

APHA Annual National Congress 2009

# 'Choice and Contestability in Healthcare Reform in England'

**Sir Neil McKay**

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**Chief Executive, NHS East of England**



# The NHS

- A unique and world renowned organisation
- The 4th largest employer globally
- 60 years at the forefront of medical care and innovation
- Spends over £100 Bn annually



# The east of England



# NHS East of England

- 1 of 10 Strategic Health Authorities in England
- One of the largest geographically
- We serve 5.6m people in 6 counties
- Responsible for £8.6 billion budget
- Progressive Region committed to competition and open markets



*Towards the  
best, together*



## The Case for Change

- There are still **major inequalities** in people's health and wellbeing
- There are differences of over 10 years in **life expectancy** depending on which part of the region you were born in
- There are one million **smokers** in the east of England; smoking accounts for 50% of all **health inequalities**
- 60% of all deaths in the east of England are from **stroke, heart disease and cancer**
- Over 1.6 million people in the east of England have a **long term condition**
- The NHS **lags behind** other countries on **treatment outcomes**
- There is **variation** in the **quality** of treatment that patients receive
- Care needs to be **more convenient and easier to access**
- And it needs to meet the **expectations** of citizens
- **Disease patterns** are changing and the population is getting older
- **New technology and treatments** are changing the landscape
- **More people** could be treated in the **community**



**“Provide the best health service in England”**  
**“Add to the Quality and length of life of local people”**

### A better patient experience



We will deliver year on year improvements in patient experience



We will extend access guarantees to more of our services



We will ensure that GP practices improve access and become more responsive to the needs of all patients



We will ensure that NHS primary dental services are available locally to all who need them

### Improving people's health



We will ensure fewer people suffer from, or die prematurely from, heart disease, stroke and cancer



We will make our health service the safest in England



We will improve the lives of those with long term conditions

### Reducing unfairness in health



Working with our partners, we will reduce the differences in life expectancy between the poorest 20% of our communities and the average in each PCT



We will ensure healthcare is as available to marginalised groups and looked after children as it is to the rest of us



We will cut the number of smokers by 140,000



We will halt the rise in obesity in children and then seek to reduce it

# Choice and Competition in the NHS in England

- A philosophy of patients as customers
- Government reforms since 2000 introducing greater choice and competition
- Reforms creating a managed market
  - Choice, payment mechanisms (Payment by Results) and improving commissioning
  - multiple providers incl. Foundation Trusts and Private Providers
- New Cooperation & Competition Rules

# Markets can drive service improvements

- Evidence points to improved outcomes where there is competition
- Innovation comes from introducing new providers
- Overseas providers can get into the NHS market, improve care and be successful

# Part of the NHS Family



*"In 2007 between 250,000 and 300,000 NHS patients in England availed themselves of the right to choose an independent provider for their NHS funded treatment."*

*"The independent sector will continue to make a significant contribution to the way the NHS responds to mental health illnesses."*

*"It is the quality of care they provide that has been partly responsible for an increase in independent sector provision within the NHS."*

*"An estimated 20 to 30 per cent cost saving in turnaround and early discharge of patients is anticipated."*

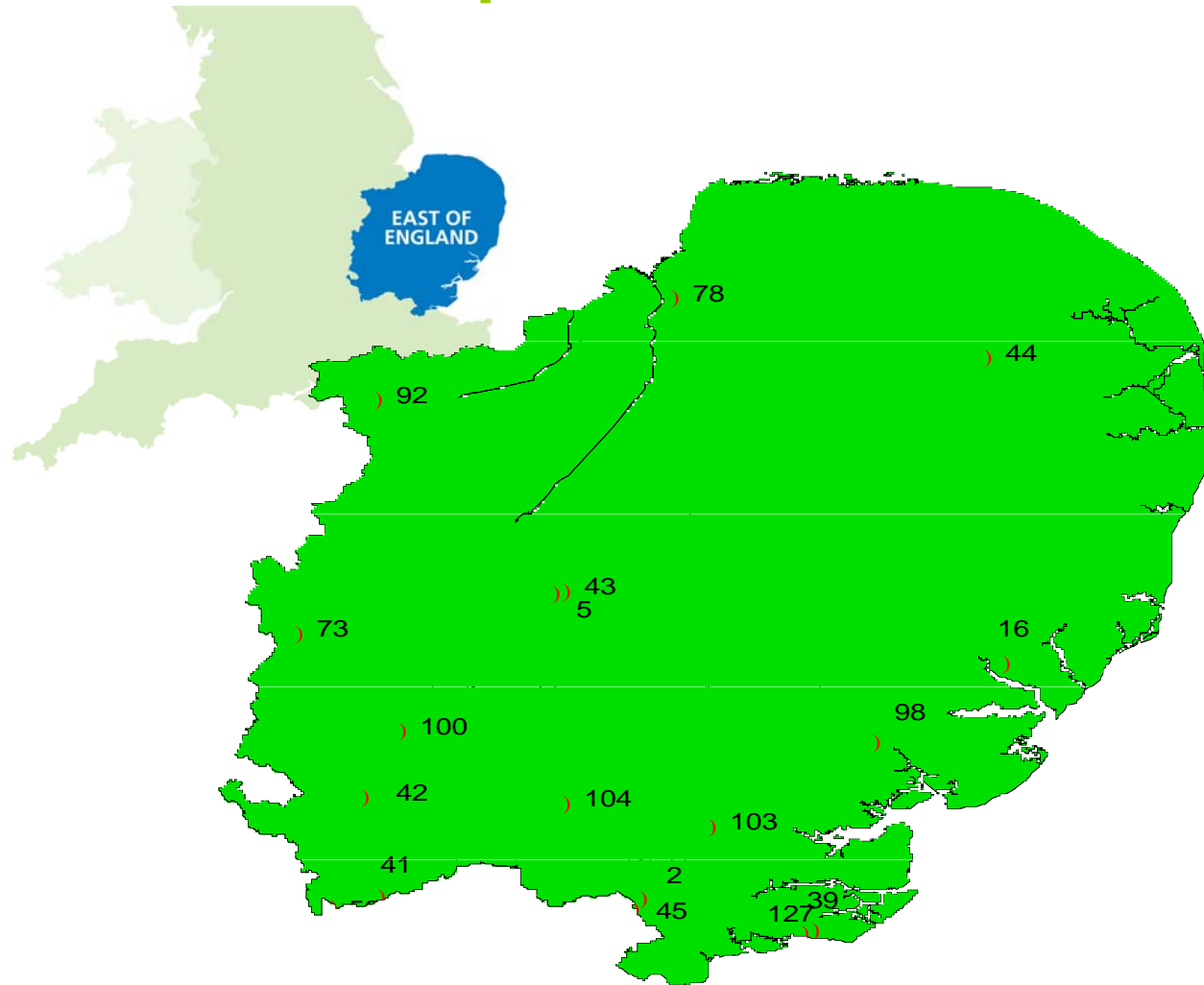
*"Since April 2008 more patients have been exercising their right to choose and have been receiving NHS care in independent facilities."*

*"Keeping patient outcomes at the heart of innovation has helped the independent sector establish its position as a high quality, innovative provider of care within the NHS."*

# IS in making big impact

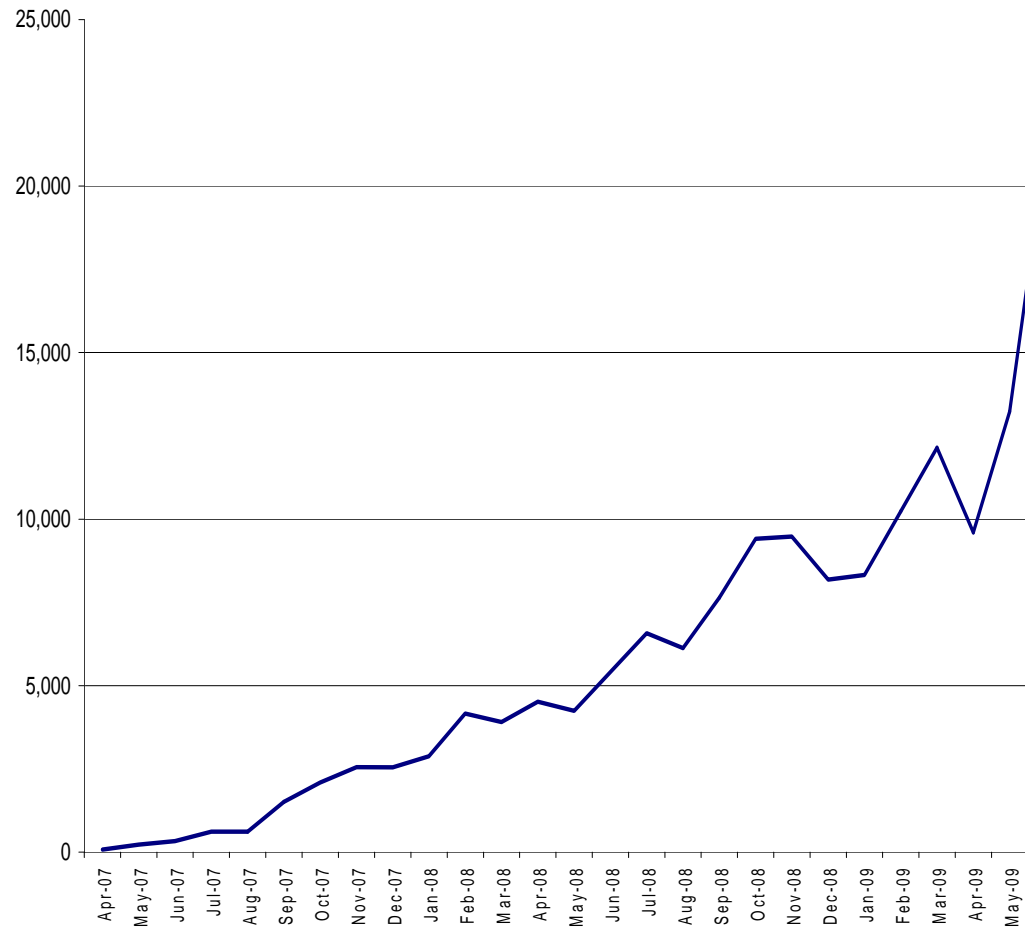
- 1.8m diagnostic and elective procedures done by IS to date
- 96% of patients think care 'good or excellent'
- The extended choice network (ECN) has 149 IS hospitals across NHS in England
  - 94,000 patients treated via ECN
  - April 2008 2100 procedures @ £4.5m pm
  - August 2009 8400 worth @ £17m pm

# IS hospitals in East of England



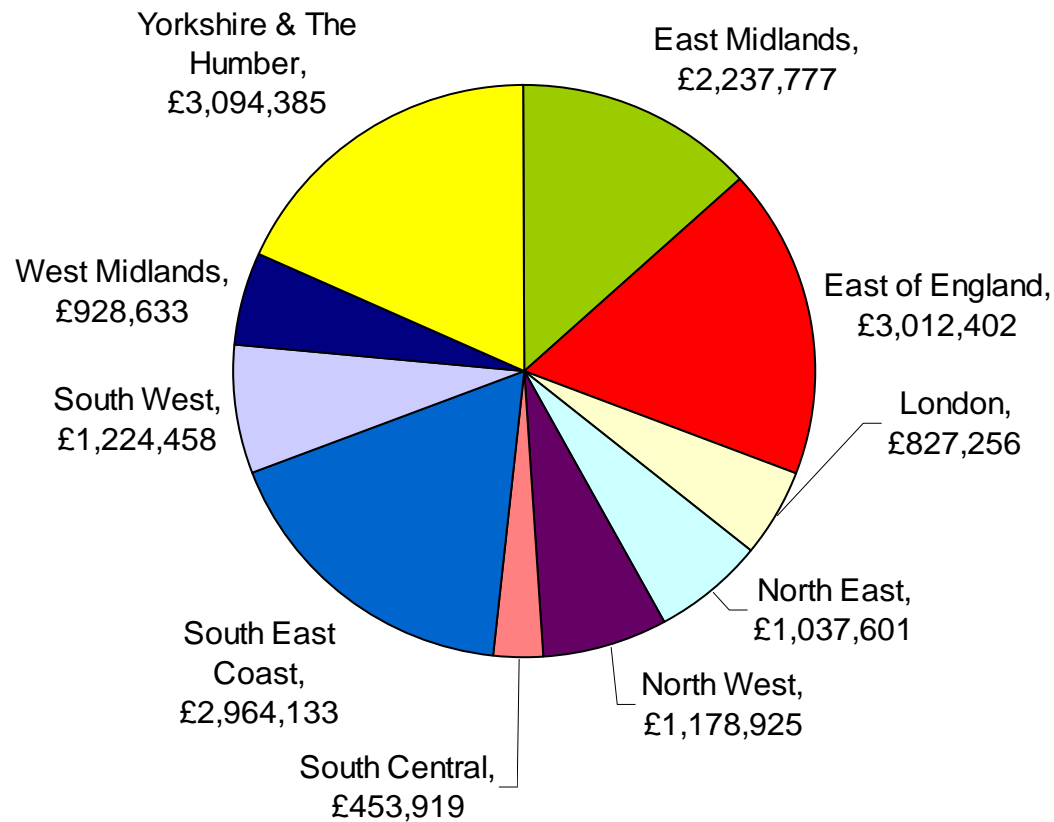
- 2 Nuffield Brentwood (Essex)
- 5 Nuffield Cambridge
- 16 Nuffield Ipswich
- 39 Spire Wellesley Hospital
- 40 Spire Roding Hospital
- 41 Spire Bushey
- 42 Spire Harpenden
- 43 Spire Cambridge Lea Hospital
- 44 Spire Norwich
- 45 Spire Hartswood Hospital
- 73 BMI Manor Hospital
- 78 BMI Sandringham Hospital
- 92 Ramsay Fitzwilliam Hospital
- 98 Ramsay Oaks Hospital
- 100 Ramsay Pinehill Hospital
- 103 Ramsay Springfield Hospital
- 104 Ramsay Rivers Hospital
- 127 Circle CCE The Phoenix Hospital

# Take up of choice is accelerating



Reported spend on ECN procedures (£ '000)

# Extended Choice Network



**IS ECN Spend (£ in reported month)**

# Equitable Access in Primary Care

- 112 contracts for new health centres targeted at poor access and poor quality
  - 25% of contracts won by IS
  - 16% of contracts by IS and NHS consortia
- Care UK in Southend, South East Essex
  - *Before* lock up GP with no disabled access (patients seen in drug dealing street)
  - *After* new state of the art facilities, 3 GPs, full range of community services, and high patient satisfaction

# Economic Context

- Economic picture changed radically
- Era of growth in public spending, in which the NHS has doubled its spending (in real terms), is over
- A new age of austerity dawns.....



# UK Economy Headlines

- Economy forecast to shrink 3.5% in 2009
- Public borrowing to increase to £175bn this yr
  - *some economists think the outlook is even worse!*
- Public spending growth to be cut from 1.1% next year to 0.7% from 2011-2012



# Likely impact on the NHS

- We will need to deliver more with no real growth in budgets

.....and face a number of pressures:

- Public expectations
- Health inflation
- Any pay pressures
- The cost of new technology

.....with the likelihood of a £1.6 Bn to £2.3 Bn productivity requirement over 3 years (approximately 15% / 20%).



# The QIPP Programme

- **Quality, Innovation, Productivity and Prevention (QIPP)**
- QIPP at the heart of all we do
  - anyone who wants to do NHS business
- Not a top-down, national initiative
- QIPP means accelerating reform
  - **Quality** is driven by patient choice
  - new players drive **Innovation & Productivity** can be driven by new players
  - **Prevention** requires new ideas

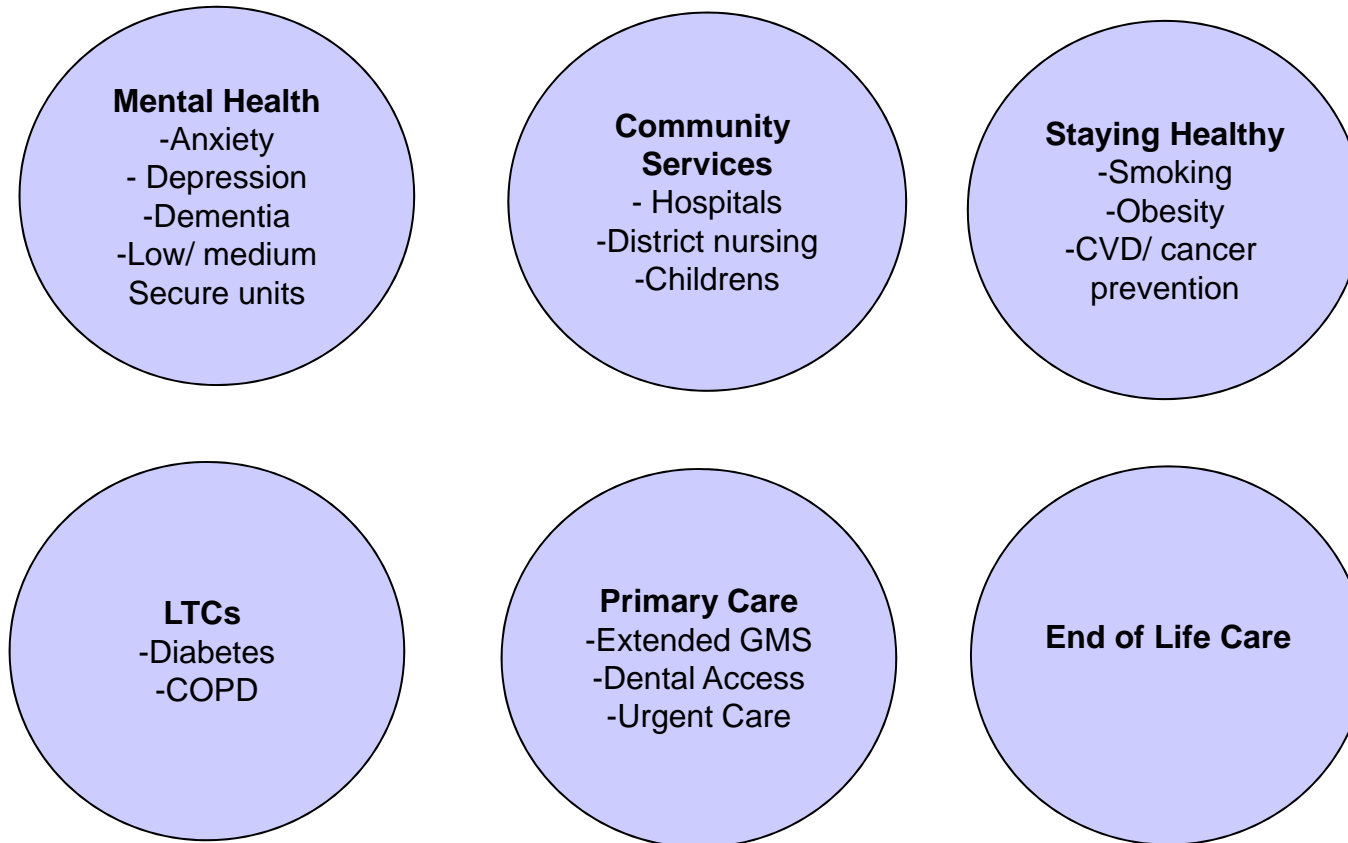


# Areas of Business Opportunity in the East of England

- Potentially up to £1.9 Bn over the next three years in the East of England
- Range of clinical opportunities including:
  - Community services
  - Mental health
  - Prevention (smoking, obesity)
  - Diagnostics and less complex care in or near patients home
  - Primary Care and
  - Ambulatory Care nearer patient's home
- Quality and price both critical for success



# The £1.9bn mostly falls into a small number of priority service areas



# Driving Competition in the East of England: Bedfordshire & Luton

- A struggling Mental Health Trust
- First ever NHS competition
  - 20 formal Expressions of Interest
  - 4 Foundation Trusts qualified to bid
  - Robust evaluation involving 24 skilled evaluators
  - Delivered in just six months



# Driving Competition in the East of England: Hinchingsbrooke

- Small district general Hospital with £40m debt
- Treasury approval for first NHS franchise competition involving NHS and Independent sector organisations
- Invitation for Expressions of Interest via OJEU advertisement 19/10/09
- Preferred bidder anticipated June 2010





Towards  
the best,  
together

**NHS**

East of England

# only the best need apply

Up to £1.9 billion will be invested in these priority service areas

- Mental Health**
  - Anxiety
  - Depression
  - Dementia
  - Low to medium secure units
- Community Services**
  - Hospitals
  - District nursing
  - Children's
- Staying Healthy**
  - Smoking
  - Obesity
  - CVD and cancer prevention
- LTCs**
  - Diabetes
  - COPD
- Primary Care**
  - Extended GMS
  - Dental Access
  - Urgent Care
- End of Life Care**

[www.eoe.nhs](http://www.eoe.nhs)

[www.eoe.nhs.uk](http://www.eoe.nhs.uk)

**NHS**  
East of England

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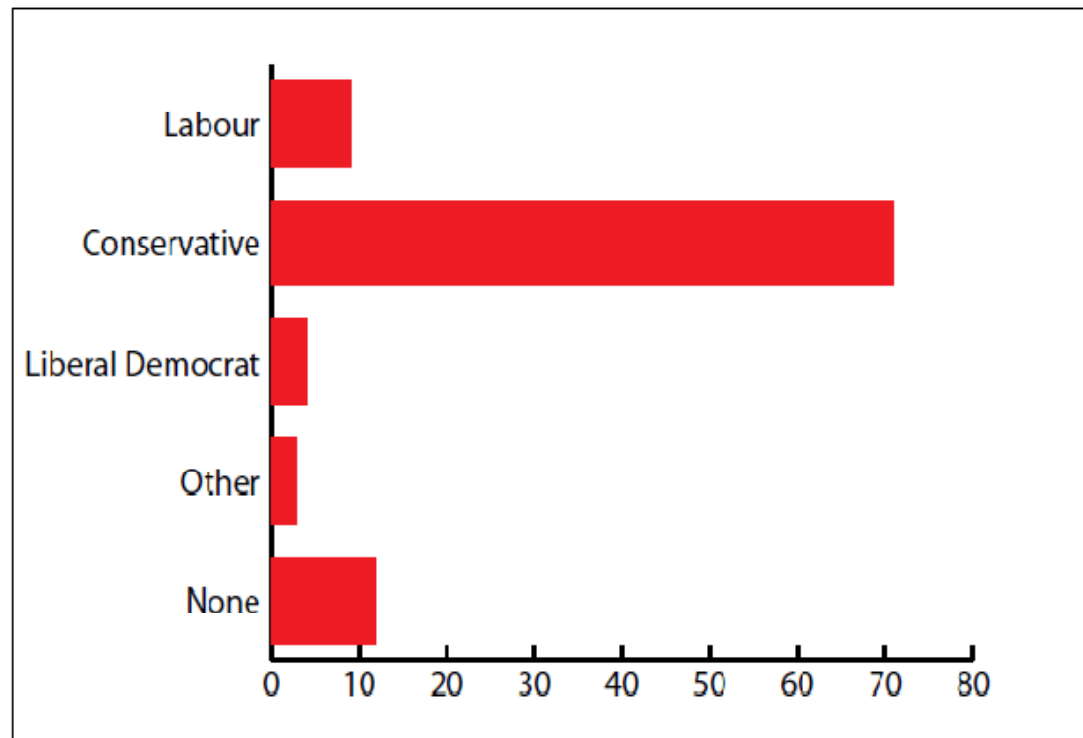
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THE AREA

# Tories are likely to increase competition

Which political party – should it win the next general election – will do most to expand the role of the private sector in the NHS?



Source: The Healthcare Industry Barometer 2009, Survey of industry leaders

# Conclusion

- NHS needs new, innovative providers
- EOE is most progressive region
- Australian providers might like to think about what they have to offer
- EOE represents a good place to start, with potentially huge opportunities in other regions

