



United Kingdom Healthcare Advisory

Case Studies



Engagement Type

Transaction Diligence

Situation

A multinational private equity client considering an investment in a UK dental chain exposed to a mix of NHS and private pay sought to understand how regulatory and reimbursement changes were likely to impact this balance, the key drivers affecting private consumers' purchasing decisions and the reputation of the company with regulators.

- Analysed dental market funding and reimbursement and evaluated impact on payer blend (NHS and private)
- Analysed proposed NHS dental payment reforms, interviewed dental practices testing the new payment models and assessed potential reform impact on the company
- Conducted in-depth qualitative interviews with patients
- Benchmarked quality and reputation against key competitors

Description of Marwood's Work and Analysis

Quality and Regulation: Drivers of Patient Satisfaction

Key Driver	Description
Consistency	<ul style="list-style-type: none"> Patients who have been with the same dentist for a long period tend to be highly satisfied. This satisfaction is partly the result of feeling that they receive more personal attention as a result of this established relationship. And partly the result of a history and their health in their dental and the overall quality of the dental services.
Quality of care	<ul style="list-style-type: none"> Indicators of good quality include: <ul style="list-style-type: none"> Not feeling rushed through Warm interactions with staff The availability of a range of services Work being delivered and delivered in a timely manner Receiving care and expect both health and social care
Convenience	<ul style="list-style-type: none"> This includes aspects such as: <ul style="list-style-type: none"> Being able to make an appointment Availability of appointments Surgeons being available

Dental System Snapshot

Addressable Market: Outlook

Despite possible system change in NHS dentistry in the medium term, we don't expect this change to shift customer preference. Therefore, we believe the NHS and private dentistry market mix in England will stay as they are today in terms of value (i.e. 68% and 32% respectively).

While the private practice is largely funded by individuals in England, the NHS practice is funded both by NHS spending and the patient charges that the individuals pay – the patient charges to continue at an increasing rate going forward for the next 5 years, shifting the NHS funding burden from NHS England to the patients (Please refer to 'Patient charges' section for details).

The Company is almost resilient to market shifts between NHS and private due to balanced revenue split between each market – as long as the overall market value does not decrease, the Company is not likely to be affected negatively.

Private dentistry market is heavily influenced by the real disposable income and directly affected by the economic outlook in England – The price gap between NHS and private dentistry is still so large that even the excessive patient charge increases does not involve change in patient behaviour.

Demography in England 2008

Transaction Diligence

A US-based multinational private equity client was considering an add-on investment of a UK care home information service to their portfolio.

- Provided a national overview of the UK social care landscape supported with a detailed analysis of the care home reimbursement outlook.
- Identified key policy headwinds, including the Comprehensive Spending Review 2010, Health and Social Act 2012, and Care Act 2014, and assessed implications for the company.
- Offered an expert outlook across specialist information providers for elderly people, alongside an in-depth analysis of specific, critically relevant, revenue streams for the organisation

The outlook for each revenue stream needs to be considered individually due to the complex policy and regulatory environment

Company Revenue Stream	Payer Issues		System Issues		Provider Issues	
	NHS Funding Pressure	LA Funding Pressure	NHS	Private	Other	Reg
CGPS						
HDC (2015 payer)						
HDC (2016 payer)						
CCD revenue						

LA Funding Pressure May be Offset Through Pooled Budgets

The impact of LA cuts on social care spending may be partly offset through pooling NHS budgets with LA budgets

- Efforts to align social and health budgets have taken place since the 1970's
- This trend has been reinforced and accelerated since 2006 – we have seen this most acutely in the last 2/3 years:
 - Integration was put on a legislative basis in the Health and Social Care Act (2006)
 - In the 2010 Spending Review LA budgets
- At this time pooled budgets were introduced health and social care – the SR 2010 annual NHS budget by 2014/15 for partnership with LA budgets
- In 2013, the Government announced the single pooled budget of total Exx, which:
 - Since 2013 the principles behind the BCF expected to have a better care plan,
 - From April 2016, Exx billion of health and Manchester, one objective of which is 'to reduce the overall expenditure on social care – by price'
 - This has hit other areas of social care spending higher than care homes but it will still have an impact
 - With the expected continued pressure on LA budgets it is possible that we will see this trend continuing, unless the NHS supports social care through pooled budgets – something that may happen in some local geographies but not all

LA Funding Pressure is Impacting On Care Home Providers

Pressure on LA budgets has resulted in reduced social care spending, causing pressure for providers which may continue in some parts of the country

Social care is funded through LA budgets. It makes up the biggest proportion of LA spending at a local level, and as such a reduction in LA budgets has resulted in a reduction in spending on social care

- This has resulted in:
 - Reduction in the overall expenditure on social care – by volume
 - Reduction in the overall expenditure on social care – by price
- This has hit other areas of social care spending higher than care homes but it will still have an impact
- With the expected continued pressure on LA budgets it is possible that we will see this trend continuing, unless the NHS supports social care through pooled budgets – something that may happen in some local geographies but not all

Total Social Care Expenditure For People Over 65

Legend: Other social care, Care Homes (Residential Care), Residential Care