

Privatisation in Primary Care

Primary care has been called the “new frontier” of privatisation in the NHS. Already staff that work in GP practices may find themselves in a vulnerable position, particularly where receiving Agenda for Change terms and conditions is concerned. But now a number of reforms and processes are coming into play, which taken together may have serious consequences for staff, patients and the NHS as a whole.

Summary of reforms and processes

- **Privatisation of infrastructure** – since 2001 PCTs have been able to form partnerships with private consortia (“LIFTCos”) to develop new premises for GP and other services, with ancillary staff employed by the LIFTCo or a subcontractor. To date around 50 such schemes are underway. This is likely to increase as the Darzi review recommends further centralisation of services in “polyclinics” which are likely to be delivered through LIFT or private providers.
- **Privatisation of PCT services (“PCT divestment”)** – services previously provided by PCT employees (occupational therapy, health visitors, screening units, walk-in centres, etc) are increasingly being transferred to and/or commissioned from private firms, social enterprises and semi-public “Community Foundation Trusts”. Since 2006 PCTs have been pressed by DOH and SHAs to adopt a “commissioning model” observing “competitive neutrality” between external and in-house providers. This could easily result in 50% or more services being outsourced in 10 or 20 years, as we have seen happen in local government since the 1980s.
- **Privatisation of PCT commissioning** – in 2007 DOH approved 14 private companies to contract with PCTs to undertake their commissioning of secondary and primary care services, and named seven “early adopter” PCTs, only one of which has signed a contract so far (Hillingdon PCT, with BUPA). This year any PCT can participate in the scheme.
- **Privatisation of GP services** – since 2004 PCTs have been empowered to enter “APMS” contracts for GP services with private firms run by or employing GPs. Initially most contracts went to GPs but it is now reported that the majority are being awarded to private firms, with around a dozen privately run GP surgeries now known to be underway. As GPs have a role in commissioning secondary care services under “Practice Based-Commissioning”, this is another way in which commissioning may end up in the hands of private companies.
- **Marketisation of GP services (“Patient Choice” of GP)** – the interim report of the Darzi review published in October expressed an interest in making it easier for patients to switch GPs and for cash to follow patients under an extended “Payment By Results” system, raising the prospect of intensified competition among GPs and private providers of GP services for patient registrations.

Background

- Since April 2004 the APMS (Alternative Provider Medical Services) contracting route has been available to PCTs to commission services from private companies.
- However it is only now that, stimulated by the Department of Health's 2007 Fairness in Primary Care procurement programme, private sector involvement in primary care is really taking off.
- Prior to 2008, the majority of private sector involvement in primary care has been through relatively small companies such as Chilvers McCrea, Aston Healthcare and IntraHealth.
- But multinationals are also winning contracts. Despite one high-profile appeal court defeat, United Healthcare already runs a practice in Derbyshire and Care UK has a £5m deal with Barking & Dagenham PCT for GP services. Alongside ISTCs, a number of centrally procured services are private: there are six commuter walk-in centres in London, Newcastle and Leeds involving Atos Healthcare, Walk in Health, Care UK and Netcare; and there are three mobile screening units involving Boots in London, and Alliance Medical and Netcare nationwide.

A changing situation

- The situation has taken on a higher profile in 2008 due to plans to hand over three surgeries in Camden to United Healthcare, to give United a second GP practice in Derbyshire, and to allow Atos Healthcare to run St Paul's Medical Centre in Tower Hamlets.
- According to doctors, the situation regarding APMS take-up is also changing, with more than half the bids for APMS contracts coming from GPs, but more than 90% of contracts going to private firms.
- The situation has the potential to move forward in two ways: central procurement initiatives linked to arguments about extending access and reducing inequality, or local commissioning decisions made by PCTs.
- There is renewed pressure on PCTs to establish clear dividing lines between their commissioning and providing functions, and an advisory "competition panel" will be up and running by October to ensure that PCTs are giving private companies sufficient opportunities to win contracts.
- As a result, PCTs are faced with a number of options for commissioning services: using their own arms length provider organisations, establishing these as separate community foundation trusts, using social enterprises to deliver services, directly bringing in the private sector, establishing polyclinics, or a combination of these.
- The situation with groups of GPs breaking off from PCTs to form practice-based commissioning clusters may add further complications, as large companies that bought up practices could potentially gain control of the cluster's commissioning decisions.

- Greater private sector influence at the commissioning stage may also lead to more primary care contracts being awarded to companies as a way of opening up what has been a stubborn market for the private sector to break into.
- Polyclinics are intended as a one-stop shop and many are likely to be built using NHS LIFT. It is possible that such clinics could be run by private companies from the outset, a fear exacerbated by the likes of Virgin Healthcare planning to run surgeries on lines similar to polyclinics.

Implications

- There is a comparison to be drawn with the evolution of the ISTC programme: the original justification for ISTCs was filling gaps in capacity, but this was later adapted to producing a diversity of providers and boosting competition. Arguments around opening hours and under-resourced areas must therefore be treated with a degree of scepticism.
- The Virgin model contains massive potential for conflicts of interest. Virgin has announced that on top of their NHS salary, doctors working in their centres will get an extra 10% of profits made by the private dentists, therapists and other clinicians working at the centre. This clearly creates an incentive for GPs to favour referrals to other Virgin services over those available in the wider NHS. This also has grave implications for the maintenance of an NHS that is largely free at the point of use, if patients are encouraged to use private services requiring co-payments. Essentially such an approach places profits above care.
- For UNISON members working in PCTs, the prospect of their employment being transferred to community foundation trusts or social enterprises is very real. Community FTs are still part of the NHS and this may be a preferable option to wholesale transfer to the private sector, but an increasingly splintered system of FTs may threaten the maintenance of terms and conditions in the longer-term.
- Depending on the type of commissioning route used, staff transferring to social enterprises may find their NHS terms and conditions under threat, particularly their NHS pension. In the longer-term there is also the question of what happens to workers if a social enterprise fails or gets swallowed up by a larger company.
- In terms of the structure of healthcare, the development of community FTs also creates the prospect of smaller enterprises being swallowed up by large acute foundations, running contrary to the whole direction of government health policy to deliver more care away from hospital settings. This is particularly likely given that Monitor has established a £30 million turnover threshold for potential community FTs, which many PCT provider arms will not reach.
- Primary care is the first point of contact for the majority of users of the NHS, so for patients the changes will be amongst the most visible to have taken place in healthcare in recent years. And yet there is major concern about the lack of consultation and involvement of user groups where private companies have taken over GP surgeries – for example in Derbyshire and in Camden.