I ♥ London

Dr Victor Chua of Mansfield Advisors believes there is an unmet opportunity for private emergency cardiac care in London

If you were to have a heart attack or stroke in the UK, you are most likely to be treated in an NHS hospital – regardless of whether you have private medical insurance or the wherewithal to pay out of your own pocket. In our survey of private cardiac services, we have not found a single private cardiac that is staffed to take emergencies around the clock.

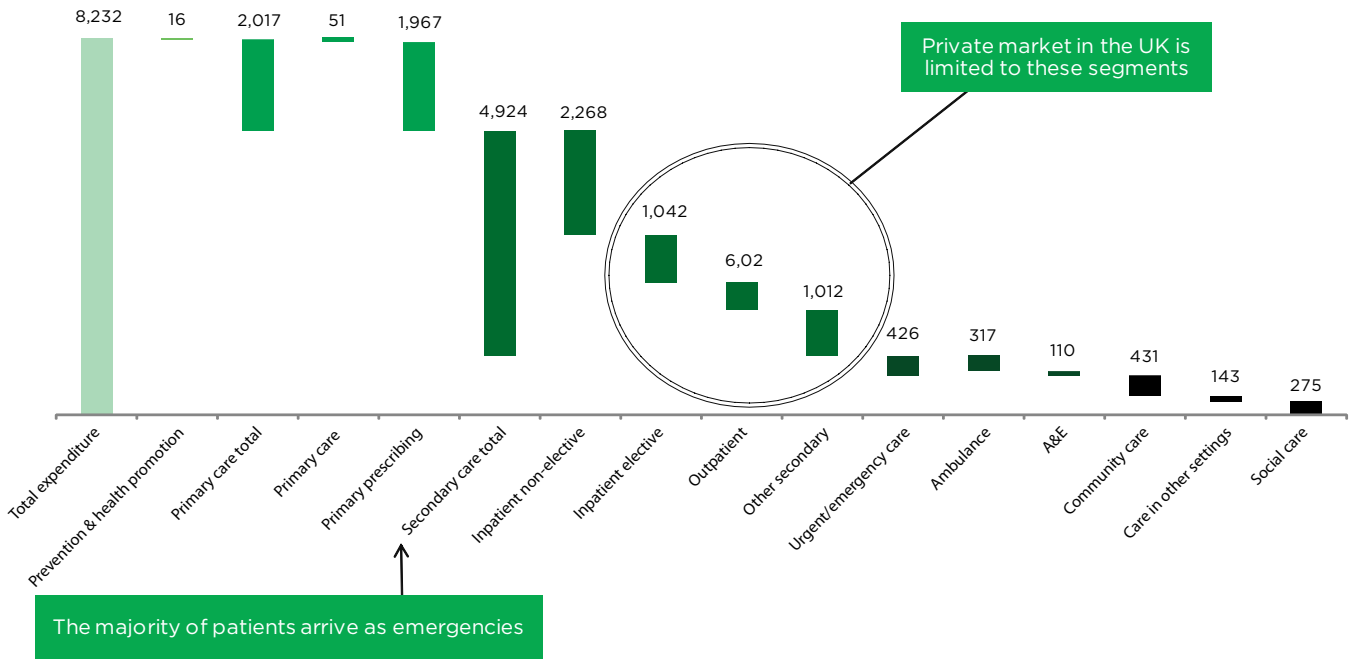
This begs the question, is there an opportunity for private emergency cardiac care? We think there certainly is a case for it in London.

The NHS spends circa £8 billion on "problems of circulation", of which £5 billion is spent in hospitals (*figure 1*). The rest is spent in the community (£2 billion on primary care, £400 million in taking patients to hospital and initial A&E assessment, and £900 million in social care).

Of the £5 billion spent in hospitals, however, more than 40% is classified as "inpatient non-elective" – patients who arrive in an emergency. The rest are outpatients and planned admissions. By and large, private hospitals only play in the second segment.

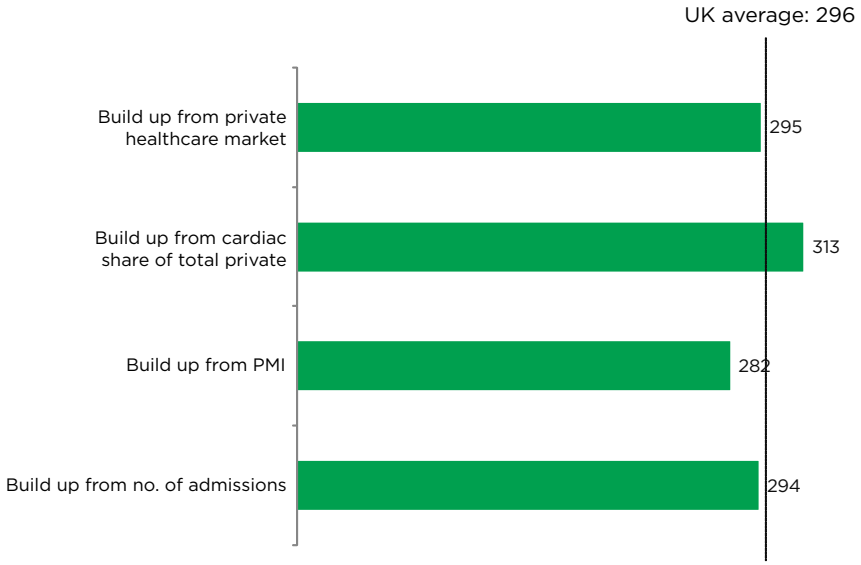
Five hospitals in London bring in over £10 million in private cardiac revenues – the private patient unit at the Royal Brompton NHS Foundation Trust, the ▶

FIGURE 1
UK NHS CARDIAC MARKET BY SEGMENT
£(m), Problems of circulation



Source: Department of Health PCT data

FIGURE 2
PRIVATE CARDIAC MARKET SIZE
£(m), includes cardiology, cardiothoracic, and vascular



Source: Laing & Buisson, Regent's Park Clinics, Competition Commission

FIGURE 3
CARDIAC SERVICES IN THE UK – PRIVATE CARDIAC CENTRES, NHS ANGIOGRAPHY, AND PCI

Source: Mansfield online map based on BCIS Audit 2011

Wellington Hospital, the London Bridge Hospital, St Anthony's Hospital, and the Harley Street Clinic. (The Wellington, the London Bridge, and the Harley Street Clinic are owned by HCA International.) None of these hospitals have a 24-hour emergency cardiac catheterisation service, though they will take some categories of "emergencies" if referred during working hours.

Because there is no 24-hour emergency catheterisation service, London patients who would have paid privately go to the major NHS teaching hospitals, which do offer an excellent emergency service for cardiac and stroke patients. You might imagine that the NHS hospitals would be very happy to capture these patients and route them down their own private pathways which could be used to generate a surplus for the NHS. However, NHS hospitals do not generally ask whether patients would opt for private treatment – the NHS has a strong ethos of egalitarianism and NHS managers do not require administrative and booking-in staff to ask patients about their desire to have private treatment.

As a result, we believe that the private cardiac market is smaller than it could be: using four methods, we estimate the market size to be in the region of £300 million (*figure 2*).

Outside London, most private hospitals run private cardiology clinics, but few have a dedicated "cardiac centre" with dedicated exercise testing and physiological testing machines. A few that do are listed in *figure 3*. The limited private cardiology market outside London is partly due to the good coverage of NHS cardiology – most district general hospitals (DGHs) now do at least angiography. Stenting (a type of percutaneous coronary intervention, or PCI) used to be done only in specialist centres and teaching hospitals, but many DGH's have started doing PCI.

Within London, we believe that a business case could be made for a 24-hour private cardiac emergency centre. This could take two forms:

NHS teaching and specialist hospitals could set up a private cardiac pathway. They will benefit from running an NHS service in parallel already, and many staff could be used in common. However, private patients (and their insurance companies) would insist on differentiation from the standard NHS service beyond amenity – bypassing busy A&E departments, a consultant led service, and a wider choice of stenting technologies could be ways to set the private service apart. No less important, in our view, is convincing staff (and staff unions) that surpluses from the private service would be reinvested in NHS care and would improve the quality of the NHS service overall, and that these improvements would be tangible.

The four private hospitals currently performing interventional cardiology could staff a 24 hour service. Such a service might suffer from low capacity utilisation, particularly at weekends. However, in other countries such as Ireland, 24 hour private emergency cardiac services have worked. The Mater Private Hospital in Dublin a successful service, which has allowed it to capture the non-elective inpatient flow which we discuss in *figure 1*. If such a service could be viable in a city of 300,000 privately insured people like Dublin, it must surely be viable in London, which has about 2 million privately insured people, and significant numbers of wealthy, self-paying foreigners. ■

Dr Victor Chua is a partner at Mansfield Advisors LLP, a London-based consulting firm focusing solely on health and social care. In the last 12 months Mansfield has advised hospitals on corporate strategy, and worked on healthcare transactions of a cumulative value of £3 billion. 0776 800 3821. Victor.chua@mansfieldadvisors.com

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