



HEALTH REFORM EVALUATION PROGRAMME REPORT SUMMARY

Patient choice: How patients choose and how providers respond

Over the past decade, the government introduced a set of market-based reforms into the NHS with the aim of increasing efficiency, reducing inequities in access to care and increasing the responsiveness and quality of services. Their policies included the introduction of fixed-price reimbursement (Payment by Results), greater devolution of central control (foundation trusts), encouragement of a more pluralistic mix of public and private provision, and an emphasis on patient choice and competition.

Since January 2006, patients requiring a referral to a specialist have been entitled to a choice of four or five providers. Since April 2008 patients in England should have been able to choose treatment from any hospital listed in a national directory of services, which includes NHS acute trusts, foundation trusts and independent sector providers, so-called 'free choice' of provider. In 2009 the NHS Constitution made this a right for patients.

This report considers how free choice of provider is operating in practice and what impact patient choice is having on hospital providers. More specifically, the report aims to answer the following questions:

- How do patients experience choice?

Key messages for policymakers

1. The NHS should continue to promote and offer patients a choice of hospital. Even if relatively few patients chose a non-local provider, our evidence found an intrinsic value in granting the ability to choose.
2. Patient feedback is likely to remain a significant driver of quality improvement. Choice appears to impact on quality indirectly, by creating a threat to providers that they might potentially lose patients.
3. Patient choice and competition operate to some extent in all study areas. Our findings challenged the belief that choice is relevant only in urban areas or for certain age, gender, ethnic or education groups, suggesting that present opportunities for choice are reasonably equitable.
4. It is important that regulation exists to maintain quality standards that ensure all providers meet minimum standards to protect patients, specifically for those who lack access to transport or in disadvantaged areas, which could impede their ability to access choice of provider.
5. The costs and benefits of choice should be clearly quantified to convince GPs and providers of its value.

- What factors are important to patients when choosing between providers in practice?
- How do GPs support choice?
- How are providers responding to choice?

The Health Reform Evaluation Programme (HREP) is funded by the Department of Health Policy Research Programmes and involves researchers from a range of British universities and research centres. The Programme aims to provide independent scientific evaluation of NHS Modernisation and Reform that seeks to transform their effective implementation and subsequent development, and to ensure transparency and public accountability.

This summary forms part of the first wave of research developed to address the Department of Health's (DH) 2005 framework - called the Next Steps Reforms to provide a coherent and mutually supporting set of reforms that together would lead to better care, better patient experiences, and better value for money.

The study was conducted in four local health economies in England between August 2008 and September 2009. They were all outside London and they represent a mix of urban and rural locations which differed in both their potential for competition and their progress with implementation. We adopted a mixed method that combined interviews with patients, GPs and senior executives from hospital providers (including the private sector) with patient questionnaires (which asked patients how they exercised choice both in practice and in hypothetical situations).

Findings

Awareness, understanding and opinions on choice

The model of patient choice which underpins the policy requires that patients are aware of their ability to choose, want to choose and think choice is important. In our patient survey, 75 % of respondents said choice was either 'very important' or 'important' to them; older respondents, those with no qualifications, and those from a mixed and non-white background were more likely to value choice. The results show there is some intrinsic value in offering patients a

choice of provider, and that GPs' perceptions that it is younger, more educated patients who want choice are misguided.

Around half (45 %) of the patients surveyed said that they knew before visiting their GP that they had the right to choose a hospital. Older patients and those looking after their family at home were more likely to know about choice, possibly because of their more regular contact with the health service, as were men and those holding a university degree. This went against GPs' perceptions that most patients were unaware of choice and that the young were more likely to be aware.

Although providers and GPs did not recognise choice as being important to their patients, on the whole they were either positive or ambivalent about the policy. Some had concerns that inequalities would result from richer and more educated patients choosing higher quality services. However, it was difficult to disentangle GPs' views on patient choice from their views on the often-criticised electronic appointment booking system (Choose and Book).

Are patients offered a choice?

Policy assumes that patients are: offered a range of options (including private sector providers); use quality as the major factor when choosing a hospital; and have relevant and appropriate information on quality to inform their decision. Although GPs maintained that they always offered their patients a choice, just under half (49 %) of patients recalled being offered a choice.

Very few patients recalled being offered a private sector option and few were aware, before visiting the GP, that they had a right to this. This might be due in part to patients' lack of awareness that some treatment centres are independently owned and run, as they often use NHS branding.

There was some resistance, even among our 'enthusiastic' GPs, to offering choice to every patient regardless of circumstances. GPs were willing to let patients choose when the referral was fairly routine but were more directive when more specialist treatment is required.

Are patients exercising choice?

Most patients (69%) offered choice picked their local providers. Providers and GPs described their patients as loyal to their local trust and reluctant to consider travelling further for treatment. In hypothetical situations, almost one in five respondents always chose the local provider regardless of their characteristics. However, in 45% of cases, they chose a non-local provider; this suggests that a significant minority would change to a provider whose characteristics better suit their preferences.

One main reason for choosing a non-local hospital was a bad experience with the local

hospital. This suggests that the biggest threat to a hospital's market share is providing poor-quality care to individual patients because they are less likely to return, more willing to go to a non-local provider and may not recommend the hospital to others.

Younger and highly educated patients were no more likely to be offered a choice than older or less educated patients, indicating no apparent inequities. We were unable to assess the impact of language difficulties, but GPs in areas of greater ethnic diversity felt that non-English speakers may not get equal opportunities to exercise choice. Inequities may arise if these patients are unable to exercise choice in line due to a lack of access to transportation.

GPs and providers believed that choice was relevant only in urban centres; in fact, patients living outside urban centres were more likely to be offered a choice and to choose to travel to a non-local provider. This may be because these small towns are unlikely to have their own hospital.

Why are patients choosing particular providers?

Patients value aspects of quality including the quality of care, cleanliness of the hospital, and standard of facilities. However, patients made little use of available information on the performance of hospitals. Only 4% consulted the NHS Choices website and 6 % looked at leaflets; instead patients relied heavily on their own experience (41 %), friends and family (10 %) or advice of their GP (36 %).

GPs did not think patients were interested in information about comparative performance and distrusted it themselves. They used their knowledge from relationships with specific consultants, feedback from patients and their experience of systemic problems at particular hospitals to help them advise patients. This 'soft' intelligence may provide information to aid choices locally but does not help patients who wish to extend choice of provider beyond those that their GP is familiar with.

Does patient choice create competition between providers?

Interviews with providers revealed some competition between providers, but the dynamics differed according to the local configuration of providers, their proximity to each other, the population they served, the type of services they provided and whether there were local agreements in place. Most providers operated in a defined geographical market and their main competitors were neighbouring NHS hospitals.

The main focus of competitive activity was securing GP referrals rather than directly competing for patients. Competition *for* the market as a consequence of PCTs tendering for services was perceived to pose a greater threat than competition *in* the market driven by patient choice particularly by small and medium-sized trusts. The independent sector was perceived as a partner for the NHS that provided extra capacity, helping the NHS meet waiting time targets, rather than as a competitor to attract patients via choice.

Providers saw GPs as a significant barrier to developing patient choice and establishing a competitive market for health care services due to a perception that GPs' referral patterns pay little attention to quality.

The provider response to choice, competition and other factors

Our research suggests that choice did not act as a lever to improve quality by providing clear signals from patient choice which can then be applied to improve services; providers were driven more by pressure from a range of other external factors such as the waiting time targets.

Many providers saw it as their job to be aware of what problems the hospital had (eg, high infection rates) and resolve them to ensure good service to the local population rather than wait for patients' choices to act as a signal to highlight weaknesses or problems with the services.

Choice however, did appear to provide a motivation for providers to maintain their reputation to ensure that patients returned or influenced others by speaking highly of their experience.

Most providers focused on retaining patients rather than expanding into new markets or new areas and appeared unlikely to compete actively for patients in the future unless there was spare capacity or lower demand.

Conclusions

Patients place a high value on the quality of care and other related dimensions of quality and safety, including the quality of care, cleanliness of the hospital and the standard of facilities, but rarely use objective measures of performance to help them choose a hospital. Systems that provide information about the quality of hospital services may need to be designed to make it easier for patients to search and compare these measures. For example, more work is needed to establish a set of standardised variables for acute hospital care with which patients can over time become more familiar. In future, patient experience data at the level of service lines and patient-reported outcomes data will be available. These offer an opportunity to present more specific data of relevance to patients when making a choice in future. Recent investments to expand NHS Choices to include feedback will allow patients to access more 'soft' knowledge. NHS Choices – and other resources – could also be promoted to GPs, as they are the main agents of choice and they currently distrust performance data.

There remains some resistance among GPs to offering choice routinely to all patients regardless of circumstances. In future if there is more direct access to diagnostics and consultant advice, GPs may be referring fewer patients to hospital and

may be more likely to be referring for treatment rather than diagnosis when they do so. This could change the nature of the referral consultation and make it more likely that GPs will be willing and able to engage patients in a decision about where to refer. A GP is currently only likely to encounter a few patients per week that need a referral, and for these patients it may be appropriate to extend the standard 10-minute GP consultation slot to allow a meaningful discussion of choice.

One way of encouraging GPs to offer choice is to present it as part of a wider agenda to engage patients in shared decisions about treatment and care. It would also be helpful to promote GPs' understanding of the value of choice to a wide range of patients. There may be limits to the extent to which the implementation of choice can be improved and, indeed, to GPs' willingness to offer choice systematically in all circumstances.

In conclusion, the policy of offering patients a choice of provider is valued by patients, and is operating to some extent within the NHS, but is not operating in exactly the way envisaged by policy. While the implementation of choice has not been perfect, it still represents a threat to providers that can keep them focused on what is important to patients.

This summary is drawn from a larger report carried out by The King's Fund.
For access to the full report, http://www.kingsfund.org.uk/publications/patient_choice.html