

A Slap For The Alexandra's Profiteers

Britain's biggest private hospital group BMI may be forced to sell off the Alexandra and some other hospitals after being found to have been ripping off insurance companies and patients. The finding by the Competition Commission comes at a time when the group is already struggling financially after being milked by its owners.

While the Government would have us believe that NHS hospitals kill their patients and we would be better off with the private sector, the sordid saga at BMI shows a different reality. The major owner of the group is the South African healthcare firm Netcare which has been at the centre of an international kidney trafficking scandal. Between 2000 and 2003 Netcare's surgeons in South Africa are thought to have carried out up to three hundred illegal transplant operations for tourists using kidneys bought cheaply from impoverished living donors including children.

Netcare has also been an international predator in more conventional medical operations. Together with its private equity partners, it bought BMI in 2006. They met the purchase price by mortgaging BMI for £1.9 billion in bonds and other debt. BMI was saddled with hefty interest payments to find from its profits. So no wonder BMI's managers welcome opportunities to squeeze money out of the customers.

The Competition Commission has been investigating the private healthcare sector since April. In a report published at the end of August it said that patients and health insurance companies were paying excessive amounts estimated at half a billion pounds over two years. The Commission said the hospitals could get away with this because of a lack of competition.

The main culprits the Commission named were BMI, Spire Healthcare and HCA. The Commission said it was thinking of ordering the three groups to sell off twenty hospitals between them, with BMI potentially losing ten of its 64 hospitals.

The Commission also attacked the private hospital groups' practice of paying commissions to doctors for sending them patients. It is believed that these bounties lead to some patients being referred for unnecessary treatment.

BMI is currently attempting to cut its debt by selling its hospital buildings and two subsidiary companies. It will then have to pay rent to use its hospitals.

BMI's Alexandra Hospital in South Manchester has been one of its major centres. The NHS in Stockport sends patients to it.

The history of BMI includes frequent changes of ownership more appropriate to a financial commodity than a service on which people's health may depend. From 1997 to 2000 it was in the hands of the private equity company Cinven, which likes to own businesses for only a few years to maximise its take and move on.

Cinven now owns Spire Healthcare. The stories of BMI and Spire have other common threads: Spire has also been selling off hospital buildings in a leaseback deal as it struggles

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with debt, this time £1.3 billion which was raised to pay for its purchase. But according to a report by Corporate Watch, Spire's owners have added an extra twist: blatant tax evasion. Spire in 2011 was paying £72 million in interest to a subsidiary of Cinven in Luxembourg; the money was then passed on to Cinven itself as tax-free dividends.

HCA, the third hospital group accused by the Competition Commission, has its own sordid tale. HCA is an arm of one of the USA's leading healthcare companies, Hospital Corporation America. Following an investigation by the FBI in 1997 HCA admitted fraudulently billing the USA's health programme Medicare as well as giving kickbacks to doctors and health agencies for referring patients.

Would you willingly put your life in the hands of HCA, Spire or BMI? The Government had been intending that some NHS patients would have no choice but to do so. It hoped these and other private hospital companies would take over some of the twenty NHS hospitals in England that are judged to be unable to make money in public ownership. The Competition Commission's attack on concentrations of private hospital ownership may have just added a complication to the Government's scheme.

- *Information from the Guardian, Corporate Watch, NHS Support Federation, Medical Chronicle and the Mail & Guardian of South Africa.*