

✓ MJP

PRIME MINISTER

As you know, I approached Dr. Stanley Balfour-Lynn - in a low key way - to get some material for you to use when you visit DHSS. You saw the letter in which he provided the response.

He rang me earlier this week expressing his "horror" to discover that the fact that an approach to him had been made was covered in some detail in a magazine called "Hospital Doctor" - extracts at Flag A.

Very few people knew of the approach I had made to him. There was no letter. You mentioned the subject at a meeting including Sir Ian Bancroft, Sir Derek Rayner, Mr. Priestly, David Wolfson and me. I spoke to Dr. Balfour-Lynn, and also spoke to Patrick Jenkin's Private Secretary. The latter had not put anything in writing in DHSS, nor had he mentioned it to anyone other than the Secretary of State. I have since learned from Mr. Jenkin's office that, when Mr. Jenkin had a lunch engagement with Dr. Balfour-Lynn a few weeks back, he was surprised to read in the same periodical the morning before a list of points that Dr. Balfour-Lynn was going to put to him. It seems that the good doctor has close links with this particular magazine, and uses every opportunity for self-publicity. Despite his protestations, and the fact that he drew the articles to my attention, I am satisfied that none of the very few people who knew that he had been approached by No. 10 would have been likely to let this information get to the magazine.

I agree

All this suggests that Dr. Balfour-Lynn is not a good candidate for inclusion amongst the informal advisers with whom you maintain private contacts. He is not prepared to respect the confidence which you require.

I agree -
people who can't keep
quiet are a positive danger.
MJP

3 August 1979

Talk Back

WHEN Dr Stanley Balfour-Lynn replies to Mrs Thatcher's request for his opinions on private medicine, it is fair to assume that she will not enjoy too much what he says. For he is less than happy with the way in which Tory policy is going. Everyone thought that private medicine, having flourished under a Labour government, would positively boom under a Tory administration. But that, says Dr Balfour-Lynn, is not his own personal opinion. Why?

I deplore the phasing out of the Health Services Board. According to the Government's consultative letter, it wants the private hospitals to go to the area health authorities for their approval as to how the private sector should develop.

We have in the past come across many AHAs which are so opposed to private medicine that we have been able to make no progress whatsoever.

Their opposition arises, we find, for many reasons; very often pragmatic, sometimes because they genuinely believe that it's a bad thing for the NHS. Nevertheless, decisions have been made by area health authorities which have been on purely political grounds.

When the Act was passed by the last government, it was people like ourselves — the independent hospitals group of that time — together with the doctors, who had inserted the arrangements of the Health Services Board in order to protect the interest of private medicine.

The Health Services Board acted as a watchdog. It was

Backwards way on

well balanced, equally representing both points of view, left and right.

It had as its chairman a liberal judge who was a very fair man, and it gave a very fair hearing to all considerations. Not only did it do a good job, but it collected a wealth of detailed data as to the facilities that were available both in and out of the NHS — and I believe that the secretariat should be retained at all costs.

But it is very important to realise that in the last 18 months, under a Labour government, private medicine developed rapidly. Can it be that under a Conservative government, it's not going to develop in any way?

To be quite frank, it is my view that I will find it very difficult to recommend to my company that we look with enthusiasm at the future of hospital building in this country.

It takes five years to plan a hospital. You have to determine the facilities, arrange the finance, plan the construction and so on. We have to look ahead, when we invest large sums of money, for 10 to 20 years.

In Birmingham, for example, where we are planning a 100-bed hospital, we know that it will cost £5 million today. In two years' time, it will probably come out at nearer £8 million. Now, for our feasibility study, we have to know what other private beds are available within the vicinity. And if the private pay beds are not now to be

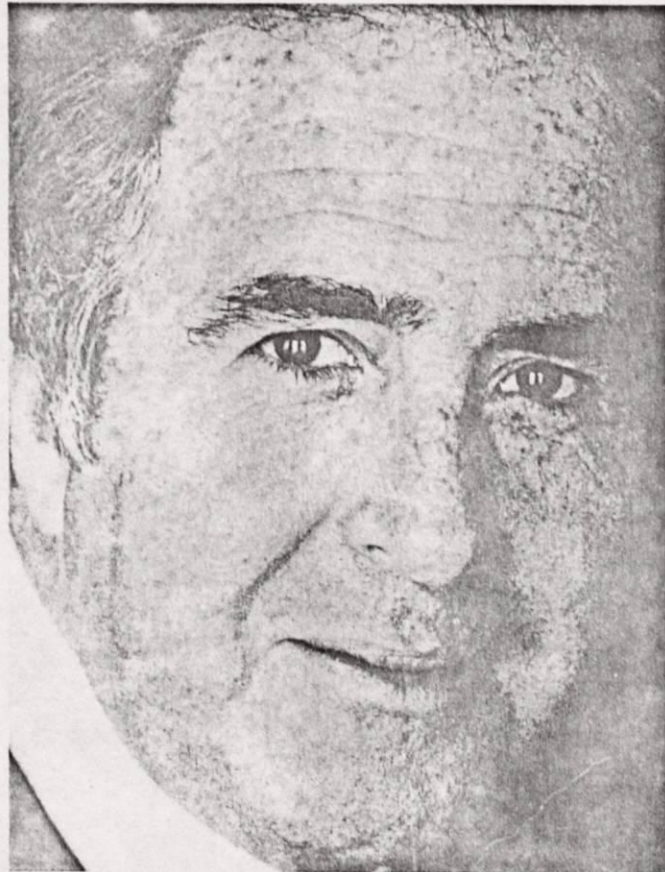
Under the Tories the private sector should be booming, but is it, asks Dr Stanley Balfour-Lynn

phased out (as we had anticipated in our earlier studies) our hospital will be running at too low an occupancy, and will become uneconomic.

I don't think this is the effect the Conservative Government has in mind. I don't think it is intentional —

I think it is misguided.

There are three factors to take into consideration when it comes to hospitals. First: the patients. Not many patients relish the idea of going into pay beds in NHS hospitals — they are embarrassed and harrassed, which



Stanley Balfour-Lynn is chief executive of American Medical Europe.

is not the right atmosphere to start making a recovery from an illness.

Next, the consultants. They are obviously going to prefer to use the pay beds, because they can use their own team, and it is very convenient. And they are using staff who are contracted 100 per cent to the NHS — so they are getting all these people on the cheap, and more money is left for the patients to pay for the doctors and for the hospital.

And furthermore, the ideal facility for a doctor — clinic, pay bed or private hospital — is one which is half empty, because they can then get their patients in with no difficulty. So they want pay beds, clinics, and private hospitals, all three.

But the consultant doesn't realise that if it is going to take us five years to build the clinics in replacement of these pay beds, and if these pay beds stay in those numbers (or even increase) it's always going to be a contentious point among some sections of the population.

So if a Labour government is re-elected, and the pay beds are still there, or increased, they're going to try and phase them out again. They may again try and get rid of private medicine in totality. And there will not be any private hospitals standing at the side to take their places, because they will either not have been built or they will have gone into bankruptcy. They cannot

survive on that basis.

We can't plan hospitals costing millions of pounds on the assumption that we are going into competition with the NHS. We've either got to work with the NHS or we can't work.

So by getting rid of the Health Services Board, we have no protection whatsoever. They are throwing us to the wolves at local government and administrative level. That's the first point. The second is that by retaining the pay beds, we can't balance our books.

There's one more thing. There has been an artificial demand here for private beds from the Middle East. And there's no doubt about it; they are going home, where they are building hospitals at a tremendous rate — many of which we are being asked to manage; and they are going to other countries because they think we are becoming too expensive for them.

There is going to be a fall in the number of people demanding private beds, largely restricted to those who are insured. So we have to produce hospitals of a comparable standard to pay beds, at a comparable cost — healthy competition, in other words.

And we can't do that unless we have the figures before us. We cannot spend millions of pounds on mere speculation.

Under the Labour government, although they were against private medicine, and were phasing out pay beds, at least we knew where we were, and so private medicine thrived. Now we do not know where we stand. And private medicine will come to a halt if the Conservatives push on with this idea.

which doctors use telephones in discharging their duties.

At the same time the practical implications for consultants of this year's Review Body report continue to emerge. -

Regional health authority chairmen have indicated to the government their acceptance of an 18 per cent increase for consultants and this just awaits final Cabinet approval and could be included in August salaries.

Equally a joint submission from the Department of Health and Central Committee for Hospital Medical Services on the reallocation of the 8 per cent previously set aside for recall fees has

At the same time the CCHMS would like to see greater definition of certain elements of the contract. It is going for better study leave terms and the eventual resurrection of emergency recall fees.

● Although junior doctors have been receiving their annual pay award earlier the process has been far from smooth. Although a DHSS document went out in June for July implementation, health authorities have not been meeting the timetable.

The BMA says it was inundated with calls from juniors. A BMA spokesman said the delay was 'disgraceful'. There did not seem to be

chell and Butler, to provide them with private insurance.

The men's shop stewards have hailed the deal — which will cost the company £41 a head — as a major breakthrough. But the Transport Union is investigating the arrangement, which is in opposition to its policy.

And the health service union COHSE has described the deal as 'morally wrong and undemocratic'.

The scheme, run by Private Patients Plan, also enables employees to get cover for their families for just over a pound a week.

£1m award

AN AMERICAN court has awarded \$2.5m (£1.1m) to a woman who suffered a stroke and partial paralysis from using contraceptive pills.

The award was made against Ortho Pharmaceutical Corporation, makers of Ortho Novum, the biggest-selling pill in the States.

Ms Kathleen Ertel, 27, suffered a stroke five years ago. She contended she was not given proper warning from either her doctor or the manufacturers.

Waiting

THE MEAN wait for hospital admission was 15.7 weeks in England and Wales in 1976, according to Government statistics published last week. That represented an 11 per cent rise on the 1975 figures.

Surgical operations went up by 180,000 on the previous year, to 2,684,000, excluding normal deliveries.

Balfour-Lynn advises

MRS THATCHER has approached Dr Stanley Balfour-Lynn, Chief Executive of the successful private hospital enterprise American Medical (Europe) for his views on conservative policy on private medicine.

The move follows severe criticism from several quarters in private medicine of the Government's plans to wind up the Health Services

Board, which oversees phasing-out of pay beds and private hospitals.

Many private hospitals are worried that the halt on pay bed closedowns, and the resulting free-for-all with hospital proposals instead being vetted by local health authorities, would lead to a situation where it was impossible to plan private projects.

See "Talkback", page 6.

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