemes and providing a centralised referral management hub that processes all referrals into, through, out of and between care settings.”

In 2017, the BMJ investigated referral management. A Guardian report, headlined “[NHS groups paying millions to private firms that block GP referrals](#)”, explained:

NHS organisations are paying millions of pounds to private firms that stop patients being referred to hospital by their GPs, an investigation has found.

Controversial referral management centres are used by some clinical commissioning groups (CCGs) to scrutinise patient referrals to hospitals by family doctors.

Supporters say they can reduce inappropriate referrals, saving the NHS money, but critics argue that adding an extra layer of scrutiny risks delaying diagnosis. There is also doubt over the effectiveness of such schemes.

In an investigation, the British Medical Journal (BMJ) sent freedom of information requests to all 211 CCGs in England. Of the 184 that responded, 72 (39%) said they commissioned some form of referral management scheme. Almost a third (32%) of the schemes are provided by private companies...

Ten US corporations are accredited under the HSSF for Lot 8. Here are some quotes:

GE Healthcare Partners: “System Capacity & Demand Planning. To be able to operate effectively as a whole system, it is important to understand both the flow, activity and capacity within an organisation and across organisations. As your out of hospital services develop and *capacity in acute services becomes more constrained* [emphasis added] being able to model and represent what is happening across the system becomes vital.” <https://emea.gehealthcarepartners.com/services/integrated-care-systems/capacity-demand-planning>

Optum: “Greater administrative efficiency. Our support centre enables effective referral processing, reducing administration for GPs and their teams. Our local clinical teams ensure referrals are clinically appropriate, complete and correct, preventing potential loss of time and cost. We work with local GPs, healthcare professionals and consultants to define referral quality.” <http://www.optum.co.uk/how-we-help/referral-services.html>

The HSSF Lot descriptions are stuffed with references to digital tools. As the background articles explain, the single most influential company in the evolution of the NHS towards a health insurance system is McKinsey. Here they are talking about “[Artificial intelligence in health insurance: Smart](#)

[claims management with self-learning software](#)”, with a focus on quickly identifying claims which can be rejected after intervention by the insurer:

“Claims deemed unusual are then automatically prioritized based on the reduction amount that can be expected and the likelihood of successful intervention. As a result, the system relieves the auditor from the need to make as many time-sensitive intervention decisions—freeing up capacity for those cases in which intervention is certain to yield results or for handling other tasks. Next, the system additionally provides the auditor with guidance on how to approach the intervention, for instance by suggesting grounds for rejecting the claim. The result is a simpler, faster claims management process—up to and including the intervention itself.”

We can expect a flood of contracts using the HSSF framework, once legislation is in place to cover Integrated Care Systems, which so far are completely outside the Health and Social Care Act. Such legislation is expected to be [tabled next Spring](#).

But the companies accredited under the HSSF already hold NHS contracts and are winning more. For example, on 16 October US firm Intersystems was awarded a [£2m contract](#) without procurement, by Herefordshire and Worcestershire Sustainability and Transformation and emerging Integrated Care System for an Integrated Care and Wellbeing Record.

[A contract](#) awarded in June made PA Consulting the sole contractor to “design, deliver and operate the Health Data Research Innovation Gateway — to enable researchers and innovators to search for, request access to and analyse UK health research data held by data custodians in Trusted Research Environments.” Back in 2014, Sarah Woolaston MP queried how NHS England patient data was '[uploaded to Google servers](#)' by PA Consulting.

Clinical outsourcing

Outsourcing of clinical services to the private sector began before Covid. Diagnostics is a rapidly growing sector, with 45 UK contracts in 2019 alone. Notable failures in private sector diagnostics contracts were reported here: <https://lowdownnhs.info/contract-failure/diagnostics/> and <https://lowdownnhs.info/analysis/long-read/the-slow-killing-of-the-nhs-by-salami-slice/>

A leading diagnostics firm took 5 CCGs to court when they awarded a contract to another company: <https://lowdownnhs.info/news/inhealth-takes-five-nhs-commissioners-to-court-over-procurement/>

Private involvement is set to expand with NHS England plans for 150 community diagnostics hubs aimed to address a cancer backlog: <https://lowdownnhs.info/news/more-diagnosis-needed-but-plan-admits-lack-of-staff/>

This note has just scratched the surface of what is now facing the NHS.