Ministers Must Accept That An Nhs Market Will Create Losers As Well As Winners

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Developing a market in the NHS will force ministers to take difficult decisions about the future of hospitals, according to a new report from the University of Birmingham's Health Services Management Centre.

Professor Chris Ham, the former head of the Department of Health Strategy Unit, argues that patient choice and competition between hospitals will create losers as well as winners. Politicians then face the challenge of how to deal with hospitals that do not compete successfully, including reducing the range of services they provide and in extreme cases agreeing to their closure.

Professor Ham comments: "One of the key principles of the current policy is that improvement in the NHS is best driven by empowering patients and encouraging competition between providers rather than by national target setting.

"But the consequence of competition is that those organisations which don't respond to competition risk losing income and in a worst case scenario face merger or closure. This presents a difficult problem for ministers. Will they accept the consequences of dealing with failing hospitals, or intervene in the market to avoid political unpopularity?"

In dealing with this dilemma, Professor Ham proposes a strengthened role for the Independent Reconfiguration Panel (IRP). The Panel was set up in 2003 to review major changes in NHS services. Until recently its role has been limited, but in 2006 the panel dealt with three controversial cases, including recommending major changes to maternity services in Yorkshire.

Professor Ham believes that strengthening the role of the IRP would provide politicians with a way of dealing with the consequences of market failure in the NHS:

"The IRP potentially has a very important role to in making decisions about the future of hospitals, as it is independent of government and the NHS. But for this to happen the government needs to give the panel greater credibility by supporting its decisions and acting on its recommendations.

"This decision making process also has to become more transparent if the public are to support reconfiguration decisions."

The Panel may need additional resources to deal with an increasing number of referrals from Ministers.

ENDS

Notes to Editors:

A full copy of the report is available on the Health Services Management Centre website, visit: http://www.hsmc.bham.ac.uk

Further information:

Rachel Burrows – Acting Director of Communications, University of Birmingham

Tel: 0121 414 6681 / mob: 07789 921165 / email: r.burrows@bham.ac.uk

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