Privatisation

Why it's ruining our NHS

Keep our NHS public
Growing privatisation in our NHS: THE FACTS

“Our ambition should be to break down the barriers between private and public provision, in effect denationalising the provision of health care in Britain.” Direct Democracy, 2005, p.78, by Jeremy Hunt and a group of Tory MPs.

IS THIS NEW?

In 1948, private practice had little place in the NHS. Some hospitals had private wings of a strictly limited size. Then prescription charges were introduced, and opticians and dentists have been increasingly outside the NHS. GPs have always had private non-profit contracts with the NHS.

Since the Thatcher years, the share of NHS care provided by private companies has been steadily growing. But this was a slow trend. Until 2013, only around 2% of NHS services were run by private companies.

PRIVATISATION SPEEDS UP

It started to speed up in 2013 when the Health & Social Care Act went live. Between April 2013 and early 2016, £16 billion of NHS clinical contracts were awarded through the market (411 contracts). The private sector won nearly £5.5 billion worth, roughly one-third.

In 2015–2016, the private sector won £2.1 billion worth of contracts, the NHS £2.7 billion. Around half of all serving contracts in the NHS now go to private companies.

The government claims only 7% of the NHS is in private hands. However, if this present trend continues, 25% of our NHS could be privately run by 2020.

Here’s just one example:

Richard Branson’s Virgin Care has contracts totalling more than £1 billion and runs more than 100 services, including:

- Children’s health and social care community services in Devon (£120 million)
- Community health services in Surrey (£500 million)
- Elderly care in East Staffordshire (£280 million)
- Community child health services in Wiltshire (£64 million)
- A GP surgery in Cameron’s constituency in Witney
How did the Health & Social Care Act speed up privatisation?

Every part of the NHS now has to have a contract. The act tells NHS commissioners they have to parcel up all parts of the NHS and open them up to the market, to private health companies as well as to the NHS. To comply with this law, the groups of doctors in your area – Clinical Commissioning Groups (CCGs) – are given a finite budget to purchase all the different services that make up the local NHS. Private health companies like Virgin, Serco, and Circle regularly win bids to take over these services from the NHS and you, the patient, wouldn’t necessarily be aware of this because they provide these services under the NHS logo.

A CCG which wants to buy just from the NHS can still do so by using loopholes in the law (allowing ‘preferred providers’), but this takes time, energy, and lawyers.

How have NHS services really been affected?

The new law allowed NHS hospitals to raise their income from private patients from 2% to 49%. The average income from private patients in NHS hospitals rose 58% between 2010 and 2014.

IT COSTS MUCH MORE

Hospitals are forced to act like businesses. They now have a business-model contract in which they agree to deliver services for a definite period for a specified amount of money. This means they often don’t have the funds and the necessary staff to respond to actual need. It also means that services have difficulty in responding to extra demand (winter epidemics, baby boom times, after floods), when they need flexible budgets, not cash limits.

The result is a crisis for the hospital. In February 2016, 14 major hospitals were in such a crisis.

How have NHS services really been affected?

The whole contracting process is very costly. In the marketisation of elderly care in Cambridgeshire, the bidding process alone cost the NHS £1 million. The cost of managing this bureaucratic market is estimated to cost the NHS over £10.8 billion a year.

DEVO-LUTION

In 2016, there are plans to divide England into 44 areas for the ‘transformation’ of health and social care. Some spending powers and budget responsibilities for both will be devolved to local bodies. These and the cash-starved NHS will be forced together in large geographical patches to make ends meet, i.e. cuts and closures.

Devolution of control to local bodies seems like a good idea but there are problems. The likely result will be increased fragmentation and privatisation. On the new devolution boards, everything will happen behind closed doors with commercial secrecy. Also, when means-tested and largely privatised social care merges with health, the already weakened divide between means-tested social care and free health care will be eroded further.

See: http://keepournhspublicoxfordshire.org.uk/nhs-devolution/

See: (https://keepournhspublicoxfordshire.org.uk/stp-watch/)

How have NHS services really been affected?
THE SERVICE IS BEING FRAGMENTED

The service is being farmed out to a variety of private and public providers. Virgin, Circle, United Health, Serco and a host of other private health companies compete with each other and with the NHS for healthcare contracts. These companies tend to cherry-pick the more profitable bits of the service, making it difficult for many other parts of the service to survive. The result is a fragmented service.

"A BMA survey of doctors found that 95% did not believe the Act [Health and Social Care Act 2012] had improved the quality of services for patients, with three-quarters believing it has made the delivery of joined-up care more difficult."

Dr Mark Porter, leader of the British Medical Association

DECLINE IN QUALITY OF PATIENT CARE

In sectors already privatised, there have been major cases of decline in the quality of patient care. In Hinchingbrooke hospital, outsourced to Circle in 2012, the Care Quality Commission raised serious concerns about care in 2015. There were similar problems with out-of-hours care in Cornwall which had been privatised to Serco.

"Major US companies... have bought everything in North America and now American capital is looking at buying a lot of the assets in the UK and western Europe."

Vernon Baxter, Health Investor Magazine

Exactly why is the government doing this?

THAT'S WHAT BUSINESS CORPORATIONS WANT

Research studies all agree that a publicly run and publicly funded service is the most cost-effective. So why does the UK government want private corporations to run England’s health service? The answer: that's what corporations want. Services are now more important than manufacturing in the push for corporate profit. Health is an immense service sector which, until recently, has been largely protected from the market. The government supports the business agenda here and it has set out to open up the NHS to the private market so that, like water, electricity, and gas, it can become an area for corporate investment and profit.

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NEOLIBERAL IDEOLOGY

Neo-liberals say that the best society is one in which the market delivers all the goods and services that people need. The state or public sector should play only a minimal role. This was the idea promoted by the government of Mrs Thatcher in the 1980s and is being implemented even more forcefully by the present Conservative government.

In the area of health, the government's favoured long-term solution is the US model – private provision, charging, and private health insurance.

"There's no such thing as society. There are only individuals and their families." Mrs Thatcher

TTIP

The next big step in the privatisation of health is currently being negotiated between the EU and the US. This is the Transatlantic Trade and Investment Partnership (TTIP). TTIP will promote privatisation across Europe in two ways. First, it will allow any US or European corporation to challenge in a special court any government decision regarding health services which the corporation claims will reduce its future profit. Second, it introduces into law a 'standstill' rule – any service which has been privatised cannot be taken back into public ownership.

"With a global healthcare market outside the United States of about $5 trillion, we would be missing an incredible opportunity if healthcare is not given a central place in U.S. economic and trade strategy."

Alliance for Health Competitiveness, USA, letter to US Trade Commissioner

Is this happening in other countries as well?

Yes, the big drive to privatise public services began in the 1980s and in most European countries water, gas, electricity, rail and postal services were sold to the private sector.

Then in 1995 an international agreement was signed, the General Agreement on Trade in Services (GATS), in which governments committed themselves to push further ahead with the 'liberalisation' of public services. Services like health and education were to be opened up to international competition.

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What's wrong with the government's neo-liberal pro-market argument?

The private market is not the solution for public health. There are many reasons, these include:

- A health service publicly owned and publicly run has only one goal, the health of the nation. A private healthcare company, like every private company, has one overriding goal, to make a profit for its shareholders.

- A privately run health service, since it is delivered by a number of different companies, creates a fragmented service, with differences in quality of service, in wages for staff, and so on.

- Well-established research has demonstrated that a publicly owned and publicly run health service is more efficient. A study of health systems in 17 countries of the developed world showed that the publicly owned and publicly run NHS was the most efficient.

- Claims that the private market is the most rational and safe system for securing public well-being were disproved by the banking crisis when the most powerful and wealthy financial corporations had to be bailed out by public money.

- Most economists have always recognised that the market doesn’t work for everything: it’s known as ‘market failure’. The private US healthcare system is an example of market failure. Not a failure for the big health corporations, but a failure for ordinary people who are often bankrupted by massive health bills when their claims are rejected or health insurance denied.

PRIVATE FAILURE

One of the largest NHS ‘market’ contracts to date collapsed in 2015. The deal with Uniting Care Partnership to provide NHS care for older people in Cambridgeshire and Peterborough, worth almost £1 billion, failed after only 8 months, deemed “financially unsustainable”.

The private finance initiative (PFI)

When it comes to profit, the biggest rip-off of the NHS by banks, hedge funds and corporations is PFI. This happens when a consortium of banks and construction firms finance construction of a hospital, then own it and lease it back to the particular hospital trust over a period of 30–35 years. During this period they have a monopoly right to also charge for maintenance and services. The average profit for banks in PFI projects is over 50%. A shell company, referred to as Special Purpose Vehicle (SPV) is created to funnel profits to all the private investors involved. It’s a massive rip-off and it’s putting hospitals in debt.

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<thead>
<tr>
<th>Hospital</th>
<th>Capital spend</th>
<th>Total Repayment</th>
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<tr>
<td>John Radcliffe</td>
<td>£134 million</td>
<td>£1,131.2 million</td>
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<tr>
<td>Nuffield Orthopaedic</td>
<td>£37 million</td>
<td>£321 million</td>
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<tr>
<td>Cancer Centre</td>
<td>£129 million</td>
<td>£890.1 million</td>
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<tr>
<td>Overall</td>
<td>£300 million</td>
<td>£2,343.2 million</td>
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When you’ve done all those things: PROTEST!

JOIN OUR CAMPAIGN TO:

Keep Our NHS Public! This means funded from taxation, free at the point of use, and provided as a public service by people employed in the NHS and accountable to the people and Parliament.

Build a broad-based non-party political campaign to prevent further fragmentation and privatisation of the NHS.

GET IN TOUCH WITH KONP:

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Twitter: @KeepNhs_Oxon
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Oxford KONP meets on the second Tuesday of every month at 7.30 in the Town Hall.

When you’ve done all those things: PROTEST!
Save our NHS
Before it’s too late...

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