1

The Plot

Plot: *a secret plan, esp. to achieve an unlawful end; a conspiracy;* Conspiracy: *combination of people for an unlawful or reprehensible purpose*.

(Oxford English Dictionary)

In July 2000 the Independent Healthcare Association, representing Britain's still very modest – by international standards – private healthcare industry, was in the middle of negotiating a 'concordat' with Tony Blair's second Secretary of State for Health, Alan Milburn. The Association's leading negotiator, Tim Evans, was very clear on the ultimate aim of the concordat. He looked forward, he said, 'to a time when the NHS would simply be a kitemark attached to the institutions and activities of a system of purely private providers'.[1]

At the time this sounded like the kind of fantasy you might expect from a policy adviser to the far-right Adam Smith Institute, which Evans also was. The NHS was still a taken-for-granted fixture of British life and values. But less than three months later a concordat was reached to make private companies permanent providers of treatment to NHS patients. By 2009, 149 private hospitals, 'treatment centres' and clinics were treating NHS patients 'on the NHS', and using the NHS logo.

By 2014, if Cameron's and Lansley's Health and Social Care Bill becomes law, the remaining NHS hospital trusts, mental health trusts, ambulance trusts and the rest will all have been converted into independent businesses, increasingly indistinguishable from private companies. They will be competing in a market, in which the penalty for financial failure will be either closing, or being taken over by a private company.[2] A growing number of nominally NHS hospitals are also expected to be under private sector management. Indeed under the new Bill there is nothing to stop all NHS services being taken over by private providers.

Of course the fact that the privatizers' dream is so close to being realized, and so astonishingly soon, isn't evidence of a plot or conspiracy. Breaking up the NHS and replacing it with a healthcare market was not an illegal aim, or even reprehensible, at least in the eyes of those involved. In a democracy everyone is free to pursue their own interests and preferences.

Yet it was a plot. What made it a plot was its covert nature. Neither parliament nor the public have ever been told honestly what was intended. Misrepresentation, obfuscation and deception have been involved at every stage.

Opinion polls show that at any time since 2000, if the public had been asked whether they wanted to see the NHS broken up and replaced with a healthcare market on American lines, to be run for profit by a variety of multinational health companies, private equity funds and local businessmen, they would have overwhelmingly rejected it.[3] If the idea had been openly put before parliament only a handful of Conservative MPs in very safe seats could have risked supporting it. Whatever its faults, the NHS remains the most popular institution in the country. So if the project was to succeed it

was essential to minimize public attention to what was really intended – and when attention could not be avoided, to obscure it.

The year 2000 presented the marketizers with an unprecedented opportunity. By promising a massive one-third real-terms increase in NHS funding, to be achieved over the next five years, bringing it up to the EU average, Tony Blair made available money that could spent on creating a market without seeming to be at the expense of urgently-needed services.

The increase was intended to remove the valid complaint by NHS staff and others that the service's fundamental problem was chronic underfunding.

Among other things NHS staff received substantial pay rises – in the case of most GPs, a dramatic rise. In return Blair asked the leaders of the NHS to sign up to a new 'NHS Plan', which called for radical improvements in the way services should be run, patients treated, complaints handled, and so on.[4] A long list of senior doctors, nurses, managers and others were happy to sign. Most of the aims made sense, and with new resources they thought they could be achieved.

The NHS Plan was packaged as being about 'modernizing' the NHS, making it more efficient and more responsive to patients' needs. It said nothing about a healthcare market. It did say that the time had now come 'to engage more constructively with the private sector' and end the 'standoff' which had existed between it and the NHS for decades. It said that 'ideological boundaries or institutional barriers should not stand in the way of better care for NHS patients' and the NHS should 'harness the capacity of private and voluntary (meaning private non-profit) providers to treat more NHS patients'. And a section towards the end announced the new

concordat, which Milburn was in the process of finalizing.

The concordat suggested that the private sector might provide the NHS with more services, such as pathology, imaging and dialysis, but as regards treating patients the only suggestion was that more regular use might be made of private hospitals to take advantage of their spare capacity. Nowhere did the NHS Plan even hint at the possibility of making the NHS into a mere kitemark applied to a system of for-profit companies.

Four years later the government published an NHS Improvement Plan which focused on 'patient choice' and said that by 2008 there would be a 'growing range of independent sector providers' for NHS patients, providing up to 15 per cent of all 'elective', non-emergency procedures. But there was still no suggestion that this was meant to be a stage in the conversion of the NHS into a full healthcare market.[5]

Yet behind the scenes key policy-makers were working precisely towards that end, creating one opening for the private sector after another – in ways that had indeed been sketched in the NHS Plan, though without spelling out their real implications. By 2004, in fact, all the main elements of a market were in place – Primary Care Trusts acting as commissioners, foundation trusts competing with a gradually widening range of private providers, treatments priced and paid for patient by patient, and the beginnings of an IT-based system of patient choice.

Glimpses of what was intended did surface occasionally. John Reid, when he was Secretary of State for Health, caused a brief commotion when he said NHS hospitals that failed to attract patients would close;[6] and his successor Patricia Hewitt did the same when she said that there was no upper limit to the percentage of NHS work that could be given to the private

sector.[7]

But these public admissions, prompted by the need to keep the private sector sweet in face of what it saw as a far too sluggish rate of progress towards a market, were soon forgotten. As a result very few people understood what was really intended by the strategists inside the Department of Health. When Andrew Lansley's White Paper of July 2010 revealed what was really in store many MPs, and even many doctors, struggled to comprehend it.

So in spite of its great popularity Britain's most famous postwar social achievement was unravelled through a series of step-by-step 'reforms', each creating the basis for the next one, and always presented as mere improvements to the NHS as a public service. They were billed as measures to reduce waiting times, to offer more 'choice', to achieve 'world class' standards, to make the NHS more 'patient-centred' – anything but the real underlying aim of the key strategists involved, to turn health care back into a commodity and a source of profit.

Each of the so-called reforms involved persistent, behind-the-scenes lobbying and fixing by a network of insiders – inside the Department of Health, above all, but also by a wider network, closely linked to the Department: corporate executives, management consultants, ministers' 'special advisers', academics with free market sympathies and a taste for power, doctors with entrepreneurial ambitions – and the House of Commons Health Committee, packed with just enough compliant back-benchers and deliberately insulated from advice from expert critics of the market agenda. Not to mention a large and growing corporate lobby.

Each 'reform' needed its own quantum of dissimulation and occasionally downright lies. The culture of the Department of Health was radically transformed. In place of old-fashioned

ideas of accountability and fidelity to facts the priority shifted to misrepresentation and spin. This was accelerated by the fact that from the late 1990s onwards more and more private sector personnel were active inside the Department, often in leading roles.

Many were initially involved as consultants on PFI (Private Finance Initiative) hospital contracts, which the government made clear was the only way a hospital could be rebuilt or replaced. By 2010 a total of 103 PFI hospital schemes, originally valued at £11.3 billion, but expected to cost £65 billion over their lifetimes, had been completed or were in progress.[8] To get a PFI contract the PFI way of financing had to look better 'value for money' than using publicly borrowed finance, and this led to systematic manipulation of the figures. Even the Deputy Controller and Auditor-General admitted that this involved 'pseudo-scientific mumbo-jumbo' in which 'if the answer comes out wrong you don't get your project. So the answer doesn't come out wrong very often.'[9] Civil servants had to unlearn some long-established principles of objectivity and honesty in order to sign off on PFI projects.

And after the year 2000 large numbers of private sector staff were directly employed by the Department. Departmental documents increasingly looked and read like business promotional material. Divining their real meaning called for the skills of a cold war-era Kremlin-watcher.

What lay behind the marketization drive? The interests of the corporate health industry – global as much as British – were obvious. The huge NHS budget, with its assured flow of tax revenues, was of intense interest not only to healthcare multinationals such as the American Health Maintenance Organization (HMO) UnitedHealth and the South African hospital chain Netcare, but also to companies such as Atos

Origin, a French software multi-national, and to various private equity companies equally lacking in any healthcare background – as well as to dozens of smaller British firms, all keen to get in on the act. The interest was not all on one side. Several ministers and numerous civil servants left to take highly-paid jobs in the private healthcare sector. But not all ministers and civil servants saw a financial advantage for themselves. What motivated the rest to join in?

There is no doubt that in 2000 the NHS was in need of modernization, and no one should underestimate the scale of the task, even when very substantial additional funding was made available. The NHS is a huge and complex system, consisting of 1.3 million people working in hundreds of national, regional and local organizations, with diverse job categories and subcultures and interrelationships. Millions of people depend on it to help them deal with some of the most troubling and even life-threatening problems they confront. It can't be lightly tampered with and so it poses a huge challenge to anyone trying to change it.

One can understand how politicians and officials, impatient with the pace of wished-for improvements, could be tempted by the idea that the pressure of competition could achieve what they found so difficult to achieve with the financial and administrative levers at their disposal. The message they constantly heard from businessmen was that they could accomplish in a week, with one hand tied behind their backs, what NHS managers seemed unable to do in a year, or even five.

Many strategists within the Department of Health were attracted by the notion that they could import elements of market-based healthcare systems elsewhere which looked to them more efficient, and use them to 'gee up' the surrounding

structures of the NHS, without going all the way to a full-scale market. Such policy-makers can be thought of as 'marketizers', in the sense that they wanted the NHS to operate more like a market, while remaining publicly funded and managed. Others can be better thought of as 'privatizers' like Tim Evans, who thought that only private companies competing in a full healthcare market would achieve the desired efficiencies.

Unfortunately the marketizers continued to advocate market models of care even when experiments showed that market-based imports were not efficient at all – as with UnitedHealth's 'Evercare' programme, for example. Evercare, which the huge American HMO UnitedHealth was paid a large sum to test in four regions of England, was supposed to reduce emergency hospital admissions for elderly patients by 50 per cent. But when it was evaluated it turned out to be unlikely to cut admissions by more than one per cent.[10] The marketizers had evidently not reckoned with the fact that England's system of primary care was already accomplishing what Evercare does in the US, where there is no free primary care. The main lesson the Department of Health seemed to draw from this experience was not to evaluate such experiments.

Besides being ready to ignore evidence, many of the marketizers in the Department, and their academic and think-tank advisers, also imagined that the state would always set limits on the role of market forces. They thought market forces would always operate 'within a planned and managed system', as Labour's shadow health secretary, John Healey, put it in the Commons in February 2011.[11] They assumed that 'the power of the markets' could be 'harnessed' to drive needed improvements in the NHS, without market forces becoming too strong to be kept within a planned and managed system.

Perhaps they also imagined that the Conservatives would never return to power and complete the conversion of marketization into privatization.

Probably few of the strategists under Milburn and his New Labour successors were committed privatizers from the start, although some undoubtedly were. But as the decade progressed the distinction became less and less meaningful. Policy-makers abandoned their critical role and talked in increasingly vague terms about 'the direction of travel', avoiding the need to say what the destination was. As more and more NHS activities were handed over to private enterprise the companies involved were described as part of 'the NHS family'. Among policy-makers the notion that the NHS might end up as no more than a kitemark gradually ceased to be unthinkable.

By 2010 marketization clearly entailed not just the possibility but the longer-run probability of privatization. Yet the fact remains that all the evidence shows that privatization makes health care more costly – and worse. The evidence from the US confirms what economic theory says, that markets will not produce good health care for all, as the NHS is pledged to do.

A Treasury document published in 2003 clearly outlined the reasons why this is so: price signals don't work in relation to health care; the consumer lacks the necessary knowledge, creating a risk of overtreatment; there is a potential abuse of monopoly power; it is hard to write and enforce contracts for medical treatment; and 'it is difficult to let failing hospitals go bust – individuals are entitled to expect continuous, high-quality health care wherever they are'.[12]

Why was all this ignored? If the strategists in the Department of Health thought they had contrary evidence or

superior theory they should have come out openly and said so. But they were never called on to defend their ideas, precisely because they proceeded so covertly.

A 2010 survey of 20,000 patients in eleven industrialised countries for the US Commonwealth Fund found that the NHS was almost the least costly healthcare system of them all, and at the same time gave one of the best levels of access to care. Other countries not only spent more per head but also charged patients directly, reducing equality of access. Only Switzerland reported faster access to care, but Switzerland also spent some 35 per cent more per head than the UK. Only New Zealand spent less per head, but one in seven New Zealanders said they skipped hospital visits because of cost. In the US, which spent almost twice as much per head as the UK, one in three people avoided seeking care because of cost.[13] To ignore all this evidence and embrace the idea of replacing one of the most cost-efficient health systems in the world, as well as one of the fairest, with one modelled on the most expensive and unequal system (the American), sets a new standard for ideologically-driven (and interest-driven) policy-making.

But the NHS has not only worked well, providing high-quality, equal care for everyone, free of charge, at low cost: it is also the historic achievement of millions of people – those who fought to establish it, those who have spent their lives working for it, and everyone who has paid their taxes to build it up over the more than sixty years since it was created. Its founding principles of comprehensiveness and equal access for all have been core values of modern British society. Working to marketize it, and finally privatizing it, without any democratic mandate – without even explaining that aim to parliament or the public, is as close as it gets to being not just

unscrupulous, but actually unconstitutional. The question is whether the English people – Scotland, Wales and Northern Ireland having escaped the plotters' reach – will accept having this precious part of our heritage filched from under our noses.