For-profit health care might be damaging population health

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Arguments have long raged about what role the private sector should play in the UK's health system, where provision is dominated by the National Health Service (NHS). There has always been some level of mixed public–private provision in UK health care, with more than 500 private hospitals currently in the UK,[1] many senior NHS doctors also working in a private capacity,[2] and general practices being privately owned.

But over the years there have been concerns about so-called creeping privatisation, particularly in England. In the 1980s and 1990s, successive Conservative governments pushed competitive tendering and contracting-out of ancillary services, notably cleaning and catering, and of management services. The Labour governments of the 2000s allowed private companies to buy up general practices and to set up treatment centres. The Health and Social Care Act enacted in 2012 by the Conservative–Liberal Democrat coalition government required NHS commissioners to tender openly for services, outlawing anti-competitive preference for in-house provision by the NHS.

The study in *The Lancet Public Health* by Benjamin Goodair and Aaron Reeves[3] sheds light on the impact of the outsourcing requirements of the Health and Social Care Act. The authors identified all private sector procurement contracts above the value of £25 000 entered into by 173 of England's clinical commissioning groups (CCGs) between April, 2013, and February, 2020. Importantly, the authors were able to determine which contracts went to for-profit providers and which went to non-profit organisations. This approach allowed them to focus specifically on profit-seeking behaviour rather than private ownership more generally. Over the study period, contracts with for-profit providers increased from less than 4% of total procurement expenditure to more than 6%. There was also considerable geographical variation across CCGs, with the share of procurement expenditure spent on for-profit companies ranging from 2% to 20% across CCGs.

The authors exploited this temporal and spatial variation to identify the health impact of these different procurement patterns. Their headline finding is that such outsourcing was harmful to the health of local populations: a one percentage point increase in annual procurement from the private for-profit sector was associated with a subsequent 0·38% annual increase in treatable mortality.

Why might such procurement be harmful to health? There might be a direct effect, if for-profit companies cut corners in their pursuit of profits, with quality of care suffering as a consequence. But it is unlikely this was the primary driver here, given that most of the growth in funding was for business support and IT. Instead, the effect might be indirect, capturing the opportunity cost of diverting money to for-profit private companies that would otherwise have been available to non-profit organisations or the NHS itself. But, as the authors admit, this is a speculative explanation.

Despite the inability to establish a causal mechanism, the study adds to the evidence base examining the effects of privatisation on the health system in England. On the negative side, higher spending on management consultants has been shown to reduce organisational efficiency;[4] hospital cleaning by private providers has proven "cheaper but dirtier" than when provided in house;[5] and despite £37 billion being allocated by the UK Government to the NHS Test & Trace system (the actual amount spent might have been £29·5 billion), Meg Hiller, Chair of the House of Commons Public Accounts Committee, could see no evidence of "a measurable difference to the progress of the pandemic".[6] On the positive side, patients treated in private sector treatment centres report better outcomes, have a shorter length of stay, and fewer re-admissions than those treated in NHS hospitals, even after accounting for case-mix differences.[7,8]

For more on the **NHS Test & Trace spending** see https://fullfact.org/health/test-and-trace-37-billion/

These mixed messages about the benefits of a mixed system of public and private provision imply a cautious approach should be taken to changing the mix any further. For-profit providers might secure greater profit for their shareholders by being innovative and quick to adopt the latest technologies. But a faster route to making profits might mean compromising on health-care quality. The only protection against this double-edged sword when procuring private health-care services is via the contract: quality standards must be fully spelt out, there must be careful monitoring of performance, and there must be strict enforcement when standards fall short.[9] Incomplete specification of contracts between commissioners and

for-profit providers opens up the possibility that for-profit companies will seek profits by compromising health-care quality rather than through innovation and efficiency.

If commissioners could share their contracts with one another, they would learn from each other how to improve their specification. But in England, and unlike in Scotland,[10] most such contracts have been deemed commercial in confidence, ensuring that for-profit companies enjoy an information advantage in negotiations and making it more likely that quality will be sacrificed in the pursuit of profit. If there is to be further privatisation in the NHS in England, commercial-in-confidence protections need to be removed.

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Andrew Street
a.street@lse.ac.uk

The London School of Economics and Political Science, London, UK

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