

# A much maligned reform of hospitals is working

Blog Admin

*One of the Coalition's central (and most controversial) policies are its proposed reforms of the NHS. [Julian le Grand](#) argues that Labour's introduction of provider competition and patient choice have led to better healthcare and greater efficiencies in the NHS, and that if reforms are allowed to go ahead, the hard-won gains of the past decade will be lost; the best strategy now for the government is to drop the bill entirely.*



*This article first appeared in the Financial Times on the 25<sup>th</sup> of May. [Click here](#) to access the article at the FT.*

The government risks making a huge mistake on the [National Health Service](#). Its Liberal Democrat members, especially [Nick Clegg](#), are explicitly stating that they want to roll back some of the Blairite reforms encouraging hospital competition, relying instead on provider collaboration. [David Cameron](#), perhaps inclined to allow his coalition partner a small victory to compensate for his several recent defeats, but also alarmed at the chorus of providers demanding that an NHS reform bill be emasculated, seems sympathetic to the idea. But if there is a return to "collaboration" and the old ways of the NHS, it is near certain that the hard-won gains of recent years in shorter waiting times, better treatment quality and greater efficiency will be lost.

History matters here. When the Blair government (which I was advising at the time) recommended introducing elements of patient choice and [provider competition](#) into the NHS, it was subjected to ceaseless media bombardment, fuelled by provider outrage. Doctors' and nurses' associations, ancillary workers' unions, the commentariat: all united to condemn the proposals, claiming that they would lead to the fragmentation, demoralisation and, ultimately, the destruction of the NHS. Never mind the history of a health service characterised by professional paternalism, provider monopoly and consequent underperformance: the politicians (and advisers) involved were vandals destroying a much-loved institution and betraying its essential principles.

Armed both with choice theory and with evidence from other countries that hospital competition could drive up quality and efficiency, the Blair government persevered and ultimately succeeded in introducing a measure of patient choice and provider competition. Now the NHS seems to be heading back to square one. The providers are again in full cry, claiming that their cartels must be preserved, evil private providers must be kept from challenging NHS monopolies in case they corrupt the NHS's purity, and, if an economic regulator is introduced to encourage further competition, doom is at hand.

This is particularly ironic given the strong evidence now emerging that hospital competition not only works abroad, but also in the UK. [Dr Zack Cooper](#) of the London School of Economics and Professor Carol Propper of Imperial College have each produced studies showing that hospitals in more competitive areas performed better on quality and efficiency than those in less competitive ones. The LSE's Centre for Economic Performance has shown that competition increases managerial quality in hospitals. Dr Nick Black and colleagues at the London School of Hygiene and Tropical Medicine have shown that the much-maligned independent sector treatment centres, introduced by the Blair government to shake up provision of simple elective procedures such as cataract removals and hernia operations, have produced work of equal or better quality than their NHS equivalents. I can vouch for this myself, having had an expertly performed hernia operation at Shepton Mallett ISTC – which I chose over a leading London teaching hospital.

Academics, media commentators and pressure groups have all demanded evidence-based policy to justify reform. And yet, when we get just such evidence, the winds of political fortune shift and the policies concerned are on a lee shore.

Can shipwreck be averted? At this point, the best strategy is probably for the government to drop a bill that was in fact largely unnecessary. Precisely because of Labour's legacy, the essential elements of choice and competition were already there, and most of the bill's aims can be achieved simply by continuing previous reforms. Dropping the bill would allow the Liberal Democrats to claim a scalp, while allowing the successful policies to continue. In contrast, substantial amendments to the existing bill, especially those that weaken the commitment to choice and competition, will result in a weakened NHS; one where the remarkable gains of the past few years will be lost. The government has set its face against dropping the bill. Let us hope this new

evidence of the effectiveness of the existing system will make it reconsider.