

## London Private Acute market: new investments point to expectations for growth

London, 14 February 2018

The market for acute medical care in Central London was worth £1.67 billion in 2016 according to the 4<sup>th</sup> edition of LaingBuisson's Private Acute Medical Care in Central London Market Report. This amounts to around 40% of the UK national private patient market.

Growth has continued, albeit at a much slower rate than in previous years, and, for the first time, we are projecting a fall in independent hospital revenues in 2017. The independent sector continues to account for just over three-quarters of the available market.

Nevertheless, 2016 has seen NHS Private Patient Units outperform independent hospitals significantly. Of note, their revenues from overseas patients grew by more than 8%, while revenues from overseas patients fell for independent hospitals, mainly as a result of fewer patients coming to London from the Gulf States.

Growth has also come from self-pay. This is particularly notable in fertility and other specialties where NHS waiting times are increasing or CCGs are withdrawing commissioning, such as cataract surgery.

This is set against continued interest in the London Market from overseas operators. Of note, the Schoen Clinic and Mayo Clinic are both due to open in 2018, ASI Day Surgery are considering opening a facility in 2019 and the Cleveland Clinic is planned to open in 2020. These openings in themselves point to a new emphasis in the market on super-specialisation, outpatient diagnostics, and high-volume day-case surgery, perhaps challenging the traditional 'general' private hospital with its focus on high-acuity patients which historically led to attractive higher margins.

The increase in capacity also raises other questions, especially as there appears to be little growth in the number of patients. Will there be enough patients for all the operators? One possibility is that the NHS may become a larger customer for central London hospitals and this would mark a change for the London market.

Ted Townsend, author of the report, said:

*"The market for private acute healthcare in London is currently demonstrating interesting dynamics. The impact of new entrants and the move towards specialisation are developments which will merit special attention in the coming years, as will the performance of NHS PPUs and how they maximise their potential. At the same time, there are other factors that will come into play, including the increase in self-payors, attracted by fixed prices for complex procedures, and the potential for the NHS' presence as a customer to grow. This is an evolving market, and one that could soon look quite different to the one that prevailed only a few years ago."*

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Notes to Editors

## **About LaingBuisson**

LaingBuisson, the leading health and social care market intelligence provider, has been serving clients for over 30 years, providing insights, data and analysis on market structures, policy and strategy. We are the chosen provider of independent sector healthcare market data to the UK Office for National Statistics (ONS) and work with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at [www.laingbuisson.com](http://www.laingbuisson.com).

## **About Ted Townsend**

Report author, Ted Townsend, is a trained business strategy consultant who has advised a number of high profile operators in the private healthcare sector. He authors LaingBuisson's market report covering the London private acute medical care market and is the director of LaingBuisson's Private Acute Healthcare Conference. He is also a regular speaker at seminar and roundtable events.

## **About the Report and Conference**

The fourth edition of *Private Acute Medical Care - Central London* will be available from 14 February 2018. One single user printed hard copy cost £1,235; multi-user Digital PDF plus a printed hard copy costs £3,087.50 plus VAT.

For the purposes of this report, 'central London' is defined as the area within the North and South Circular Roads and includes 15 private hospitals and 18 NHS PPUs.

The Private Acute Healthcare conference will take place this year on 11 October at the Royal Society of Medicine.