

Are Accountable Care Organisations a vehicle for even greater privatisation of the NHS?

Health campaigners, the British Medical Association, as well as the leadership of the Labour Party have claimed that the next stage in the government reorganisation of the NHS, Accountable Care Organisations (ACOs), are a means of further privatising the NHS.



The government push for greater private sector involvement in the NHS was already clear in the Health and Social Care Act of 2012 when health commissioners were required by law to put health services on the market and not discriminate against private companies in favour of the NHS. The result is that, in [the year 2016/17](#), 267 (almost 70%) of the 386 clinical contracts put out to tender went to the private sector.

Privatisation would be easier in a decentralised fragmented health system. And this fragmentation began with the Sustainable Transformation Plan (STP), in which the government broke up the English NHS into 44 regions known as “footprints” and each footprint would have its own organisational structure and funding.

ACOs, now renamed Integrated Care Systems (ICS), are step further. According to an NHS England document ([About New Business Models](#)):

“An integrated care system (ICS) is an evolved version of an STP, potentially covering a smaller part of an STP area ... where the commissioners in that area have a contract with a single organisation for the great majority of health and care services and for population health.”

It wasn't just the fact that the new organisations initially shared a name with health providers in the private US healthcare system that suggested privatisation. If hospitals, GPs, mental health, and community care are all operating not as separate independent entities but within multiple unitary systems all with a single provider contract, who will manage these complex systems? If commissioning contracts so far are any guide, it will be private companies.

This was the basic argument [made by](#) the British Medical Association:

“Combining multiple services into one contract risks the potential for non-NHS providers taking over the provision of care for entire health economies, as the contract would be subject to open competition rules.”

The government as well as the leadership of the NHS both nationally and locally reject the claim that ACOs will lead to greater privatisation. In a recent appearance before the House of Commons' Health and Social Care Committee, Simon Stevens [explicitly denied](#) that ACOs would end up being run by private companies:

“Even if we end up in a small number of parts of the country with a new funding mechanism that brings together for the first time the funding for GP services, community health services and hospital services, there will still be a single provider responsible for that funding and organising those services, and that is almost certain to be an NHS provider.” (p6)

Integration is, in itself, a positive thing if it means organised cooperation among hospitals, GPs, and community services under NHS leadership. If care for the elderly and other forms of community care were brought fully into the NHS and publicly funded, that would be a fantastic development. The problem is that a fragmented system with many single providers (ACOs or ICSs) would exist in a legal framework whereby commissioners would be required to marketise the running of these single providers.

When ACO-type systems were first planned, they were known as Multispecialty Community Providers (MCPs). A [government document](#) explained that a single contract holder was the goal:

“An MCP may start off as a loose coalition, but sooner or later it has to be established on a sound legal footing under contract.”

It also laid down who the contract holders could be:

“The contract could be held by entities such as a community interest company, a limited liability company or a partnership, ... or by a statutory NHS provider.”

This is the legal framework for ACOs. In March this year, the House of Commons issued [a document](#) for the guidance of MPs on ACOs. It directly addressed the public fear of privatisation and quoted from a letter on this issue which Jeremy Hunt has sent to the chair of the Health Select Committee, Sarah Wollaston. But Hunt's reply was hardly reassuring:

“I have noted the concerns you have raised with regards to the possibility of an Independent Sector organisation holding an ACO contract. As you will know, CCGs are bound by the Public Contracts Regulations (PCR 2015) when commissioning services. A central principle of the Public Contracts Regulations (2015) is non-discrimination, which prohibits the contracting authority from discriminating against, or in favour of, bidders on the grounds of organisational form of the body that will be awarded the contract.”

Hunt simply restated the law which requires commissioners to place all contracts on the private market and not discriminate in favour of the NHS. So government or NHS leaders' reassurances that ACOs are not a vehicle for even greater privatisation don't carry any weight. The objection raised by the British Medical Association still holds.