



# AIHO

Association of  
Independent Healthcare  
Organisations

## **Independent healthcare – serving patients, adding value**

Exploring the social and economic  
contribution of the independent sector  
for elective hip and knee surgery in the UK

AIHO summary of a  
Monmouth Partners Report  
entitled 'Joint Working'  
September 2016

## Introduction

This document is the summary of a report commissioned by The Association of Independent Healthcare Organisations (AIHO) and produced by healthcare information specialists Monmouth Partners. The Monmouth report highlights the role the independent sector plays in meeting patients' needs, working alongside the NHS and adding value both to society and to the medical profession through innovation and sharing of best practice.

In 2014/2015, one third of all hip and knee operations in the UK were delivered by the independent sector for NHS and non NHS patients, taking pressure off NHS waiting lists and reducing demand for NHS funded care.

For the first time, an analysis has been carried out of how much the independent sector has saved society and the economy, through a single analysis bringing together all hip and knee joint replacement activity across both the NHS and independent sectors.

## Context

The UK's independent sector hospital market is worth about £5bn, equivalent to only about three per cent of the UK's healthcare spending. In spite of this, its role has grown over the last decade – it now treats more than 1.6 million people overall per year.

Among the common causes of referrals to the independent sector are musculoskeletal problems, such as hip and knee osteoarthritis. These problems are the leading causes of disability in the UK, affecting more than 6.5m people, and the main reason for joint replacement surgery.

In 2014/15, there were more than 1.9m NHS and independent orthopaedic admissions; almost 460,000 of those patients were treated by independent providers – more than 23 per cent.

Patients come to the independent sector through the NHS, using one of several mechanisms set up to enable patient choice, or through their own health insurance or through self-paying directly.

## Serving patients

In both volume and range of cases, the independent sector is a significant contributor to services for patients, as well as reducing demand on the NHS, offering lower waiting times, good clinical outcomes and a quality experience for patients.

In 2014/15, the independent sector carried out c.21 per cent of NHS funded hip replacements and c.23 per cent of NHS funded knee replacements, all at a cost set by the NHS. The mixture of elective cases undertaken in this area of medicine by the independent sector was shown to be similar to that carried out by NHS hospitals.

Provision within the independent sector reduces demand on the NHS – as well as treating NHS patients, the sector treated about 290,000 non NHS orthopaedic surgery patients in 2014/15 who would otherwise have needed NHS intervention.

NHS patients referred to independent providers waited, on average, 10 days less between referral and treatment than those referred to NHS hospitals.

Independent hospitals are less affected by seasonal or unpredictable variations, such as winter flu or a widespread virus, largely because they do not routinely offer accident and emergency facilities. This means that surgical work can continue more smoothly for patients already referred for operations, but also that the sector can provide extra capacity for the NHS when necessary.

Importantly, patients appreciate their experiences in the independent sector and often have better clinical outcomes. Independent sector providers score as well, if not better than their NHS counterparts, on both the existing Patient Reported Outcome Measures (PROMs) – using the Oxford Hip or Knee Scores – and the Friends and Family Test.

NHS patient outcome data demonstrates that independent sector providers are performing at least as well, if not better than NHS providers, in both hip and knee surgery. The most recent Friends and Family Test data shows that 99 per cent of NHS funded patients said they would recommend their independent provider, compared to a NHS average of 95 per cent.

## Adding value

This research calculates the estimated value of the contribution made by the independent sector through elective hip and knee surgery, applying similar social welfare benefit models as other academic studies, however for the first time using both NHS and independent sector activity data.

Even using conservative estimates, the economic value of independent sector hip and knee replacements is between £540m and £692m annually, taking into account welfare savings, productivity gains and the value relating to the independent sector's treatment of patients who choose not to access NHS services.

Separately the analysis also looks at the measures employed by the National Institute of Health and Care Excellence to judge the benefits of treatments – Quality Adjusted Life Years. This measure assesses how many years with a reasonable quality of life each treatment will give a patient, set against the cost of that treatment. It comes up with a cost per year, and each NHS treatment is measured against a threshold range.

Hip and knee replacements have been shown to cost an average £2,100 per Quality Adjusted Life Year (QALY), well below NICE's threshold for recommending NHS treatment which is, at its lowest, £20,000 per QALY. To set this in context, a heart transplant costs £7,840 per QALY and cholesterol testing and dietary advice costs £220 per QALY.

These figures put a monetary value on the service provided, but many other less tangible benefits are felt by patients and their families. A hip replacement, which gives a patient greater mobility and less pain, enables more independence and so reduces demand on a patient's family and friends. Patients of working age can take less time off work and claim less benefit.

Those who choose to use the independent sector and are not referred there by the NHS also contribute to the benefits shown – in 2014/15, those 45,014 hip and knee replacement operations would have cost the taxpayer another £285m at a standard NHS rate.

## Conclusions

The diversion of demand from the NHS to the independent sector is a vital support to the NHS, especially when tackling waiting times. Monmouth Partners' research estimates that the number of hip and knee replacements has risen (by about 50 per cent and about 43 per cent respectively) in the last ten years – a population which is both growing and ageing will create further demand.

So any reduction in the independent sector's capacity to treat NHS funded hip and knee replacements would have damaging consequences, requiring extra NHS beds and theatre facilities and lengthening waiting times.

The independent sector has both the capacity and the aspiration to provide greater volumes and a wider range of healthcare services, including orthopaedic services. It is also keen to partner more closely with the NHS to help meet growing demand, and to share expertise and learning so that the wider health economy can benefit.

Reporting on outcomes and quality data is now becoming more standardised, so that patients and commissioners will be able directly to compare independent and NHS providers in a range of areas, improving transparency and consistency.

## AIHO's recommendations to Government

AIHO members want to work with the Government to ensure high-quality healthcare for the UK in the long-term.

We are calling for:

- ▶ Patients to be given real choice across treatments, with existing mechanisms employed fully, giving access to a diverse range of providers working collaboratively
- ▶ Strong and transparent partnerships between the NHS and the independent sector, in terms of patient care and in the sharing of best practice, to improve healthcare for patients
- ▶ A positive debate on how the UK can best use the independent sector's capacity to deliver surgical services to complement a healthcare system free at the point of need
- ▶ Mechanisms that encourage people with private medical insurance (PMI) to use it, such as through a more formalised GP referral system – this will help alleviate pressure on the NHS
- ▶ Incentives for businesses to provide corporate PMI schemes for employees.

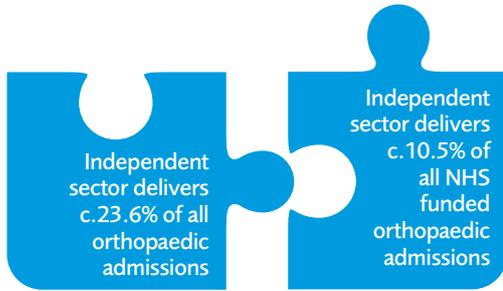
The following infographic is taken from the full Monmouth Partners report and sets out the key findings.

# INDEPENDENT SECTOR CONTRIBUTION FOR ELECTIVE HIP AND KNEE SURGERY

1.9 million NHS & independent sector orthopaedic admissions, 2014/15

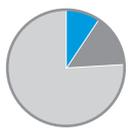


In total the NHS spends c.£5 billion a year on orthopaedics



Independent sector delivers c.23.6% of all orthopaedic admissions

Independent sector delivers c.10.5% of all NHS funded orthopaedic admissions



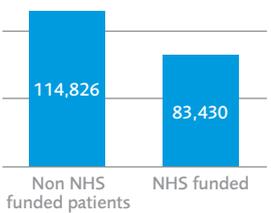
459k patients treated by Independent sector

- 172k NHS funded
- 288k PMI / self pay

1 in 3 Hip & knee operations are delivered by the independent sector each year – including NHS, PMI & self pay patients



c.198,000 hip and knee operations delivered by the independent sector in 2014/15



Category	Number of Patients
Non NHS funded patients	114,826
NHS funded	83,430

Focussing on joint replacement surgery only, the independent sector delivers:

- 35% of all and 21% of NHS funded hip replacements
- 40% of all and 23% of NHS funded knee replacements

**Contributing value of**

- £540 to £692 million**  
Estimated annual economic value of independent sector provision of hip and knee replacements
- £285 million**  
Value of non NHS funded independent sector provision of hip and knee replacements

Equivalent to

- £600 million** additional investment into mental health for greater access to talking therapies by 2020
- 10,945** Band 6 nurses' annual salary

Beyond the physical, mental and social benefits to the patient, the wider benefits for families, communities, employers and the state include:

**1** "the potential reduction in sick days and the knock on impact on business productivity..."

**10 days**  
Independent sector providers treated NHS outpatients **10 days earlier** than the national NHS average (Dec 2015)

Friends and Family Test  
**99%**  
of NHS funded patients treated in independent sector facilities in 2015, would recommend the service to friends and family



AIHO is the trade association for independent healthcare hospitals across the UK. It provides a voice for the sector to stakeholders, media and government.

AIHO represents over 250 hospitals that provide services to insured, self-pay and NHS funded patients. AIHO members are a wide range of private and charitable providers. Members vary from large hospital groups to smaller, specialist providers of specific surgeries and treatments.

For more information about the report, please contact AIHO at:

T: **020 3713 1740**

E: **[info@aiho.org.uk](mailto:info@aiho.org.uk)**