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## Dr. Hamish Meldrum, BMA Council Chairman, sets out the BMA's argument against NHS market reforms

'The government believes that the use of regulated market mechanisms from numerous providers is essential to reverse the declining productivity in the NHS and deliver increased efficiency and effectiveness for patients. This assumption is driven by the current state of public finances and the challenge of changing demographics.

The BMA believes that it is precisely *because* public finances are in such a difficult state that the continued or increased use of the market in the NHS *must* be viewed with extreme caution. The imposition of the market is likely to impact negatively on the finances of the NHS, with money that could be spent on patient care being directed instead to the independent sector and shareholders.

### Negative impact of market reforms

We have concerns about further opening up the market. What evidence does exist suggests that where patients' care is bought and sold, and where hospitals, doctors and nurses and carers have to compete like businesses, the effects are:

- Poorer health outcomes for patients
- Lower quality care
- Rising bureaucracy
- Co-operation losing out to competition.

A number of studies demonstrate that competition seems to be associated with lower quality healthcare (higher death rates)<sup>1</sup> and that, on balance, the relationship between competition and quality of care appears to be negative.<sup>2</sup> Commentators suggest that competition in healthcare too often works to the detriment of improving patient care with restrictions on the access of care, gaming, the shifting of costs to fellow providers and the stifling of innovation.<sup>3</sup>

### Competition and choice

Our concern is that the emphasis on competition and choice will lead to valuable time and money being spent on managing the market itself, rather than delivering care to patients. In the US, the proportion of health funds devoted to administration has risen by 50% in the past 30 years<sup>4</sup> and now stands at 31% of total health spending. The US experience is not unique and the development of markets in other health systems shows a related sharp rise in administrative costs. These include earlier attempts in the UK<sup>5</sup> and in New Zealand.<sup>6</sup> These issues are vital, especially when public spending priorities are being debated. Introducing choice to healthcare is

an outwardly laudable aim, but it is a complex process with unpredictable results. The evidence suggests that choice is likely to increase costs and inequalities, and may not increase efficiency.<sup>7</sup> Moreover, in order to offer true choice it's necessary to have significant spare capacity. We question whether this is something the NHS can afford at a time of financial constraint.

### Public concern about commercialisation

According to a UK-wide poll conducted by Hamilton Lock for the BMA in June this year, the public is clearly concerned about the commercialisation of the NHS.<sup>8</sup> Whilst three out of five (59%) support private involvement in the health service, almost half (47%) say there should be no further contracts for commercial companies to provide NHS services and 55% (more than five out of 10) say the NHS internal market, with competing hospitals and GPs, should be abolished. Although the private sector has played a role in providing NHS care, a majority of the public believe that further commercialisation of the NHS is threatening the very future of the health service.

### GPs as independent contractors

Whilst GP practices are themselves independent contractors within the NHS, it is important to note that they are an integral part of the ethos of the NHS. The original reason for giving them this degree of independence was so that they *could continue to act as advocates for their patients* – they can still put the needs of their patients first because they are not accountable to shareholders.

### Our concern focuses on:

- Stimulating the market in the NHS which can lead to fragmented and duplicated health services
- Excessive costs and restrictions of the Private Finance Initiative
- Money wasted on the bureaucratic costs of introducing and running the market and in disrupted patient care.

In the long run, the promotion of markets in the NHS and the lack of incentives for providers and commissioners to work together will create a more fragmented service, which is likely to adversely affect the quality of care for patients – particularly those with long-term conditions.

### Our approach

We believe that seamless care pathways and better co-ordination between different healthcare sectors are unlikely to be achieved when providers are competing, rather than collaborating, with one another.

The BMA strongly advocates an alternative approach, one encouraging co-operation between providers and using comparable outcomes data to stimulate health professionals to perform better, rather than relying on market forces. We also support an approach that encourages greater involvement of patients in the decisions about where and how their treatment will be provided – both on a collective and individual basis. Further pursuit of the market risks moving the NHS away from its founding principles of being **publicly funded**, **publicly provided** and **publicly accountable**.'



Dr. Hamish Meldrum,  
Chairman, BMA Council

- 1 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
- 2 Propper, C., Burgess B., Abraham, D. (2002) Competition and Quality: Evidence from the NHS Internal Market 1991-1999 *CMPO*
- 3 Porter, M.E., Teisberg E. O. Redefining Competition in Healthcare. *Harvard Business Review*, June 2004
- 4 Woolhaddler S. Campbell T., Himmelstein DU. *Costs of care and administration in the United States and Canada. N Engl J Med* 2003;349:768-75
- 5 Health Policy Network of the NHS Consultants' Association. In Practice: The NHS market in the UK. *J Public Health Policy* 1995; 20(3): 152-61
- 6 Coney S. Relentless unravelling of New Zealand's health-care system. *Lancet* 1996; 347: 1825
- 7 Fotaki et al. What benefits will choice bring to patients? Literature review and assessment of implications *J Health Serv Res Policy* Vol 13 No 3 July 2008
- 8 Hamilton Lock interviewed a representative quota sample of 1,071 men and women across the UK during the w/c 22 June 2009.