

Unhealthy competition

COMPETITION is now a bigger priority than healthcare when it comes to shaping the NHS in the wake of the 2012 Health and Social Care Act.

The reorganisation of health trusts – and given their financial troubles, many will need it – is now subject to the 2002 Enterprise Act, from which only private healthcare companies, and not the NHS, are likely to benefit.

The results have already been seen in Dorset, where in October the Competition Commission rejected the proposed merger of Bournemouth and Poole hospitals, against the wishes of managers and clinicians, after a referral from the Office of Fair Trading, which itself was advised by the health service regulator, Monitor.

Although Monitor is meant to encourage “cooperation and competition”, its advice drastically favoured the latter. Benefits put forward by the hospitals were dismissed as lacking evidence, and administrative savings were ignored because they “may be delivered by a merger with an alternative [hypothetical] provider” – ie a private hospital. The only winners, with fees put at £6m, were the lawyers. Outgoing NHS chief executive David Nicholson said the service was now “bogged down in a morass of competition law”.

Monitor’s approach is no surprise. Its chief executive David Bennett was, until 2005, a senior partner at management consultancy McKinsey, whose stock solution is to impose competition and transactions everywhere – even within organisations and often to disastrous effect, as at the BBC, HM Revenue & Customs and, ahem, Enron. Bennett then became chief policy adviser to Tony Blair and head of the Downing Street policy unit until Gordon Brown arrived. He took the Monitor job in 2010.

Alongside him sits Adrian Masters, another McKinsey alumnus who worked for Blair on the market-driven health reforms of 2003, before

becoming Monitor’s strategy director and working “to shape the future development of the healthcare sector”. Monitor’s “director of cooperation and competition”, meanwhile, is Catherine Davies, a former city competition lawyer with Linklaters and the Competition Commission itself.

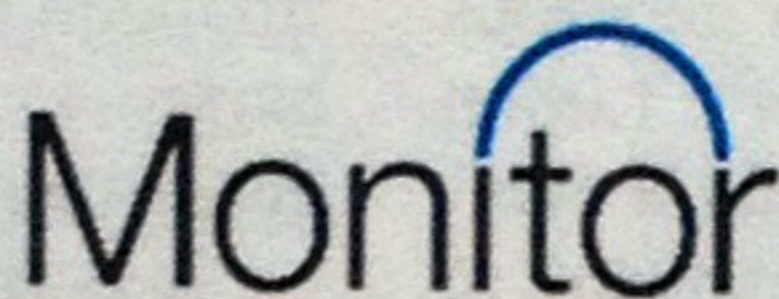
Davies set out her philosophy last year, telling the King’s Fund, the health policy think tank, that “the idea is that [healthcare providers] exert pressure on each other to maintain the quality of services over and above the minimum quality and then whenever they come together, in the absence of other providers who would exert such a pressure, then quality is likely to deteriorate”. In other words, health

competition will improve health just as pricing competition reduces prices, even if evidence from the UK and abroad hardly backs this up.

Davies is supported by a “cooperation and competition” panel chaired by Lord (Patrick) Carter, serial author of New Labour reviews advocating outsourcing, including one which led to the privatisation of NHS pathology services.

When it comes to assessing reorganisations at the OFT, there are no health experts among the lawyers and former mandarins. One director, ex-Monitor boss Bill Moyes, does, however, know about squeezing the NHS. He was a pioneer of the private finance initiative at Bank of Scotland, signing early PFI hospital deals that are now forcing trusts into the red and the restructuring over which the OFT holds sway.

Even Lib Dem care minister Norman Lamb has said the OFT’s involvement “should be scrapped”. But since competition as the sole criterion for the structure of health services favours private health companies whose backers are filling Tory party coffers, and in new chief executive Simon Stevens the NHS has a former private health company boss and one-time health adviser to Blair, Lamb is likely to be disappointed.



The logo for Monitor, featuring a blue arc above the word "Monitor" in a serif font.