

Enhance Core NHS Services with Private Patient Income

EXECUTIVE SUMMARY

The introduction of a Private Patient Unit (PPU) is a tried and tested solution to generate income for NHS Trusts. There are currently in excess of 50 PPU's in the UK and the Department of Health is actively promoting the development of further PPU's as an income generation solution.

FINANCIAL SUMMARY



INCOME RISK & SENSITIVITY

The key risk relating to income is the successful attraction of Private Patient work.

The acquisition of such work has been successful within a number of other NHS Trusts in what is a growing market place. See 'Key Private Patient Activity' for further analysis of the activities required to attract such work.

There are now over 50 NHS lead Private Patient Units with some generating

over £50M of annual revenues.

In relation to sensitivity of the above financial information, which is explained further with this document, we have taken conservative assumptions around utilisation and the breakeven point for utilisation versus profitability is circa 50%.

KEY BENEFITS

FINANCIAL

- Income generation within 6 months.
- No capital outlay.
- Breakeven sensitivity at 50% of projected income.
- Significant financial contribution to support core services.

NON-FINANCIAL

- Enhanced Trust reputation due to quality.
- Consultant retention and attraction.
- Provision of amenity beds for the Trust.
- Drives efficiency gains across Trust.
- Enhance Patient Experience.

SEE INSIDE FOR FULL INCOME STATEMENT SUMMARY

INCOME STATEMENT SUMMARY

Following guidance from Key NHS personnel the overall Procedure Occupancy Assumption within this business case is 80%.

| MCH Proposed | 60% | 75% | 90% | 100% | 100% |
|------------------------------|------------|------------|------------|------------|------------|
| Year | 1 | 2 | 3 | 4 | 5 |
| Income | £3,437,765 | £4,555,038 | £5,794,009 | £6,824,055 | £7,233,498 |
| Ward pay | £704,987 | £719,087 | £733,468 | £748,138 | £763,100 |
| Ward Overheads Non-pay | £200,000 | £204,000 | £208,080 | £212,242 | £216,486 |
| Theatre costs (all) | £1,578,943 | £2,013,153 | £2,464,099 | £2,792,645 | £2,848,498 |
| PPU Hire Costs (inc. VAT) | £453,206 | £462,270 | £471,515 | £480,945 | £490,564 |
| Direct Project Costs | £50,000 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 | 0 |
| Net surplus / (Deficit) | £450,206 | £1,156,530 | £1,916,847 | £2,590,085 | £2,914,849 |
| Cash Generation (Cumulative) | £450,629 | £1,607,159 | £3,524,005 | £6,114,090 | £9,028,939 |

Break Even = 50% of Projected Revenue

Model Reference: The model has been compiled from a 'Live' NHS trust business case. Utilising accurate income from surgical procedures and revenue costs.

INCOME GENERATION

Income via all these streams below have been considered and calculated within this business case to arrive with a realistic but concrete overall income figure for each year dependant on the utilisation of the facility.:

KEY PRIVATE PATIENT ACTIVITY

Private patient activity within the trust is vital in order to hit the figures stated within this financial summary. This involves sufficient advertising driven by a dedicated Private Patient Manager. Within a Private Patient Unit scheduling is key to maximise the potential of the facility, this needs to be centred around patients, whereas within the NHS it is best practise to schedule around staff levels. But the main key driver is backing and activity within the trust.

SURGICAL PROCEDURES

Many surgical procedures can be performed for a PPU, however this is directly dependant on the Trust along with their specialities and capabilities. In this case, we have based this on a Hospital within the South of the country.

The surgical procedures we have included are predominantly Hip & Knee revisions along with other T&O and minor surgery. The daycase pods have been utilised when breaking down all procedures that can be carried out.

INPATIENTS AND DAYCASES

This is based on the potential income per night and the total occupancy of the PPU throughout the year, this figure is utilising 80% occupancy for 48 available weeks in the year.

AMENITY BEDS

When beds are not being used by private patients, the trust can sell the beds to NHS patients as amenity beds. This will also create more bed capacity for the Trust within the existing pool and provide more robustness in times of heavy activity, especially during the Winter months.

REVENUE COSTS

The revenue costs are built up of the following:

WARD PAY

These costs are inclusive of all Nursing wages from Ward Sister, Senior Staff Nurse and Healthcare Assistants to admin staff such as Ward Clerk and Housekeeper. This is calculated in the above table based on the 16-bed facility proposed. This cost is not directly proportional to utilisation, as Amenity Beds need to be considered.

WARD NON-PAY

Costs associated with Non-Pay are moreso essentials for the day to day functioning of the ward, but also include the luxuries that are typical of a Private Patient Standard facility. These include Drugs, Dressings, Medical Gases along with Newspapers, Telecommunications/WiFi, Food and Refreshments.

THEATRE COSTS

The costs for the theatre includes all the procedures mentioned above, taking into consideration some may not require Theatre time. It has been calculated based on both pay and non-pay per Theatre hour (£304.70), then cross reference with the amount of time it takes per procedure.

PPU HIRE COSTS

This is the cost to hire the Modular Facility, considering all enabling and associated ground works along with the allowance for group 3 items..

TESTIMONIAL

“A high quality NHS private ward combined with the comprehensive support services provided by an NHS acute hospital means patients will have a high quality of care, with improved staff / patient ratios and specialist nursing staff. In addition, patients will have the peace of mind that in an emergency the Consultant will have swift access to specialist facilities, such as intensive care units or high dependency units.



This income can then be fed into the NHS revenue stream to assist with the improvement of NHS services across the board. By including all associated costs including enabling works, planning and equipment within the rental, the hospital can hit the ground running with the comfort of not having to apply for capital to fund the initiative.

Consultants will also have their specialist team around them, so by staying in a private unit at an NHS hospital, patients really do get the best of both worlds.”

Tim Seymour | Former Head of Finance, Royal Berkshire NHS Trust

KEY BENEFITS

No Capital Outlay!



60 Year Design Life

Facility maintained throughout

Fast-Track build & Procurement

Operational within 16 weeks

Proven Healthcare facility provider

Minimal Site disruption

AVAILABLE
IMMEDIATELY

Increase your Theatre Capacity

A FULLY
HTM/HBN COMPLIANT
OPERATING THEATRE SUITE

IDEAL TO QUICKLY INCREASE YOUR SURGICAL CAPACITY
CAN BE MADE PROCEDURE READY IN A MATTER OF WEEKS

FINANCING OPTIONS:

ModuleCo Healthcare Ltd (MCH) specialise in procurement and revenue solutions for the provision of specialist modular healthcare facilities into the public sector, in particular the NHS.

We have significant experience and a proven track record of working with the public sector and its supply partners in providing affordable and compliant alternatives to outright capital purchase.

We design each solution specifically with budget in mind and can structure repayment frequency according to requirements. MCH has structured procurement and revenue solutions over periods of between 3-15 years.

SBS PROCUREMENT FRAMEWORK:

ModuleCo Healthcare Ltd is an accredited supplier on the NHS Shared Business Service framework for the hire of modular healthcare buildings.

This means that our clients can fast track their procurement exercise using a OJEU compliant framework. This eradicates the need to go through a lengthy tender process to procure our modular healthcare buildings.

In order to gain accreditation on the framework, we had to prove our capability and product suitability through a lengthy and detailed competitive OJEU tender process. This established that we meet the strict design, quality and value for money criteria required for NHS procurement.



Shared Business Services

Start generating income now,
call us on +44 (0)151 556 0411



Call us on 0151 556 0411

sales@healthcarehire.co.uk
www.healthcarehire.co.uk