

Executive Insights

Figure 5
New models need to focus on consumer-led propositions and delivering value for money to encourage participation

	Today's model	Potential future model
Funding source	Typically private medical insurance	Self-pay
Customer	Insurer	Consumer
Role in providing care	Care partner	Customer carer
Route to market	Insurance shortlist	Powerful marketing to relevant community
Engagement	Transactional	Relationship

Source: L.E.K. analysis

consumer brand (see Figure 5). They need to segment the market and build propositions that meet the needs of different customer groups and support their ability to pay.

As discussed above, cost is a major inhibitor to uptake because the U.K. population as a whole is not used to spending on private healthcare. According to L.E.K.'s survey, of those earning over £100,000 per year, only 22% had ever used private healthcare, with this figure falling to 9% of those with incomes below £25,000 per year. The few areas with strong private funding typically address non-life-threatening conditions, including physiotherapy (65%), dental care (60%) and nursing home care (45%). Private providers need to demonstrate the value they offer and differentiate their offerings from the services provided by the NHS (e.g., by emphasizing fast access and high quality, particularly in areas where the NHS is allocating less funding).

Education is critical. Private healthcare providers need to articulate and communicate a value proposition and options directly to customers, and also to the GPs who are providing advice and guidance. The position of GPs as, effectively, the gatekeepers to most of U.K. healthcare makes them enormously influential, and private healthcare providers can support them with much better information about patient pathways, response times and outcomes, as well as more transparent pricing. Armed with such information, GPs are likely to be more confident in recommending private pathways to patients, offering them a viable alternative to waiting for NHS treatment. However, a decline in the number of GPs per capita since 2009, and challenges in gaining access to GPs, given shortages in some parts of the country and the available hours,³ suggest additional communication is key. Digital channels will be important here, offering new avenues and

opportunities to provide information and access to healthcare services for a largely internet-literate ageing population.

Private providers also need to build stronger partnerships with the NHS and those regulating and commissioning healthcare provision, as data management will be critical to seamless provision of care and the ability to demonstrate beneficial outcomes. The private healthcare sector relies on the NHS for GP referrals, consultants, training and appraisal, and protocols and procedures — a partnership approach is essential.

Addressing the lack of trust with patients and many in the NHS is a priority, and private providers need to build brands that can be valued both locally and nationally. They should consider both pricing (e.g., fixed) and low-cost financing options that appeal to consumers. This should include working with insurers to develop new insurance propositions specifically designed for those no longer working full time as well as for those still employed.

Developing a complementary proposition

The private sector is currently a relatively small part of U.K. healthcare, but there are significant opportunities for providers to become more influential in the future. Successful providers will be the ones who regard their customers as consumers as well as patients and create attractive, well-articulated value propositions for the market segments where they can have the most impact.

Suggested priorities could include:

1. Treatment at home, enabling care in a lower-cost setting that preserves independence
2. Self-research and administration, facilitating the next generation to be fully tech-enabled

³Royal College of General Practitioners 2015

3. Mobile health apps for monitoring and diagnostics — Fitbit, Apple, etc.
4. Deploying private sector capital to improve outcomes, building and replicating local partnerships
5. Screening against over-diagnostics, over-diagnosis, over-treatment and over-charging

Education, of both consumers and GPs, will be crucial, while popular perceptions about cost mean it is essential to address the value proposition that private healthcare offers. Providers also need to work to build trust and overhaul attitudes toward the role of private healthcare in the 21st century, ensuring it is seen as complementary to NHS provision in serving the U.K.'s healthcare needs and not as a threat to the NHS's existence.

About the Authors



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