

**PRESS INFORMATION****EMBARGO: NOT FOR PUBLICATION BEFORE 00.01HRS 3 OCTOBER 2012****RECORD ACTIVITY IN INDEPENDENT HOSPITALS BELIES A FLAT MARKET**

Private & voluntary (independent sector) hospitals in the UK are admitting an annual 1.64 million patients for surgical treatments in 2012, equivalent to some 14.5% of total surgical admissions in all (NHS and independent) UK hospitals, a record level of activity for the sector, according to Laing and Buisson's new *Private Acute Medical Care* UK market report.

However, this new report highlights that activity has been driven by increased NHS admissions, as spending on acute medical care by private patients has been flat since 2005.

The independent sector faces a challenge to grow its private patient customer base, as its NHS surgical activity begins to mature. Stronger competition for private patients, and efficient delivery of increased (low margin) NHS work represent a challenging picture for hospitals.

Laing and Buisson's estimate of 1.64 million surgical admissions in 495 independent hospitals in the UK is based on fresh findings for the first half of 2012, which shows that 1.2 million admissions were treated as daycases, and 400,000 on an overnight basis.

Revenues generated by independent acute medical hospitals and clinics were recorded at £4.14bn in 2011, but barely grew in real terms in the last two years (up 0.7%), as hospitals' private patient revenues (£3.06bn) fell back by 3% overall in 2010 and 2011, though its income from the NHS grew strongly again to reach a record high of £1.09bn. However, although NHS spending has quadrupled since the mid 2000s, its real growth of 7% and 5.5% in 2010 and 2011 represents a clear slowing.

Though independent hospitals' private patient business has contracted overall, good growth in self-pay spending by individuals since 2008, up 14% overall in real terms in the last three years, has helped soften a sharp fall in payouts from private medical insurers in 2010 and 2011 (down 6% in real terms overall).

Meanwhile the NHS's private patient business has emerged out of the doldrums as the Coalition has lifted a cap on private income imposed by the previous Labour government in 2003/04. Real growth of 3.5% in NHS private patient revenues in 2011/12 was the first significant increase since Labour's cap, and Trusts are gearing themselves up a much larger slice of the private patient market.

Highlighting the report's revealing trends for the private patient market, report author Philip Blackburn said: 'Independent acute medical hospitals are carrying out more activity than ever before, but their funding dynamics confirm a sector that looks to have crucial pinch points coming up.'

He added: 'Private business from medical cover payouts desperately needs some relief from an improved economy, but it is worrying that medical cover demand has not yet benefitted from slippages in NHS performance, which appear to have energised self-pay private spending while public spending has been squeezed. A lack of growth has spurred insurers to look for cost-efficiencies from hospitals and consultants, and this search is likely to continue in the absence of market growth and/or savings for policyholders. The report also picks up a subtle trend of provider diversity within the market as insurers explore non-hospital provision for some treatments.'

He concluded: 'While this new research suggest that there are opportunities for private self-pay in the short term, in the longer term performance of the NHS, as its reforms unfold, remains a great unknown.'

- END OF RELEASE -

*\*Private Acute Medical Care Market Report 2012 is available now priced at £775 for hard copy and £1,135 for hard copy and PDF. To purchase contact Laing & Buisson, 20 Angel Gate, City Road, London, EC1V 2PT. Tel: 020 7833 9123. Fax: 020 7833 9129. [www.laingbuisson.co.uk](http://www.laingbuisson.co.uk)*

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**NOTES TO EDITORS:**

Founded by William Laing in 1986, Laing & Buisson is the UK's leading provider of information and market intelligence on the independent health, community care and childcare sectors.

Laing & Buisson offers a uniquely focused range of expert services to providers, purchasers and investors in the health and community care markets. Information about the range of products and services provided is summarised below.

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**Events:** In addition to one-off conferences on subjects selected for their special interest or topicality, Laing & Buisson's annual programme features a series of conferences on specific areas including long term care for the older people, learning disabilities and mental health, acute healthcare, insurance and children's nurseries. The Independent Healthcare Forum consists of two major conferences: the acute healthcare conference and the mental health conference and a workshop for private patient units. The Independent Specialist Care Awards and the Independent Healthcare Awards take place in March and September, highlighting the range of achievements and recognising best practice within the sectors.

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**CareSearch and Health & Care Data:** *CareSearch* is Laing & Buisson's flagship data product, a 'one stop shop' with extremely flexible search facilities for those needing detailed, reliable and up-to-date information on care homes, care home groups, independent healthcare establishments, care commissioners, PCTs and inspection and registration agencies for the whole of the UK. Individual data sets are available to supply as csv files by email.

**Consultancy and Market Intelligence:** Market intelligence and consultancy work, focusing on non-clinical aspects of health and social care markets, is tailor-made for companies with an active interest in the sector. Examples of recent work include a report on the future of the independent healthcare sector for the Healthcare Commission, the seminal work conducted by Laing & Buisson on *A Fair Price for Care* for the Joseph Rowntree Foundation and *Improving Lives - Improving Life*, a report on the key strategic issues facing the long term care sector. Laing & Buisson also frequently assists investors in market due diligence work in the health and care sectors.

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