NHS Unlimited?
Who runs our GP services
A study of GP services put out to tender by the NHS

Executive Summary

We believe that the extent of the commercialisation of GP services has been substantially understated. From our study we found 23 commercial companies that have multiple contracts and between them run a total of 227 GP surgeries and health centres. These are all private or public companies that have expressed publicly an interest in commercial expansion and have a corporate structure.

Until now many of these expanding companies have been described as GP-led companies. We have found this to be misleading as it suggests that they have a non commercial focus and are managed by GPs, when in fact many of these companies have a profit making intent and a traditional corporate management structure. We found 18 examples of private companies that were started by groups of GPs but are now in the process of business expansion.

A small number of companies have a sizeable portfolio of NHS contracts. There are 9 companies with 10 or more contracts to run GP health centres or surgeries. Chilvers McCrea, described as a GP led company runs 35 surgeries across the country. Care UK and Assura (currently selling to virgin), both public companies have the largest number of contracts to run the large health centres with 11 and 12 each.

Local GP practices are finding it hard to afford to bid for contracts according to anecdotal evidence, which could lead local GP practices to be squeezed out as the NHS market matures.

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Social enterprises are only picking up a small number of GP contracts and have not so far evolved a significant market share despite a significant push from government.

The instability of the NHS market is becoming clear as those providers not making enough profit, can and do pull out of NHS contracts. Chilvers McCrea have already stepped away from providing a GP service in Southend, as it felt it was financially unviable. Public company Assura are selling off their primary care business to Virgin, after it failed to make a big enough profit, which could affect around 60 NHS contracts according to their website.

Public scrutiny of these new providers of NHS services is very difficult. Their business strategies and approach to generating profit does impact upon the quality of the service and yet this information is often not collected by government or not made available by the companies themselves. Information about the contracts between providers and the NHS are not easily accessible. The public are often excluded from involvement in choosing a provider and the tendering process is not open to scrutiny.

The complex structure of ownership makes it difficult to track who controls the service and where public money is going. For example Harmoni started as a GP cooperative, became a private company is involved with social partnership and has stakes in multiple other companies that have won GP contracts.

To win contracts to run GP-led health centres and surgeries it helps to have experience but it is not essential. Most of the large corporate providers come from a background in residential care and or treatment centres. Including Care UK, Bondcare Medical Services. Nestor Primecare and Atos healthcare. A notable exception is Assura, a property development company with an interest in pharmacies that now runs 12 GP led health centres.

Employing less GPs and more nurses is one cost cutting strategy of the profit motivated providers. The proportion of nurses is going up sharply and they outnumber GPs in many of the supposedly GP led health centres.

Introduction
The Companies in Primary Care

Companies that have become involved in the primary care market are often divided into three categories:

- Corporate providers owned by investors and often publicly traded;
- GP-led companies, set up by GPs to bid for primary care contracts, including GP surgeries;
- and social enterprises, independent organizations, usually set up by healthcare professionals, where any profit is invested back into the business.

An investigation of the current state of primary care, however, leads us to propose that such a categorisation is no longer valid and is actually misleading of the situation that now exists in the primary care sector. Following an investigation into the companies now involved with primary care, and in particular GP surgeries and the new GP-led health centres, we believe that the companies should now be categorized into the following three types:

- public companies with shares traded on the stock exchange
- private companies
- social enterprise businesses.

This proposed change in categorisation follows an investigation to evaluate the extent of privatisation in the NHS across England in the wake of the Equitable Access to Primary Medical Care (EAPMC) initiative, which placed a GP-led health centre in each PCT and new doctors' surgeries in under-doctored areas of the country.

Collecting the data

Information about the contracts with independent providers to run NHS services is not currently held centrally. Therefore beginning in mid-2009, information on PCT contracts with the private and third sector, including APMS and EAPMC contracts was requested from all PCTs in England using Freedom of information (FOI) requests. The final response rate from the PCTs was 95%, although in many cases two or three FOI requests had to be sent, and in some cases the need for confidentiality on contracts was cited as a reason to send no or very little information.

The PCTs gave the name of the contract holders and the type of service provided and in many cases the length of the contract. PCTs were generally less forthcoming on the value of the contracts, but these were provided by some. To obtain more in-depth information on the companies now involved with GP services it was necessary to research individual companies, generally via the company websites and media reports. If a company is public then it is possible to see a large amount of information, including annual/ quarterly reports and accounts, where as for private companies information is much harder to obtain and in most cases we were restricted to the company's own website and reports in local media. Financial information about private companies is therefore not generally available in the public domain.

The initial FOI requests dealt with contracts across a broad spectrum of healthcare including counselling, physiotherapy, family-planning services, and diagnostic services etc., many of which have been subject to the competitive tendering process for several years. This report, however deals solely with an analysis of the contracts

for GP services, a relatively new area for the private sector. Subsequent reports will look at the impact upon other areas like community services.

From the study it has been possible to gain an overview of the type of companies that have been successful in bidding for contracts for GP surgeries and GP-led health centres (Table). For example two public companies, Care UK and Assura, have been the most successful in winning contracts for the GP-led health centres (23 between them), but it is the private companies, the ones previously labeled 'GP-led', that have garnered the vast majority of contracts for GP surgeries and GP-led health centres.

The Private Companies - the GP-led myth

Previously many of the private companies awarded contracts, in particular under EAPMC, have been grouped under the umbrella-term 'GP-led companies' as they were set up by GPs in order to bid more efficiently for contracts in the face of competition from the large private and public companies, such as Care UK and United Health. Many of these companies have only won one or a few contracts in their local area and remain GP-led and locally-focused, however a growing number of these companies have won several contracts often across a broad geographical area and are continuing to expand.

These expanding companies can no longer really claim to have a local-focus and be GP-led. They will have certainly had to become a very different type of company taking on the structure necessary for any medium-sized business, such as chief executive officer, finance officer, operations manager and human resources director. Any GPs that take on executive roles in these companies are unlikely to have time for patient consultations. And although these companies often espouse a vision (often found on their websites) in line with the NHS, the bottom line is that, unlike the NHS, they have to make a profit, even if it is only to service the debt incurred with the high cost of acquiring several contracts.

The best known example of a private company that has often been referred to as 'GP-led', but would now be better described as a small/medium-sized private company, is Chilvers McCrea Healthcare. Set up in 2003 by the GP Rory McCrea and Nurse Sarah Chilvers, the company began with the management of a failing GP practice in Chelmsford, Essex, but by 2009 the company had contracts for over 35 GP surgeries and three walk-in centres.

Other similar companies that have expanded rapidly over the past two years include IntraHealth, SSP Health, and Malling Health which have contracts for 20, 15 and 11 GP surgeries, respectively. From a base in the North West, IntraHealth now has contracts in Dunstable (Bedfordshire), Wolverhampton and Greater Manchester, and from a single surgery in Kent, Malling Health, has expanded in the past two years to Cambridgeshire and Somerset. All three of these companies are seeking to expand further, according to their websites.

Many other small private companies set up by GPs profess ambitions for geographical expansion on their websites. Of the 28 private companies begun by GPs and/or NHS executives for which information was available, 18 profess ambitions to expand, according to the companies' websites (see table and attached documents). The original idea for the GP-led company was often cited as a way of competing more efficiently with the large corporate providers of healthcare when bidding for a local contract, however it appears that now many of the companies are heading the same way as those companies they wished to keep out of the NHS.

The Large Corporate Providers – the future buyers

Fewer large public companies have become involved in primary care compared to private companies, but those that have, have gained a significant number of contracts under the EAPMC scheme, with the major winners being Care UK and Assura, followed by Nestor Primecare. Yet when the EAPMC was announced, many more corporate providers had been expected to involve themselves with the scheme, particularly with the contracts for the GP-led health centres.

In December 2008, Pulse reported on figures from the DoH that indicated that private providers had made nearly 1,800 formal expressions of interest for centres outside London alone, at an average of 15 per PCT and that companies had launched almost twice as many bids as GPs and GP-led consortiums put together[1]. Now it appears that very few of these were successful, although there have been reports of companies pulling out of the process before the final decision.

The large corporate providers now involved with providing primary care services through the GP-led health centres and GP surgeries primarily have a background in residential care and/or treatment centres. This includes Care UK, Bondcare Medical Services, Nestor Primecare, and Atos Healthcare, but a notable exception is Assura, a property development company with an interest in pharmacies.

Care UK advertises itself as the leading independent provider of primary care in England and it has been a major winner in the bids for the GP-led health centres under Equitable Access scheme. In early 2009, Care was awarded 12 contracts for GP care, 11 of which were for GP-led health centres under the EAPMC. By mid-2009 Care held contracts for 12 GP-led health centres, two stand-alone NHS walk-in centres and one GP practice. Care UK began in 1982 and over the past 25 years it has moved from being a provider of care homes for the elderly, through a process of company acquisitions, to a company with five divisions: primary care, secondary care, residential care, community care and specialist care.

The company first moved into secondary healthcare in 2003, when it was awarded its first contract for an Independent Secondary Treatment Centre (ISTC): by 2008 it had ten ISTCs. The company's first foray into primary care was in 2004, when it was awarded an out-of-hours contract, then in 2006, it was awarded its first contract to run a GP surgery and walk-in centre. It is the primary care division, however, that has seen spectacular growth over the past two years. In several of its publications for the financial community, Care notes that it anticipates further growth in both its health and social care business. Two other companies that have moved into primary care from a background in residential care are Nestor Primecare, which won five contracts for GP-led health centres, and Bondcare Medical Services, which has won contracts for three GP surgeries.

In contrast Assura, which has been awarded 12 contracts for GP-led healthcare centres, has no well-established background in health or social care, but began life in 2003 as a property investment company: The Medical Property Investment Fund Limited (MPIF). The MPIF focused on acquiring and managing properties providing primary care as well as investing in Local Improvement Finance Trust (LIFT) companies to build new premises. In 2004, following the introduction of the new Pharmacy contract, it recognised the potential for the development of pharmacies within its properties. By mid-2008 the company had 30 pharmacies and a portfolio of around 150 properties.

In 2006 there was another change in strategy when the company saw opportunities in the upcoming changes to the primary care system, changed its name to Assura and set up its medical business. As the company notes on its website the change of name was "to reflect this transformation from being a pure property company to a more broadly based primary care support services organization." Without a background in the social and health care field, Assura adopted a different strategy from companies such as Care UK. Assura seeks to partner with existing GPs to form GP Provider Companies (GPCos), owned 50:50 by Assura and the GPs. As Assura notes this is a "powerful business model" that is "harnessing the power of entrepreneurial GPs who want to improve NHS services and enhance their income." Assura has been extremely successful with this strategy in a short amount of time, from zero in 2006 to 30 GPCos by November 2009, and it had won contracts or was at the preferred bidder stage for over 68 NHS services. Assura is also another major winner in the EAPMC contracts, with 12 contracts awarded for GP-led health centres.

The Social Enterprise Initiatives

The third type of business involved in primary care -the social enterprise company – has been promoted as a 'third way' combining the innovation, entrepreneurship and flexibility associated with private companies with the public ethos of the NHS. Social enterprises are defined as businesses established to address a social or environmental need. Rather than maximising shareholder value, their main aim should be to generate profit to further their social and environmental goals.

This type of approach has received a great deal of encouragement from the Government. In the NHS social enterprise received a boost from Lord Darzi's 2008 High Quality Care for All report[2], which set up a staff "right to request" the formation of a social enterprise, along with attempts to provide staff guarantees on pensions and the stability of social enterprise contracts. This process was intensified by the Department of Health's 2009 initiative, Transforming Community Services, in which social enterprises are expected to play a big part in the future of primary care service delivery.

The report commissioned by UNISON, published in 2007 – Social Enterprises and the NHS – Changing patterns of ownership and accountability[3] – noted that social enterprise is often viewed as a means to compete against the private companies and a way to preserve a local focus. In the NHS social enterprises can have a number of different structures, from companies limited by guarantee to more cooperative/ mutual models. Social enterprises may be owned by their users, customers, employees, the wider community, trustees, public bodies or a combination of different stakeholder groups.

One of the largest social enterprises in primary care is Local Care Direct (LCD), which was awarded the contract for a GP-led health centre in Dewsbury that opened in March 2009. LCD was set up in 2004 and is also involved in a number of other primary care services, including out-of-hours services, GP support, palliative care services and an on-call pharmacy. LCD is a community mutual benefit society which has a Governance Board, with four executive and five non-executive directors; and advisory council; and anyone over the age of 16 can become a member if they live in the area served by LCD.

Another example of a large social enterprise organization is South East Health. Since 2005, South East Health has provided a full primary care unscheduled care service across the South East and in 2009 was awarded two contracts for GP-led health centres. South East Health is a membership organisation of around 600 GPs, with a Board of Directors comprised of both GPs and executives with a background in the health and care sector. Unlike LCD it does not have the public as members. Other social enterprises are on a much smaller scale, such as New Wave Integrated Care set up to bid for the contract for the GP-led health centre in Boscombe and Poole. New Wave was set up by a Bournemouth GP consortium Centrepoint Health-care Provision Limited; the mental health and learning disability services provider Dorset HealthCare NHS Trust; the charities Help and Care and Bournemouth Churches Housing Association.

Name of Provider	Type of Provider	Founded by GPs/ NHS employees*	Seeking expansion**
Care UK	Public		
Assura	Public		
Nestor Primecare	Public		
United Health	Public		
Atos Healthcare	Public (a division of Atos-Origin)		
Bondcare Medical Services	Private		
Chilvers McCrea	Private	✓	✓
Harmoni	Private (also JV with Social Enterprise)	✓	✓
NH Solutions	Private	✓	✓
Malling Health	Private	✓	✓
Shropshire, Somerset, Manchester,			
Great Yarmouth			
IntraHealth	Private	✓	✓
The Practice PLC	Private	✓	✓
Take Care Now	Private		
Go To Doc	Private	✓	✓
One Medicare	Private (JV One Medical: FMC Healthcare)	✓ (FMC Healthcare)	✓
Aspect Health	Private	✓	✓
SSP Health	Private	✓	✓
BK Health	Private	✓	✓
Cedar Medical	Private	✓	✓
Integral Healthcare Partnership	Private	✓	✓
AT Medics	Private	✓	✓
Phoenix Primary Care Ltd	Private	✓	✓
Greenbrook Healthcare	Private	✓	✓
DMC Healthcare	Private	✓	✓
Danum Medical Services	Private	✓	✓
Halton Health	Social Enterprise	✓	
Hope Citadel Healthcare	Social Enterprise	✓	
Local Care Direct	Social Enterprise	✓	
New Wave Integrated Care	Social Enterprise	✓	
South East Health	Social Enterprise	✓	
Pathfinder Healthcare Development	Social Enterprise	✓	
Willow Bank Community Interest Group	Social Enterprise	✓	
Carfax Health Enterprise	Social Enterprise	✓	
SSAFA Community Interest Company	Charity		

GP-led Health Centres and/or walk-in centres	GP Surgeries	Geographical area
11 and 2 walk-in centres	1	Nationwide
12	2	Nationwide
5		Nationwide
1	6	Camden, Derby & Leicestershire
2 walk-in centres	1	London, Manchester
	3	Nationwide
3 walk-in centres	35	Nationwide
4	A number under Jvs	Nationwide
1	9	M6 Corridor
1	11	Kent, Cambridgeshire,
	20	County Durham, Wigan, Dunstable
2	10	Southern England
	3	Suffolk & Essex
1 Walk-in Centre	At least 2	Oldham, Tameside & Glossop
3	7	Leeds, Derby, Sheffield
	7	Liverpool, St Helens
	15	North West England
	5	Oxford, Stockton-on-Tees
	4	Basingstoke, Bristol
2	At least 4	Leeds, Derbyshire, North West England
	8	London
1	7	West Midlands
1	6	London
2	5	South-East and London
2	Several	Scunthorpe
	3	Halton
1	2	Oldham
1		Dewsbury
1		Poole & Boscombe
2		South East England
	3	West Midlands
	1	Stoke-on-Trent
1		Swindon
1		Leicester

* This is given as a yes if it is stated on the company's website that it was founded by GPs and/or NHS employees, regardless of its current status.

** Company has contracts in more than one PCT and/or states on website that it is seeking to expand.

Complex Business Models

The business models for the companies now involved in primary care can be very complex, Assura being a good example with its 30 joint venture companies. However, one of the most complex is Harmoni. This company began life as a GP co-operative providing out-of-hours care, but is now a private company only 50% owned by GPs. It is involved in providing GP care, urgent care, primary care in prisons and a number of other primary care services, through a complex network of joint venture companies and a social enterprise company. Through these joint ventures Harmoni has been awarded two contracts for GP-led health centres, one in Weston-super-Mare (North Somerset), and one in Enfield, London, as well as other primary care contracts. At present, Harmoni has four joint venture companies: Hillingdon Health Ltd, a JV between Harmoni and Hillingdon GP Ltd (wholly owned by Hillingdon GPs and with a reported 97% of total registered patients as shareholders), which runs an urgent care centre; Medicare Medical Services LLP, a 40:60 JV between Harmoni and Equity Health LLP (owned by four Enfield GPs), which has a contract for the Evergreen Primary Care Centre; a social enterprise company known as Newham Primary Care owned 60% by 160 GPs in Newham and 40% by Harmoni; and Gryphon Health, a 40:60 JV between Harmoni and Wyvern GP Ltd, a company owned by GPs in North Somerset, which has been granted the contract to run a GP-led health centre in Weston Hospital, Weston-super-Mare. Harmoni itself has been awarded contracts for two GP-led health centres as a single entity. Other providers with complex backgrounds include One Medicare, jointly owned by health care developer One Medical, established in September 2004 to develop primary care premises and facilities, and FMC Health Solutions Ltd, a primary care services provider: FMC Health Solutions Ltd is in turn owned by the partners and practice manager of Ferrybridge Medical Centre, Leeds.

Can money be made from primary care?

Prior to the Equitable Access to Primary Medical Care (EAPMC) scheme, the Government knew that primary care was not an attractive proposition for corporate providers and in a series of closed meetings in 2008 it attempted to persuade several potential corporate providers of healthcare that the GP-led health centres and London polyclinics would be a good investment[4]. The corporate world appears to have remained sceptical, however, and although the meetings were attended by ten companies, only two, Assura and Care UK, made any major moves in the primary care sector in 2009. The fact that so few of the large corporate organizations approached by the Government in 2008 invested in primary care showed just how much uncertainty there was and still is surrounding the profitability of primary care in the UK.

Profit is crucial for any companies, but for those companies with shareholders, profits have to be evident sooner rather than later as a rule. Investors can be placated for only so long with an optimistic business plan, eventually if no significant profit is forthcoming shareholder pressure on the company often leads to changes in business strategy and the divestment of loss-making business interests. Once the NHS was immune to such pressures from shareholders for quick profits and the uncertainties of the stock market, but now privatization means that the NHS can no longer avoid such pressures. Indeed just over a year since the first Darzi centre opened its doors there are already signs of that these pressures are producing instability in the primary care market: by March 2010 two of the largest public companies involved in primary care, Care UK and Assura, had already been forced to alter their strategies by shareholders.

Assura reported that its GPCo business is expected to be loss making for some time and will consume further cash, and as a result management was evaluating a number of options for the business to be separated from the rest of the company

Before moving into primary care, Care UK already had a successful business in care homes and related areas and its strategy has been to tender for contracts as a single entity and not to opt for joint ventures with GPs. Care UK does not report financial data for primary care alone, but for its combined healthcare business (primary, secondary and diagnostics), and the figures certainly show healthy growth: revenue rose 82.3% from 2006 to 2008 and the latest figures for the year ending 30 September 2009 give revenue from its healthcare business of £160.1 million, up 54% on 2008. From the 12 contracts for GP services Care UK was awarded in the first six months of 2009, the company estimates it will net annual revenue of £18 million. Through 2009, Care UK has been optimistic about its primary care business and in its year-end report in October 2009, the company noted that it sees a future in its strategy of running primary care services whatever the result of an election. Care UK's Chairman John Nash noted that "the forthcoming challenges to public sector funding are apparent and our experience and expectation is that to achieve higher quality services at better value, public sector commissioners are increasingly turning to the Independent Sector to drive efficiency and reform. Furthermore, both the UK's largest political parties support the role that independent providers can play in helping to achieve this. Policy reform generally is focused on the migration of services from hospital to community and social care solutions in order to improve care quality and reduce cost. This is wholly aligned with Care UK's long term strategy and perfectly positions the company to drive exceptional levels of long-term growth."

Unfortunately Care UK's optimism about the future of primary care in the UK has not been shared by the stockmarket and shareholders, which have remained nervous about the sector creating funding problems. As a result, in March 2010, Care UK's management and the private equity company Bridgepoint launched a takeover bid for Care UK, for £281 million. The shareholders will get an approximately 9.2% premium for their shares and Care UK will become a private company, but with no change of

management. Mike Parish, Care UK's chief executive, is quoted in media reports as noting that the move from public to private will give the company breathing space as public markets have grown increasingly nervous about investing when there has been little to show in terms of contract growth in the short term: Bridgepoint investors apparently have more of a longer term view of the business. Care UK continues to be optimistic about the sector as a whole and plans to continue seeking acquisitions in healthcare and social care.

Assura, the other major investor in GP-led healthcare centres, has also experienced the effect of shareholder pressure, but with a different outcome. Initially optimistic about primary care, by November 2009 it announced the possibility of selling off its primary care business.

Assura's strategy of a network of joint venture companies with existing GP practices expanded rapidly, but after three years Assura was having difficulties persuading investors that the model would deliver sufficient profits within an acceptable timeframe. In a presentation to investors in mid-2009, Assura reported that its primary care business makes no profit and is unlikely to make one for some years to come, however the company's business model predicted revenue of £60 million per annum eventually and that the business would breakeven by 2012. At this time, the company's belief in its business model was such that it also went on to outline a long-term strategy for the business: post-2012, the company plans the development of the business into a US-style Health Maintenance Organisation (HMO) via its network of GPCos (see box). But only a few months later in November 2009, Assura's optimism for the future of the primary care business had faded away: Assura reported that its GPCo business is expected to be loss making for some time and will consume further cash, and as a result management was evaluating a number of options for the business to be separated from the rest of the company. Assura was only half-way to generating the £60 million a year it needs to breakeven. A sale or spin-off of the business would be at a cost to Assura, but analysts at Investec noted that this cost would outweigh the long-term damage to the company's share value of holding on to a loss-making division[5]. By March 2010 Assura and Virgin Healthcare had agreed on a deal, with Virgin acquiring a 75.1% share of Assura's business (Assura has kept 24.9%). Virgin, the company that had in September 2008 withdrawn from the primary care business, citing the economic downturn, has now gained 12 GP-led health centres and over 60 other NHS contracts, all without having to submit a single tender or go through a single public consultation process. It can be assumed that the GPs who are partners in the joint venture companies, had no say in the matter, but now find they have a completely new business partner. What the future holds for Assura's joint ventures with GPs is unclear, as when Virgin initially outlined its strategy for primary care back in 2008 it was planned a network of Virgin-branded surgeries with GPs offered long-term leases that combined NHS work with fee-paying private practice. After the acquisition was announced Virgin set out its ambition to become 'one of the leading companies providing primary healthcare services to the NHS and its patients'.

The changes in strategy for two of the major players in the primary care field would imply that it is not possible to a make a quick profit from primary care. But what of the private companies, those not subject to market pressures, how are they faring in the sector. It is virtually impossible to obtain financial information about private companies and therefore impossible to determine whether these businesses are profitable, struggling, or just holding their heads above water in financial terms. However there have been some hints from the businesses themselves that as it becomes harder to find private finance and banks reduce lending, it will become more and more difficult to sustain the APMS and EAPMC contracts as financially viable.

Dr Rory McCrea, of Chilvers McCrea, has recently been less than optimistic about the possibility for making money with the GP-led health centres in particular. He was reported to have told an audience at the National Association of Primary Care conference (Birmingham, UK) that GP-led health centres would struggle to justify their cost over the next few years with difficulties for financial reasons and that traditional general practice will fare better than the larger centrally imposed health centres[6]. Chilvers McCrea does not run any of the EAPMC GP-led health centres and do not appear to have bid for any of the contracts. Although difficulties have also been reported in traditional primary care – in April 2009 Chilvers McCrea was forced to terminate its contact to run an APMS practice in Essex, reportedly because of the tough economic climate. It has also been reported that Atos Healthcare withdrew from a contract in Berkshire due to the financial climate and low demand for services[7]. If it is difficult to make a good profit from a single GP-led health centre or GP surgery, and there is some evidence for this, then one route to increase profitability is through economies of scale – winning contracts for several GP-led health centres or GP surgeries. And this could be the reason that so many of the private companies originally set up by GPs or NHS employees have expanded.

One way to control costs is to cut down on the most expensive outlay of all – GPs – and according to a survey by Pulse reported in February 2009[8,9], this is exactly the approach many GP-led health centres are taking with some centres having 10 nurses for every one GP. In the same survey it was found that there was a reliance on newly qualified GPs and very few partnerships were being offered, it was primarily salaried positions. On the website of the GP-led company BK Health, which has contracts for GP surgeries in Oxford and Stockton-on-Tees, the company notes 'Our model, by reducing reliance on the most expensive resource (doctors) enables us to pay staff good, above average salaries.'

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In July 2009 Pulse reported that GP-led health centres are receiving far more funding per patient compared to GMS and PMS contracts in the same area[10]. In Sheffield PCT, for example, Pulse reported that funding per patient for the GP-led health centre was £160 per patient, compared to an average of £112 and £105 respectively for PMS and GMS practices. In other PCTs the figures were even higher: in NHS Halton and St Helens, the GP-led health centre is receiving £560 per registered patient, in NHS West Kent £466.66 and in NHS Doncaster £412.50. Although, for these sums the health centres must provide many more services and extended opening times under the APMS contract. The amount per patient may appear to be more than adequate on paper, but the financial viability of the health centre depends on whether it is able to attract enough patients. If the health centres, as the BMA has often pointed out, are surplus to requirement then it will be impossible to sustain the business regardless of what type of company holds the contract. If insufficient patients register then a small private company could go bust, whereas larger companies would just withdraw from the business, and in the case of publicly traded companies, shareholders may well force the company to withdraw.

The risks involved with a contract for a GP-led health centre have been reported to be far greater than that for a GP surgery. According to a report in February 2009, 'Opening up the primary medical care market' in the BMJ, it was noted 'some PCTs are expecting successful bidders to assume a greater degree of financial risk over time, based on their ability to attract patients' [11]. It comes as no surprise then that there have been many reports of the new surgeries using novel techniques to increase patient registration, including leafleting, local advertising, including the use of cinema advertising - Devon Doctors the consortium that won the contract for the GP-led health centre in Plymouth used an eight second long advert at the local multiplex cinema to attract custom. Another novel technique for increasing registration took place in Bristol, whereby Bristol students were given a goody bag of Boots cosmetics together with a flyer for BrisDoc's new surgery in a branch of Boots. In November 2009 Pulse reported that many GP-led health centres were struggling to achieve their registration targets and the companies in charge may well seek to renegotiate their contracts [12]. It is not only the companies that are finding problems with the contracts; the PCTs are beginning to discover the true cost of the GP-led health centres. There has already been one report in March 2010 of a PCT renegotiating its contract with a private company that runs a GP-led health centre to reduce the amount it gets per walk-in patient[13]. Suffolk PCT and the private company, The Practice Plc, have agreed to reduce payments for walk-in patients, although the amount per registered patient remains the same: the GP-led health centre was getting many more walk-in patients than anticipated, over 11,000 from June 2009 to February 2010, compared to just 286 registered patients. The new terms are much less favourable for the company running the health centre and make it far less profitable. This is possibly just the start of changes across England as PCTs realise the true cost of the centres and the contracts that have been signed.

In just the first year since the first Darzi or GP-led health centres opened their doors, the whole primary care sector has undergone a massive upheaval due to the presence of the private sector: large numbers of contracts have been sold, others renegotiated, and companies have abandoned contracts as they lack financial viability. Whichever strategy private and publicly traded companies take to try and make a profit out of the NHS, what has happened in just one year shows that the ultimate outcome is unlikely to be a positive one for patients and NHS employees. Surgery contracts can now be bought and sold like any other commodity, as the deal between Assura and

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Virgin Healthcare, only goes to show. Virtually overnight your surgery could be under new management, with no public consultation whatsoever; indeed the PCTs involved will also have had no input in this move either. Already pressures from investors seeking short-term profits are shaping the NHS, and it is only a matter of time before financial pressures on the smaller private companies begin to exert an affect and some consolidation takes place or even bankruptcies, particular as the PCTs push to save money and renegotiation of contracts becomes commonplace.

Health Maintenance Organisations in the USA typically employ a network of primary care providers and a member of the HMO scheme (ongoing membership fee is payable) has to register with one of these providers, who will also be the one to refer a patient for hospital treatment (at the HMO's designated hospital). Should a patient visit another primary care provider or hospital outside of its HMO, the cost of the consultation or any treatment received is not covered and must be paid for out of the patient's own pocket. This is viewed as the cheapest way of receiving healthcare in the USA, although the HMOs strictly control the budgets of the primary care providers and extra payments are often necessary for treatments and services that are not covered by a 'plan' and patient choice is severely limited by the HMO in terms of what primary care provider can be chosen and where hospital treatment can be given. Such control enables HMOs to control their costs and make their profits.

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