

# Independent Sector Treatment Centres (ISTCs)

The BMA is committed to an NHS funded from general taxation providing care free at the point of delivery and advancing the social goal of providing healthcare fairly and transparently. The BMA wishes to reverse the current government's policy, and that of the main opposition parties, which actively promotes a market approach in the NHS, with its emphasis on competition and private sector involvement at the expense of co-operation and a public service ethos.

## What are Independent Sector Treatment Centres (ISTCs) and why is NHS money being paid to the private sector to run them?

The Government argued that treatment centres were necessary in order to provide additional capacity in specialties that had traditionally suffered from long waiting times and to support the NHS in meeting targets. The treatment centre model allows a separation of elective/planned and non-elective/emergency care so scheduled operations are much less likely to be cancelled. The treatment centre concept was first developed in the NHS and, along with other NHS-led innovations, such as day surgery units and five-day wards, was set to make a valuable contribution to reducing waiting lists and waiting times. But the Government, rather than supporting the NHS to build and create more treatment centres, has instead put in place plans to pay the private sector more than £5 billion to do the very same thing by using Independent Sector Treatment Centres (ISTCs).

When the plans for ISTCs were first introduced, the Government claimed that they would improve quality, provide better value for money and offer a better deal for patients. Five years on from making these claims many of the first ISTC contracts are nearing their end. **The BMA doesn't believe the numbers add up.**

## What have ISTCs done for the NHS?

The BMA has asked the Government to provide the evidence that shows the proven benefits of ISTCs to the NHS. The BMA has asked the Government to demonstrate how ISTCs have improved quality, inspired innovation and delivered value for money. The BMA has asked for proof that ISTCs have led to better care for NHS patients than the NHS itself could provide with the same large sums of money that has been given to the private sector. The BMA has asked why the private sector was favoured over the public sector. **But the evidence and the answers are not there, just more dogma.**

## What are the problems?

The BMA is concerned because what evidence does exist suggests that where patients' care is bought and sold, and where hospitals, doctors, nurses and carers have to compete with one another like businesses, we find poorer health outcomes for patients, lower quality care, rising bureaucracy and the erosion of relationships where co-operation is replaced with competition.<sup>1</sup>

The introduction of ISTCs has seen NHS hospitals having to compete with ISTCs whilst at the same time having to provide their own NHS staff to work in the centres in order to make them viable. The NHS has been left to pay the companies more to do work than it would cost the NHS to do the work itself. The NHS has been forced to pay the companies running ISTCs in advance for work that it now looks likely many ISTCs will fail to carry out – but the NHS will not get its money paid back.

## Value for money?

The figures in Table 1 demonstrate that ISTCs are failing to deliver on their expensive contracts. Ten ISTCs will see their contracts come to an end in early 2010 and the majority will fail to deliver the amount of care they have been paid to provide. This means more NHS money being handed to the private sector in return for less work than the NHS was promised.

**Table 1 – 10 ISTCs with contracts ending in 2010**

	<b>Start date</b>	<b>Total value of contract</b>	<b>Contract utilisation to date by percentage</b>
Eccleshill, Bradford	April 2005	£38m	87%
Barlborough	April 2005	£99m	89%
Greater Manchester Surgical Centre	May 2005	£86m	61%
Peninsula, Plymouth	May 2005	£59m	101%
Boston	April 2005	£9m	82%
Cobalt, Tyneside	May 2005	£11m	86%
Gainsborough	April 2005	£6m	76%
New Hall, Southampton	April 2005	£43m	76%
Reading	April 2005	£15m	93%
Kidderminster	February 2005	£27m	87%

Source: Department of Health

What makes this situation more worrying is that where the private sector has actually carried out work in ISTCs this has proven considerably more costly than if the work had been carried out in the NHS. The Department of Health itself admits that across the first 20 or so ISTCs the cost of work carried out is 12% more expensive than equivalent work undertaken in the NHS<sup>2</sup>.

### **Safety and quality of care**

One of BMA's major concerns has been the difficulty in accessing information that might show the standard of care that NHS patients are receiving in ISTCs. The Healthcare Commission reported its own concerns about 'the lack of high quality, routinely-available, systematically collected data on individual patients that is essential for the assessment of the processes and outcomes of care'<sup>3</sup> available from ISTCs. Earlier research, sponsored by the Department of Health, into ISTC performance concluded that the quality of data provided by ISTCs suffered from such variability and incompleteness that it rendered 'any attempt at commenting on trends and comparisons between schemes and with any external benchmarks, futile'<sup>4</sup>. Only in 2009, now many years on from ISTCs' introduction, has the private sector agreed to begin to develop more reliable information on their performance, but even so it is not clear who will be allowed to see it.

More generally there has been concern that the quality and safety of care in ISTCs might not be as high as patients should expect due to the use of doctors trained abroad and therefore unused to NHS processes and techniques, the lack of many ISTCs' ability to manage complications due to staffing mix and the absence of necessary facilities. In September 2009 a BBC Panorama program on ISTCs highlighted that after the death of a patient in 2007, the Care Quality Commission is now carrying out safety checks at all ISTCs. This and other incidents at ISTCs highlighted in the Panorama program reinforce BMA concerns about ISTCs which do not always have the full facilities to cope when things go wrong. One of the great strengths of NHS hospitals is that they have the facilities and emergency staff who can attend swiftly to prevent complications from progressing to tragedy.

### **Fragmenting the NHS**

A number of studies have shown that competition in health care appears to be associated with lower quality (higher death rates) and that on balance the relationship between competition and quality of care appears to be negative. Commentators suggest that competition in health care too often works to the detriment of improving patient care with restrictions to the access of care, gaming, the shifting of costs on to fellow providers and the stifling of innovation<sup>5</sup>.

The BMA is concerned that the ISTC programme has led to valuable time and money being used poorly and that the Government has seemingly ignored the potential for its reforms to threaten the stability of the NHS and undermine the spirit of co-operation which is central to its success. Government's plans have seen taxpayers' NHS money handed over to the private sector and often wasted as demonstrated by the poor value for money delivered by the private sector's involvement in Independent Sector Treatment Centres (ISTCs) and the Private Finance Initiative.

Evidence from a BMA study of Clinical Directors showed that where a treatment centre is in operation, most respondents report some impact on either their Trust as a whole (69%) or specifically on their clinical directorate (80%). More than half of these respondents report a negative overall impact of a local treatment centre on the facilities and services provided by their NHS Trust with more than two-thirds reporting a negative impact from an ISTC.

Most typically, reported concerns highlight the tendency of ISTCs to distort the case-mix experienced by local NHS services as a result of ISTCs 'cherry picking' cases, focusing on simpler, more straightforward elective procedures. Whilst this practice reduces complexity and risk for the ISTC it leaves local services with the burden of difficult cases and accommodating longer in-patient stays. Consequently, many ISTCs

benefit from a high volume of simple case-mix, guaranteed referrals and improved tariffs. They also benefit from remaining able to rely on support services in the local NHS organisations if post-operative difficulties arise, which again results in a shifting of financial burden.

Fragmentation is also a concern with regard to patient care. In its review of ISTCs the Healthcare Commission reported that 'pathways of care are not always well integrated' and the BMA's own research previously found that almost three-quarters of respondents in the BMA study report that they are never able to discuss patient cases with staff in ISTCs. The BMA study suggests that patients are often being directed to treatment centres without reference to their consultant in the local hospital trust and that patients are not being fully involved in the referral process.<sup>6</sup>

Moreover, fragmenting NHS care also threatens to undermine the future quality of the NHS workforce. In particular the BMA has serious concerns in respect of the potential threat to the provision of training for junior doctors as procedures most suited to training purposes are transferred to ISTCs. The Health Select Committee's inquiry into ISTCs reported concerns that ISTCs were poorly integrated into the NHS and that they were adversely impacting upon the training of doctors and suggested that, 'These concerns are well-founded'<sup>7</sup>. Not only this, but echoing the BMA's own objections, one member of the Health Select Committee has commented that the introduction of ISTCs seemed to be an evidence-free policy zone.<sup>8</sup>

The Government's policy to introduce ISTCs has led to the fragmentation of the NHS rather than better integration. ISTCs have led to NHS organisations operating in an environment where competition, not co-operation, is encouraged. ISTCs have been able to operate under the cover of commercial confidentiality undermining the principle of transparency and preventing public scrutiny. However, the evidence available suggests that ISTCs have seen taxpayers' money wasted, patients' care called into question and the NHS fragmented.

#### **The BMA urges the Government to restore the NHS to a service based on:**

- **public provision, not private ownership**
- **co-operation, not competition**
- **integration, not fragmentation**
- **public service, not private profits**

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1 See the BMA's Campaign Briefing on Competition in the NHS

2 [www.publications.parliament.uk/pa/cm200708/cmselect/cmhealth/1190/1190w118.htm](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmhealth/1190/1190w118.htm)

3 Healthcare Commission. *6 Independent sector treatment centres: a review of the quality of care*. 2007.

4 National Centre for Health Outcomes Development. *Preliminary overview report for schemes GSUP1C, OC123, LP4 AND LP5*. 2005.

5 Propper, C., Burgess, B., Green, K. (2002) Does Competition Between Hospitals Improve the Quality of Care? Hospital Death Rates and the NHS Internal Market, unpublished mimeo, University of Bristol, CEPR & CMPO

6 Propper, C., Burgess, B., Abraham, D. (2002) Competition and Quality: Evidence from the NHS Internal Market 1991-1999 *CMPO*

7 Porter, M. E., Teisberg E. O. Redefining Competition in Healthcare. *Harvard Business Review*, June 2004.

8 Health Policy and Economic Research Unit (2005) *Impact of Treatment Centres on the Local Health Economy* BMA: London.

9 House of Commons Health Committee. *9 Independent sector treatment centres*, Fourth report of session 2005-6. Vol I, 2006.

10 House of Commons official report (Hansard).22 2007 May 10: col 158WH.