

Ref: FOI/GS/ID 6122

Please reply to:
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Freedom of Information Act 2000

I am writing in response to your request for information made under the Freedom of Information Act 2000 in relation to Board assurance regarding the profitability of private patients.

You asked:

- 1. Have the authority implemented service line management, as a tool for measuring the financial performance of each clinical (and possibly other) service within the organisation?*
- 2. Do the authority measure the profitability of private patient services provided by the authority?*
- 3. Which of the following costs are included in measurements of net profitability of private patients?*
 - a. Costs of staff directly involved in private patients*
 - b. Prostheses, devices and drugs used by private patients*
 - c. An allocation for clinical facilities and staff which are not used exclusively for private patients, including:*
 - i. operating theatres/ theatre staff;*
 - ii. diagnostic imaging equipment and staff*
 - iii. Pathology laboratory equipment and staff*
 - iv. Pharmacy equipment and staff*
 - v. Therapy equipment and staff*
 - vi. Critical care, intensive care, and high dependency units*
 - d. An allocation for overhead costs and staff who provide services to private patients, including:*
 - i. Information technology equipment and staff*
 - ii. Human resources staff*
 - iii. Finance staff*
 - iv. Estates and facilities management staff*
 - e. An allocation of costs for the space occupied by private patient services*

4. Do the authority measure the net profitability of each payer group, specifically, do the authority measure the net profitability of private patients funded by the following payers:
 - a. International patients
 - b. Self-funded patients
 - c. BUPA insured patients
 - d. AXA/ PPP insured patients
 - e. Aviva insured patients
 - f. Vitality insured patients
 - g. Other privately insured patients
 - h. Any other groups (please specify)
5. Do the board of the authority recognise that an NHS organisation should never subsidise private care with public money, and that to do so would be a breach of core NHS principles?
6. Which of the following best describes how the board interpret their responsibility to ensure that private care should never be subsidised with public money:
 - a. Private care should overall make a gross contribution before the allocation of costs in groups 3d. and 3e. above
 - b. Private care should overall make a net profit after the allocation of all costs in 3. Above
 - c. Each payer group (as defined in 4 above) should make a net profit after the allocation of costs defined in 3 above.
 - d. Each patient/ procedure should make a profit after the allocation of costs (sometimes referred to as patient level information costing systems or PLICS)
 - e. Other – please describe
7. If they are not considered commercially confidential, please provide an analysis of the profitability of the authority's private patient activity for the years end March 2018, March 2019 and March 2020.

Trust response:

1. Yes
2. Yes
- 3.
- a. Yes
- b. Yes
- c.
- i. Yes
- ii. Yes
- iii. Yes
- iv. Yes
- v. Yes
- vi. Yes
- d. Yes
- i. Yes
- ii. Yes
- iii. Yes
- iv. Yes
- e. Yes
- 4.

- a. Yes
- b. Yes
- c. Yes
- d. Yes
- e. Yes
- f. Yes
- 5. Yes
- 6.

e. Private medical practice by medical and dental staff in NHS hospitals generates valuable income for improving services for all patients by using resources which, from time to time, are not needed for treating patients receiving free NHS treatment. The main principle is that private practice must not, to a significant extent, interfere, with the performance by NHS trusts of their obligations under any NHS contract

7. The information requested is exempt from disclosure under the Freedom of Information Act 2000 Section 43 as its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).