# Ken’s Training Day Speech 16th Jan 2016

1. NHS is, but now possibly was, the best health service in the world.
   1. <http://www.commonwealthfund.org/publications/fund-reports/2014/jun/mirror-mirror>
2. Estimates of cost of market in NHS services i.e. legal, financial, administrative activities involved in specifying, bidding and creating contracts for NHS services –
   1. £30 billion <https://www.opendemocracy.net/ournhs/charles-west/liberal-democrats-health-policy-who-is-rebel-0>
   2. £10 billion <http://www.theguardian.com/commentisfree/2014/apr/04/financial-ethical-clinical-nhs-charges-health-industrial-complex-budget>
   3. Probably the more cautious £5 billion is closer <http://chpi.org.uk/wp-content/uploads/2014/02/At-what-cost-paying-the-price-for-the-market-in-the-English-NHS-by-Calum-Paton.pdf>
3. Recent changes to NHS, House of Commons Health Select Committee report 2009 <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/268/26805.htm>
   1. 1990 - NHS and Community Care Act – internal market, purchaser/provider split. NHS health organisations were either purchasers of healthcare or providers of it; not both.
   2. 1991 – fund-holding GPs; GPs given budgets to buy healthcare directly for patients. The scheme was voluntary but each year more and more GPs joined. Those who did not have their own budgets had services purchased for them by health authorities.
   3. 1997 – fund-holding abolished by Labour government, amid accusations of 2 tier NHS.
   4. 2000 - PCTs (Primary Care Trusts) were formed from District Health Authorities to “commission” healthcare. (SHAs) Strategic Health Authorities were established, essentially local offices of the DH, responsible for planning. The Blair government promised -
      1. A patient-focused service, offering patient choice and an expanding independent sector, use of private firms to do operations, Independent Sector Treatment Centres (ISTCs), like the Sussex Othopaedic Centre at Haywards Heath. Following a report by Lord Darzi walk-in GP surgeries were set up, most of which have since closed (although not the one at Brighton station)
      2. Competitive providers, giving hospitals and GPs incentives to change, including Payment by Results, money following patients and the possibility that organisations might fail,
      3. Active purchasers, including PCTs (successor organisations to PCGs) and practice-based commissioning.
   5. In 2011 Cameron said “we will not be selling off the NHS”, but in 2012 the Health and Social Care abolished PCTs, SHAs, and the “duty” of the S of S for Health to provide an NHS. Under the guise of giving control of spending to local GPs, NHS England, Public Health England, CCGs were set up. So the government rid itself of responsibility for the nation’s health.
   6. Under Section 75 of this Act, commissioners (CCGs) were obliged to offer contracts for NHS services to the private and third sector organisations, who can now pick and choose the profitable parts of the NHS, leaving the publicly-run NHS with the loss-making activities like A&E.
   7. By 2016 £3 billion pounds of our tax funding has gone to the private sector …
   8. 67% of contracts for clinical services have been won by non-NHS organisations since 2013;
   9. 80% of blood products business sold to Bain Capital in 2013
   10. 170 GP surgeries are now owned by 5 private companies

<http://www.nhsforsale.info>

* 1. NHS is now rationing care

<http://www.theguardian.com/society/2015/dec/08/nhs-rationing-denying-patients-care-cash-crisis-survery-doctors>

1. *Failed privatized NHS services*
   1. Failed privatized hospital cleaning in Nottingham <http://www.nottinghampost.com/life-death-says-horrified-MP/story-27581081-detail/story.html>
   2. Baby dies due to privatized OOH in North London <http://www.theguardian.com/society/2012/dec/17/harmoni-gp-service-patients-risk>
   3. Ramsay healthcare cataract op disaster in Devon <http://www.theguardian.com/society/2014/sep/01/nhs-patients-cataract-operations-private-south-devon>
   4. Hinchbrooke, first privatized hospital, deal collapses <http://www.bbc.co.uk/news/uk-england-cambridgeshire-30740956>
   5. Nottingham’s dermatology privatization ‘an unmitigated disaster’ <http://www.bbc.co.uk/news/uk-england-nottinghamshire-33007103>
   6. Commercial OOH linked to worse care <http://www.gponline.com/commercial-gp-out-of-hours-providers-associated-worse-care/article/1345366?DCMP=EMC-CONGPSaturdayroundup&bulletin=saturday&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20150509&utm_content>
   7. Serco investigated over unsafe OOH care <http://www.theguardian.com/society/2012/may/25/serco-investigated-claims-unsafe-hours-gp?guni=Article:in%20body%20link>
   8. BUPA walks out on W Sussex MSK contract <https://healthalertsussex.wordpress.com/2015/01/26/msk-fiasco-at-an-end-bupacsh-pulls-out/>

For more of these stories see <http://nhscampaign.org/> and linked there is <http://www.nhsforsale.info/>

1. *Why a market in healthcare doesn’t work*

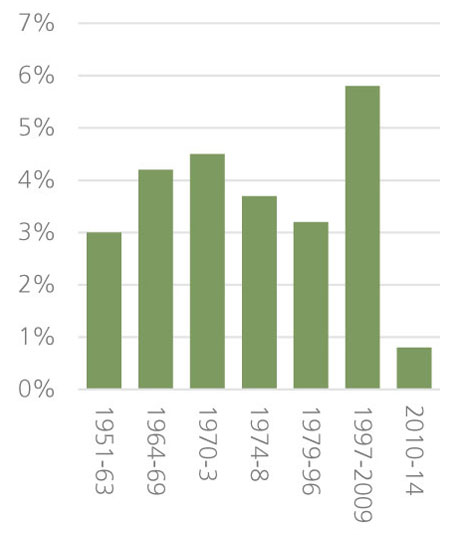
See <http://www.nhsforsale.info/database/impact-database/market-failures.html>

* 1. **The essence of the market system** is that buyers i.e. patients, try to maximize value by comparing the market prices for goods and services with what they are worth to them.
  2. **Provided that prices are free to move, they will adjust** to the competing forces of supply and demand. When demand exceeds supply, prices will be forced up. When supply exceeds demand, they will be forced down.
  3. **The price changes send signals to producers** to bring the amount of the different goods and services that are produced into line with what people want, and to consumers to bring what they want into line with what it is possible to produce, given the constraints imposed by limited resources.
  4. **Market systems have brought great prosperity**, but markets don’t work well in all situations, especially where there is significant information asymmetry between buyers and sellers, and imperfect competition. Healthcare is a particular area where market failure is likely for these reasons -
  5. **Patients are not well enough informed to make choices**; there is asymmetry in information. In fact the doctor (the seller) is actually the patient’s advocate. This means we are expecting our doctor to divide him/herself in half - on the one hand to act in our interests as the buyer of health care for us, but on the other to act in her own interests as the seller of health care.
  6. **Healthcare is difficult to commodify**. We just said that precise pricing is vital for the market to operate properly. In a healthcare market illnesses and their treatments and investigations are the commodities that are traded. Thus illness and diseases and their investigations and treatments have a market value. Complex layers of bureaucracy are required in the commodification process such as hospital tariffs and other pricing of procedures, “double accounting”, legal contracts, auditing, IT costs etc.
  7. **Excess capacity must be available for the market to work.** If patients want to choose between hospitals in order to stimulate the competition that drives the market, there must be excess capacity in the system to accept extra patients, otherwise there will be waiting lists and a poorer service. This means some services will be under used creating inefficiency.
  8. **Exit from the market is difficult.** Hospital closures are deeply unpopular with local communities. Even merely closing a department causes local opposition, say maternity or A&E.
  9. **Market entry is prohibitively expensive.** Hospitals, clinics and doctors’ surgeries are very complex operations, with expensive buildings, equipment and staff.
  10. **Problems with private insurance.** Private insurance gives the cheapest and best coverage to the well, and the most expensive and least coverage to the sick. This is Inverse Care Law - the poorest and most vulnerable need healthcare the most, but will get least.
  11. **Price signals don’t work.** Patients don’t know the total price before treatment. For effective markets you choose the best price.
  12. **Medical professionalism is anti-market**. Medical ethics, the doctor patient relationship and the social contract is fundamentally based on trust. Market systems rely on self interest and distrust.

This list is not exhaustive, but goes a long way to explain why market failure is inherent in the delivery of healthcare, which is close to a natural monopoly.

1. Annual real-terms growth in NHS expenditure

The NHS funding settlement during the last Parliament was the most austere in its history. Average annual real-terms growth in NHS expenditure, by periods of Government, financial years 1951-2014



|  |
| --- |
|  |