Open for business
We head behind the scenes at Schoen Clinic London to see how its new care models are driving market transformation

Historic London
King Edward VII's CEO Lindsey Condron talks about innovation in a changing market

Mind the gap
Candesic's Dr Michelle Tempest discusses the capital's mental health

FEBRUARY 2020 | Volume 24 | Issue 1

HealthcareMarkets

Independent. Intelligent. Insightful.

In focus

Capital market

Central London's private hospital market is growing, according to the latest research from LaingBuisson

LaingBuisson
Healthcare intelligence

LINCOLN INTERNATIONAL

Unique Insights. Thoughtful Execution. People Invested in Your Success.

MERGERS & ACQUISITIONS | CAPITAL ADVISORY | JOINT VENTURES & PARTNERING | VALUATIONS & OPINIONS

Our Global Healthcare Expertise

90+
transactions closed since 2016

#1
sell-side advisor to private equity globally

35+
active sell-side engagements

RECENT TRANSACTIONS

SYNOVA CAPITAL has acquired a significant minority stake in Preventx — Buy-Side

PATRICIA INDUSTRIES (a part of Investor AB) has sold memira to BERGMAN CLINICS — Sell-Side

LIVINGBRIDGE has sold its minority stake in CREATE Fertility to management shareholders — Sell-Side

Bionorica has sold C³ to CANOPY GROWTH CORPORATION — Sell-Side

TIKEHAU CAPITAL has acquired a minority stake in Medtrade — Buy-Side

silverfleet capital (we buy to build) has acquired CARE fertility from BOWMARK CAPITAL — Buy-Side

For more information about Lincoln International's Healthcare Group, visit www.lincolninternational.com/healthcare

Lincoln is one of the world's most active mid-market investment banks with 21 offices across 16 major economies. With over 35 senior Healthcare bankers who cover a wide range of sectors, including healthcare services, pharma outsourced services and medical devices

CONNECT

Matthew Lee
Managing Director | London
U.K. Head of Healthcare
mlee@lincolninternational.com

François Rispoli
Managing Director | Paris
f.rispoli@lincolninternational.fr

Barry Freeman
Managing Director | Chicago
bfreeman@lincolninternational.com

Tony Crisman
Managing Director | Chicago
tcrisman@lincolninternational.com

The latest figures from LaingBuisson suggest that top-line growth has returned to central London's private hospital market as international patient numbers recover (*Infocus* p28).

But it's a market set for transformation and this month we look at what providers, old and new, are doing to gain a competitive edge. King Edward VII's CEO Lindsey Condron talks about developments at the charitable hospital, (*Inconversation*, p20) while Maria Davies heads behind the scenes at Schoen Clinic London to find out how market disruption is driving up standards (*Inprofile* p24).

Plus, Candesic's Dr Michelle Tempest looks at the opportunities for independent providers in shoring up the capital's mental health provision (*Indepth* p32).

WE ARE NOT COMPLACENT ABOUT INCREASED COMPETITION. WE ARE INVESTING HEAVILY IN FACILITIES AND CLINICAL EQUIPMENT

Lindsey Condron, p20

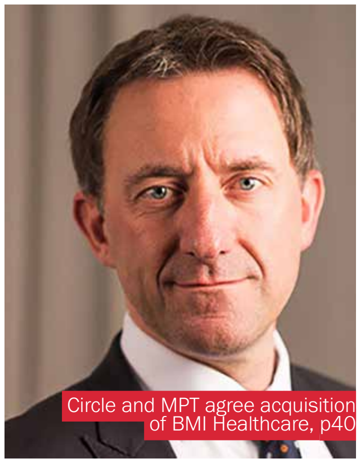
London calling

Central London's private hospital market is buzzing with new market entrants while incumbent providers are getting innovative to stay ahead

Contents

Independent. Intelligent. Insightful


KIMS Hospital makes first major acquisition, p51


Circle and MPT agree acquisition of BMI Healthcare, p40

"We plan to invest in cutting-edge technology and the latest medical treatments to help us transform care in our hospitals."

Paolo Pieri, p40

This month…

Editor, ***Maria Davies*** *looks at this month's key issues*

News that a second surgeon operating at Spire Healthcare has been accused of carrying out 'unnecessary' surgery on patients has sent shock waves through a sector still trying to come to terms with the Paterson scandal.

The independent healthcare sector has been fast to act on the issues of safety and governance raised in the wake of the Paterson case - and with the Bishop of Norwich Inquiry due to report as *HM* went to press, more action is anticipated in the weeks and months ahead.

As yet, it is unclear whether similar issues of consultant oversight contributed to the concerns raised over Habib Rahman's practice at Spire Parkway Hospital in Solihull or if an initiative like the new Medical Practitioners Assurance Framework (MPAF) would have picked up any poor practice sooner.

However, the MPAF undoubtedly represents a huge stride forward for governance in the sector. Some providers are already complying with the standards just three months after its launch and with this latest case, there is likely to be growing pressure for the rest to follow suit - and fast.

COMMUNITY

Follow us @HealthcareLB

Join LaingBuisson's linkedin grouplinkedin.com/company/LaingBuisson

Visit HM's blog laingbuissonnews.com

Lindsey Condron, chief executive, King Edward VII's Hospital, p20

Behind the scenes at Schoen Clinic London p28

Features

Events

JOIN US! Visit laingbuissonevents.com to find details of forthcoming LaingBuisson health and care conferences, seminars and report launches

HM Conference

Healthcare Real Estate
Wednesday 4 March
The King's Fund
London

HM Conference

Private Healthcare Summit
Tuesday 23 June
QEII Centre
London

REGISTER NOW ☎ **020 7841 0045** **sales@laingbuisson.com** **laingbuissonevents.com**

HM
HealthcareMarkets
FEBRUARY 2020
Vol. 24 Iss.1

CONTACT US
newsdesk@laingbuisson.com
laingbuissonnews.com

EDITOR
Maria Davies
maria.davies@laingbuisson.com
+44 (0)20 7923 5390

REPORTER
Kelsey Rees
kelsey.rees@laingbuisson.com
+44 (0)20 7923 5346

RESEARCH AND DATA
data@laingbuisson.com
+44 (0)20 7923 5395

SUBSCRIPTION SERVICES
Janet Brown
janet.brown@laingbuisson.com

DISPLAY ADVERTISING
sales@laingbuisson.com
+44 (0)20 7841 0045

DESIGN AND LAYOUT
Adored Words&Pictures
adoredwordsandpictures.com

SUBSCRIBE NOW
Annual subscription (10 issues)
Print & Online £499
Print, Online & Digital £749
+44 (0)20 7923 5390

Office for National Statistics
Chosen provider of independent sector healthcare market data to the ONS

PPA The voice of professional publishers

ISSN 2399-7044
HM is published ten times a year by LaingBuisson Ltd, 29 Angel Gate, City Road, EC1V 2PT. +44 (0)20 7923 5390 Printed by Rapidity, Citybridge House, 235-245 Goswell Road, London, EC1V 7JD

Healthcode says it is fit to run CISS after concerns raised over ownership

Healthcode is seeking to reassure hospitals that its directors and shareholders have no access to customer data, after medical directors raised concerns over its suitability to run the sector's forthcoming consultant information sharing system (CISS).

In a letter to hospital bosses seen by *HM*, Healthcode said its shareholders derive no benefits – commercial or otherwise – from any of its products. The company, which processes all independent sector hospital invoices and 60% of those generated by individual practitioners, added that directors have no access to the data by virtue of their shareholding capacity and that it has confidentiality undertakings in place with all customers for all services.

'Should those undertakings be compromised, Healthcode would create a contractual issue with appropriate resulting consequences on the business,' said the letter, signed by managing director Peter Connor and chairman Doug Wright.

Healthcode has over 18,000 independent practitioners on its Private Practice Register (PPR) and says its hospitals development programme is introducing many features that already exceed the CISS specification.

However, although it has been actively involved in the CISS initiative to date, some hospital medical directors believe its ownership structure could present a conflict of interests.

"The PPR could serve as a functionally superior, lower cost and faster-to-market solution"

The company, which was incorporated in its current form in 1999, is owned equally by health insurers Bupa, Aviva, AXA PPP and VitalityHealth and hospital provider Nuffield Health.

Healthcode insists it has never paid any dividends to any of the shareholders and has no plans to do so in the foreseeable future. In addition, it said data collected under the PPR is not treated any differently to that of any other confidential data collected by the company.

'Healthcode already processes significant volumes of confidential data beyond purely billing on behalf of hospital and practitioner customers. This includes patient records and correspondence, service fees and treatment notes,' said the letter.

It is understood that IHPN is currently drafting a tender document for delivery of the CISS, which is expected to be made public shortly after publication of the Paterson report in early February.

Healthcode said it was in 'no doubt' that the PPR could serve as a 'functionally superior, lower cost and faster to market solution than any other party could offer'.

Nevertheless, the company has also acknowledged that its current structure and ownership is not serving it well. It is now exploring different models of ownership and expects to discuss alternative structures with its shareholders within the next month.

'Irrespective of the outcome of those considerations, however, the confidentiality points raised herein are absolute and non-negotiable,' said the letter. 'Healthcode has an unambiguous purpose to service all its customers in an open and trustworthy manner and the business's current shareholding has no materiality into the way such values are held and adopted.'

First PROMS data for patients published by PHIN

The Private Healthcare Information Network (PHIN) has published the first available data on patient reported health outcomes for privately-funded patients treated in UK independent healthcare facilities.

Although the dataset is relatively small – covering hip and knee surgery at around 100 independent hospitals and NHS private patient units (PPUs) – its publication marks an important milestone for PHIN and indicates high quality care across the sector as whole.

Almost 99% of privately-funded patients reported improvements in their health following a hip replacement in the year to 30 June 2019, while 95.3% of private patients reported improved health following private knee surgery.

At the same time, PHIN published new data on infection risks for privately-funded patients treated at 282 independent hospitals and NHS PPUs.

The data covers around 85% of private healthcare patients and confirms continued low risk of healthcare associated infection (HCAI) in the independent sector, with 305 HCAIs across 1.4 million bed days in the year to 30 June 2019.

E.coli was the most common HCAI reported, with an overall rate of 9.3 in 100,000 bed days.

Although it is not yet possible to draw meaningful comparison between individual hospitals, PHIN has published a guide to help patients understand what infection rates at different hospitals could mean for their care, along with questions they should ask their care provider before treatment.

PHIN chair Dr Andrew Vallance-Owen said the data would enable patients to have more informed conversations with their consultant and hospital.

'PROMs not only provide reassurance about the quality of services, but also help specialists to confirm what matters to their patients before treatment, and measure how treatment has met those needs following treatment,' he said.

Act now on rising NHS waiting lists, IHPN warns

Almost 6 million people could be waiting for NHS treatment by the next general election unless the government takes action to increase capacity and support NHS patient choice, the Independent Healthcare Providers Network (IHPN) has warned.

Analysis of historical referral-to-treatment time (RTT) data carried out by IHPN indicates that the number of people waiting for planned treatment could rise from the current 4.42 million to around 5.98 million by May 2024 if waiting times continue along current trajectories.

If recent trends go unchecked, the number of patients waiting longer than the 18-week target could spiral from 690,000 to more than 1 million over the same period.

The NHS last achieved its target for 92% of patients starting treatment within 18 weeks of a referral in February 2016. Currently, 84.4% of patients begin treatment within 18 weeks. Based on overall trends from the last four years, IHPN analysis suggests this could dip to around 81.4% by 2024.

However, if the sharper falls seen in recent months are indicative of a longer-term trend, the proportion of patients treated within 18 weeks could deteriorate further and faster.

IHPN said urgent action is needed to prevent the crisis and called on the government to ensure waiting lists are a key priority for the additional £33.9bn it plans to spend on the health service over the next five years.

IHPN CEO David Hare said the NHS needed to make more use of the significant capacity available in the independent sector and increase patients' awareness of their rights to choose where they receive NHS funded care.

David Hare, CEO, IHPN

'The pressures facing the NHS are of course significant, and NHS providers alone will not be able to meet this rising demand for care. It is therefore important that the significant capacity available in the independent sector is utilised to help ensure patients can be treated as quickly as possible,' he said. 'A key part of this will be putting more power in the hands of patients and ensuring they are supported to exercise their legal right to choose where they receive their NHS care, including in the independent sector, who offer services to patients paid for at NHS prices, to NHS standards and free at the point-of-use.'

The latest figures show continuing deterioration of NHS performance against its targets ahead of the historic winter crisis months.

Patients waiting for neurosurgery were the least likely to be see within the target time, with Just 78.2% treated within the 18-week target.

This was closely followed by waits for plastic surgery, where 79.3% of patients received treatment within 18 weeks.

Hare said its analysis showed that almost one in six households now have someone on an NHS waiting list.

Blow to Viapath as Synlab announced preferred bidder for £2.25bn contract

Synlab has been as selected preferred bidder for a 15-year contract to provide pathology services to five major NHS trusts in London.

The German-owned company said it had received confirmation from procurement leads, Guy's & St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust, that it had been selected preferred strategic partner, but that a formal decision to award the contract would not be made until April.

The news will come as a blow to incumbent provider Viapath. The company, which is a joint venture between Serco, Guy's and St Thomas' and King's College Hospital NHS Foundation Trusts, has operated the contract since 2009 and it accounts for a significant proportion of the company's earnings.

In 2018, the latest year for which accounts are available, it reported revenue of £122m and a 31% rise in EBITDA to £7.1m, primarily as a result of higher volumes from the contract.

In a report accompanying the accounts, chairman David Bennett said participating in the tender would be a 'major focus' for the company during much of 2018 and 2019. Winning it, he added, would be 'central to Viapath's future'.

The existing contract is due to end in September, when it will be replaced by the South East London Pathology Procurement. Worth £2.25bn over 15 years with a five-year extension option, it includes provision of pathology services to both lead trusts and South London and Maudsley NHS Foundation Trust, Oxleas NHS Foundation Trust and Royal Brompton and Harefield NHS Foundation Trust, as well as GPs across South East London.

In a statement, Synlab said: 'The Trusts are preparing a full business case that will require review and approval of the Trusts' boards. Only at this point, and once certain key criteria have been met, can a contract be awarded.'

CQC raises serious concerns over leadership and governance at Cygnet

Processes do not support the executive board to effectively identify issues and multiple information systems being used to monitor risk, says regulator

Dr Tony Romero, CEO, Cygnet Health Care

Cygnet Health Care has been told by the CQC that it must take 'immediate action' to improve its management and governance systems or risk further warning notices and, ultimately, the withdrawal of some of its services.

A well-led review carried out by the regulator last July in response to serious concerns at 15 of the 47 sites inspected to date said a clear line of accountability could not be established across all of the Group's locations and that senior leaders were unable to give a clear explanation of its strategy.

It said the structures and processes being used did not support the executive board to effectively identify emerging issues and that different information systems were being used to notify and manage risks across the organisation, meaning there was little executive oversight of significant risks identified by regional teams.

The regulator also identified ongoing staffing issues. In June 2019, 8% of locations did not have a registered manager – three of these for six months or more. Use of agency staff remained high, particularly in secure services.

The percentage of shifts covered by agency nurses increased from 20% in January 2018 to 33% in December 2018, although Cygnet said this had reduced in subsequent months.

Care and treatment was criticised for failing to include best practice. Inspectors said there were higher levels of physical restraint and seclusion across the Group compared to other mental health facilities providing similar services. Incidents of assault and self-harm were also higher than comparable services and training for intermediate life support was not provided to all relevant staff where physical intervention or rapid tranquillisation was used.

Cygnet Health has been in the regulatory spotlight since serious abuse was uncovered at its Whorlton Hall facility for patients with learning disability and autism by BBC's Panorama last year. Although 80% of its services were rated good and 7% outstanding as of June 2019, nine services are currently rated inadequate or are in special measures.

The Group has grown rapidly since its acquisition by US health giant Universal Health Services for £205m in 2014. In 2016, it bought Cambian Adult Services for £377m, following this up two years later with the acquisition of Danshell, which included facilities previously operated by Castlebeck, for an undisclosed sum.

Six of the nine services currently rated inadequate or in special measures, including the now closed Whorlton Hall and Chesterholme facilities, were previously operated by either Danshell or Cambian. And, according to the CQC, there has been little integration of policies and procedures following the acquisitions.

'Whilst the majority of polices had been reviewed for safety and rebranded as Cygnet Health Care, only approximately 20% had been integrated into a single Cygnet Health Care Policy,' said the report. 'Many policies and procedures had three versions in current use depending on the location, the policies were stored in a way which meant the relevant policy was available for staff at each location.'

Cygnet said it had already acted on a number of the CQC's findings, including the appointment of external advisors to review its governance structures, the appointment of a group medical director and a new information management system.

A spokesperson for the company said: 'The report documents that this Well Led review was a response to Whorlton Hall and we cannot stress enough that we were horrified and shocked by the footage shown in the Panorama programme. We have a zero-tolerance approach to abusive behaviour and took immediate steps to minimise any risk across our portfolio well in advance of this review, including transferring residents to appropriate alternative placements, closing the facility and cooperating fully with external agencies, which we continue to do.'

It also said it had was in the process of integrating Danshell policies and systems into its portfolio and had a robust plan to ensure they are properly reviewed and continue to be aligned.

'Our priority is to deliver safe, effective and person-centred care across all of our services to some of the most vulnerable people in society. We are pleased this report has recognised that Cygnet's vision and values support a person-centred approach to providing services. We take on board the findings and our management team will continue to work closely with the CQC and other stakeholders in an open and transparent way to ensure that all recommendations from the report are fully implemented and that the CQC is informed of the progress and continual improvements being made,' added the company.

St Andrew's Healthcare ordered to improve governance systems

Mental health hospital provider St Andrew's Healthcare (STAH) has been ordered to make far-reaching improvements to its governance and systems and processes following a targeted inspection by the CQC.

The charity, which operates roughly 860 inpatient beds across its services, was subject to a 'Reactive Provider Well Led Assessment' by the regulator in October after failings were identified at seven of its locations.

The targeted inspection, which focused on governance and procedures at ten STAH services, found some processes were in place to support good care, but that 'repeated and systemic failings relating to procedures and clinical governance' hindered its ability to provide safe and effective care and treatment.

The inspection report said leaders understood the challenges faced but that improvement plans were in their infancy and staff did not always feel confident to raise concerns without fear of reprisals.

'Concerns raised by CQC were not always timely addressed or fully accepted; there was a two-year backlog to address some issues. Processes for reporting to the board meant some issues were not covered by routine reports, therefore trustees might not be fully aware of all concerns identified. Leaders would benefit from more external scrutiny of their decisions,' said CQC deputy chief inspector for mental health and community services Kevin Cleary.

In addition, inspectors found that processes for managing duty of candour requirements were not fully effective and use of physical restraint had increased in spite of reduction plans.

Over 1,100 restraint incidents were reported in October 2019 compared to 767 in May 2019. The highest number reported in the period were on the Meadow Ward adolescent service, which recorded 216 incidents. There were also increases on other adolescent and women's wards across the organisation.

The CQC said STAH must ensure restrictive practices – including physical restraint – continue to be reviewed across all its services, and reduce them in line with guidance. It has also been ordered to embed governance systems and processes across its services; review arrangements for independent challenge of decisions made by its executive team; and afford all staff raising concerns protection in accordance with The Protected Disclosures Act 2014.

'Following the inspection, CQC reported its findings to St Andrew's Healthcare. St Andrew's board knows what it must do to ensure all necessary improvements are made. We continue to monitor the provider and will carry out further inspections to check on any progress,' said Cleary.

Priory invests £1m in new ward

A new ward for children and adolescents with mental health issues has opened at Priory's Roehampton Hospital in southwest London.

The ward, which follows an investment of nearly £1m, will provide care and treatment for the mental health of 12 to 17-year-olds and aim to help address the shortage of mental health treatment options for the age group.

A specially developed programme will be delivered by a multidisciplinary team and headed by experienced consultants, offering 24-hour medical and nursing care.

Young people accessing the service will have their admission funded by their families, or through their private medical insurance.

The ward's programme offers a full seven day timetable which can include school, stress management, dialectical and cognitive behavioural therapy, coping skills development, as well as family therapy.

'The ward is going to make a significant difference to people's experience of treatment at a time when they are feeling most vulnerable,' said Dr Hamilton McBrien, child and adolescent psychiatrist and medical director for specialist NHS services at Roehampton Hospital. 'Over half of all mental health disorders start before the age of 14. Accessing treatment and care early can significantly help a person's recovery.'

The Priory Hospital, Roehampton

Mental health

GPs are advising young people with mental health problems to seek private treatment as increasing numbers of referrals are rejected by CAMHS. A survey of 994 GPs carried out by charity stem4, found that 43% had advised parents to pay for their child's treatment.

Mildmay plans hospital for homeless people

Bethnal Green-based charitable hospital Mildmay Mission has announced plans to become London's first specialist hospital for homeless people.

The plans were discussed last month at a meeting between the hospital, local NHS commissioners and homeless charities. It is understood that the new service will provide a range of services, including intermediate care for patients discharged from NHS hospitals.

If an agreement cannot be reached, it could mean an uncertain future for the 50-year old facility, which currently specialises in inpatient and daycase treatment for patients with HIV.

High running costs combined with falling patient numbers have had a dramatic effect on the charity's income in recent years. Last year, the 26 bed hospital, which is rated outstanding by the CQC, reported inpatient occupancy rates of 68% against 79% the previous year.

Despite a major review of staffing and cost efficiency drive, expenses have continued to outstrip income. In the year ended 31 March 2019, it reported total income of £2.9m (2018: £3.4m) roughly £2.6m of which was derived from service provision (2018: £2.9m).

However, total resources expended, which include its charitable activities in Africa as well as the UK, came in at £3.3m, resulting in a deficit of £440,000 against £20,000 in 2018.

> **"With homelessness in London increasing, there is urgent need for highly focused, specialist care"**

Patient volumes have been down at the specialist hospital as HIV treatment improves

At the year end, free reserves were down to £1.1m compared to £1.6m in 2018.

The charity said the successful development of HIV treatment meant it had to change its focus and develop new service areas in order to continue its charitable objectives.

'With homelessness in London and other major cities across the UK increasing, there is urgent need for highly focused, specialist care of the sort Mildmay provides, to relieve the pressure on the larger NHS hospitals across the capital that, whilst able to treat the illnesses and injuries of their homeless patients, cannot safely discharge them back into the communities from which they came,' it said.

Winter money

NHS England has allocated £22m to NHS trusts to increase elective and diagnostic capacity over winter. The 'targeted investment' is aimed at supporting a range of specialities including orthopaedics, paediatric and cardiology.

Nuffield Health outsources OH service

Nuffield Health has announced plans to outsource its entire occupational health business to specialist occupational health company Health Partners.

The charitable health and wellbeing provider said the strategic partnership would enable it to scale the service and increase its connected health offering to its corporate clients.

Under the deal, the occupational health element of its connected health contracts will be subcontracted to Health Partners. In turn, it will become Health Partners' preferred supplier for all health and wellbeing related referrals, including health assessments, physiotherapy and emotional wellbeing.

Health Partners, which was formerly Duradiamond Healthcare, operates on a national basis with a network of 300 clinics and 16 mobile units across the UK. Established in the occupational health sector for over 16 years, it has invested significantly in its infrastructure and occupational health platform, Gateway.

Nuffield Health chief customer officer Chris Blackwell-Frost said its occupational health service remained a key element of its corporate health offering, but that given its specialist nature, partnership was the best way to expand the business.

'This partnership will enable us to scale our occupational health offering and increase new connected health business, while continuing to deliver an outstanding occupational health service,' he said. 'Health Partners perfectly complement our connected health offering, their values are based around people and personalisation, with a focus on building high performing teams supported by stable and caring leadership.'

Andrew Noble, managing director at Health Partners added: 'Together with Nuffield Health we will not only be supporting their occupational health offering but we will be able to extend our service to our clients with access to Nuffield Health physiotherapy, health assessments and emotional wellbeing'

Spire surgeon investigated over shoulder operations

Spire Healthcare has recalled 217 patients following an investigation into concerns over shoulder operations carried out by Habib Rahman at its Parkway Hospital in Solihull, West Midlands.

Rahman has been accused of carrying out 'unnecessary' operations on a number of NHS patients at the hospital.

Spire restricted Rahman from practising in September 2018, and fully suspended him in January 2019 after carrying out an investigation into certain treatments he performed.

Rahman currently practises in the NHS at University Hospitals Birmingham NHS Trust (UHB) where he is employed.

In a statement, Spire said it asked the Royal College of Surgeons (RCS) to review Rahman's practice and liaised closely with UHB, the Care Quality Commission and General Medical Council to inform them of the review findings and Spire's plans to inform relevant patients.

'Following the RCS's guidance, we wrote to all patients identified as requiring follow-up, offering a consultation with an independent surgeon to review both their care and post-operative recovery. That process is still on-going,' the statement said.

Medical negligence law firm Thompsons Solicitors said it is acting on behalf of a client involved in the fresh controversy.

Linda Millband, national practice lead for clinical negligence at Thompsons Solicitors, who led the civil claims against Spire in the wake of the Paterson scandal, said: 'A second patient recall and another rogue surgeon operating unnecessarily at Mr Paterson's old private hospital suggests systemic failings.'

The allegations come just days before the independent inquiry into disgraced surgeon Ian Paterson is due to publish its report.

Paterson was found guilty of wounding with intent after carrying out unnecessary breast surgery on hundreds of patients in the NHS and at Spire hospitals across the Midlands.


Patients of Habib Rahman have been offered a consultation with an independent surgeon

As a result of the scandal, Spire established a £37m fund in September 2017 to compensate patients who brought claims regarding Paterson.

However, the fallout from the case has not been limited to Spire. The widespread publicity, together with the governance issues raised by the case, have had ramifications across the entire independent healthcare sector.

In the wake of the scandal, the Care Quality Commission published a detailed report on the state of care in the sector, which criticised the way consultants at some independent hospitals were allowed to practice.

Since then, safety and governance has topped the agenda. The Independent Healthcare Providers Network appointed Sir Bruce Keogh to develop its new Medical Practitioners Assurance Framework, which was launched in October and is currently being rolled out across the sector on a voluntary basis.

The Paterson report was due for publication as *HM* went to press.

Aspen's Parkside Hospital opens £2.7m day unit

NMC-owned Aspen Healthcare has opened a £2.7m day unit at its Parkside Hospital in Wimbledon, south-west London.

The redevelopment is part of ongoing refurbishment work at the 35-year-old hospital and includes 12 private pods for patients undergoing planned day case surgical procedures, as well as a new reception and waiting area.

It has been designed to complement existing facilities at the hospital, which include high-tech diagnostic imaging services, GP surgery, ophthalmology and orthopaedic surgery.

Hospital director Phil Bates said: 'At Parkside we're always looking for ways to better serve our patients, whether that's investing in new equipment such as our new MRI Mako robot or additional training for our staff.

'This significant investment in our hospital has allowed us to move away from open-plan accommodation to developing a contemporary day unit with spacious pods that will not only increase patient comfort but also enhance patient privacy and dignity. Patients coming to Parkside for day surgery will really benefit from this attractive new environment and our new reception area.'

The refurbished day care unit at Parkside Hospital in south west London

LaingBuisson
Healthcare intelligence

In partnership with

McGRIGOR
GLOBAL HEALTHCARE STRATEGY

POPULATION HEALTH MANAGEMENT

GLOBAL MARKET REPORT

FIRST EDITION

Population Health market set for exponential growth as global demand increases

LaingBuisson has published the first edition of its new Population Health Management global market report in association with McGrigor Group, leading experts in global health insurance and health management services. With Google's recent acquisition of Fitbit and the development of 'Haven' by Amazon, Berkshire Hathaway and J P Morgan, never has the issue of population health management been so prominent.

The report is vital reading to anyone – governments, corporates, health and life insurers and re-insurers, healthcare providers, employers and other payers – who have an interest in population health management. This will be especially important as the pressures created by an ageing population and a rise in chronic disease are felt across markets globally, not just in the West. The report covers the key questions and solutions facing the market globally and in its main regional markets today.

Population health management is the current favoured solution to tackling this looming crisis and has been developed over the past 30 years, with the US at the forefront. Between 2015 and 2025, it is expected to grow at a rate of 12% per year with the US providing the greatest short-term revenue opportunity with other markets, including North Asia, Europe and Latin America also showing good growth.

The aim of population health management is to manage health by understanding the full risk and providing tailored solutions for populations holistically, creating collaborative approaches between all players in the market and addressing overall wellbeing rather than physical health alone. As an approach, there has been a measure of trial and error in the development of population health management, underlining that it only really provides return and value on the investment when done properly. The report looks at the top ten lessons based on best practice, from setting a clear long-term strategy to getting programme design right. Focus is also given to the future of population health management, particularly the role of prescriptive data and high-level technology to enable it to be used on a larger scale. This will be necessary if programmes are to be successful at national scale and move beyond those adopted by corporates, healthcare providers and health insurers. Technology developments will be fundamental in creating interconnectivity with telehealth, e-mobile approaches, big data and the new wearables and sensor technology.

Technology is also widening supplier involvement, led by employee benefits consultancies and global assistance companies and including med-data/med-tech companies, pharmaceuticals and pharmacy, and the sport and food sectors. This breadth of supplier involvement is facilitating consumer engagement in managing their own health which will ultimately transform health into an individually-led industry.

To understand more about this dynamic and growing sector, purchase this report today.

Who is the report for

- Corporates – CSR, CMO's, HR
- Governments
- Health and life insurance and re-insurance companies
- Healthcare providers
- Hospitals
- Health maintenance organisations
- Accountable Care Organisations
- Integrated Care Partnerships
- IGOs
- NGOs

ORDER NOW

☎ +44 (0)20 7841 0045 sales@laingbuisson.com laingbuisson.com

What the report covers

Introduction to PHM
Drivers of health costs
Evolution of the US market
Global picture for chronic disease
Economic impact of chronic disease globally and by region
Economic impact of chronic disease on employers
History of PHM
Solutions:
- Services by category
- Data collection and analysis tools
- Prevention and education
- Managed intervention
- Delivery mechanisms
Key lessons learned
Key consumers
Catalysts for promoting PHM
Market opportunity

ORDER NOW

£1,550 **PRINT**
Printed Book

£3,875[1] **DIGITAL**[2]
Printed Book + PDF
Data in Excel

1 Plus VAT
2 Digital reports include a licence allowing multi-reader access across your organisation and the reasonable use of LaingBuisson data within your own reports

Visit laingbuisson.com to find out more and to download full contents and figures listings

Office for National Statistics
Chosen provider of independent sector healthcare market data to the UK Government ONS

BHSF launches 'game-changing' EAP

New 'RISE' product features virtual GP services and comprehensive mental healthcare


Brian Hall, chief commercial officer, BHSF

Cash plan and occupational health service provider BHSF has announced plans to replace its employee assistance programme (EAP) with a comprehensive health and advice service, which it describes as a game-changer in the EAP market.

Launched in January, BHSF RISE will provide customers with a virtual GP service, as well as round-the-clock legal support line and debt advice, and a comprehensive mental health service, including counselling and psychiatric assessment.

The company's chief commercial officer Brian Hall told *HM* the new service would transform EAP from a 'one size fits all' benefit to a 360–degree service, providing individually tailored solutions for companies and their employees.

'We began looking at the market and came to conclusion that it was badly engineered. An EAP scheme might offer legal, financial and counselling but customers can have to make three phone calls and do all the running,' he said. 'We couldn't find anyone that offered a 360 degree resilience programme. We have great partners but they are all separate, so we set about building a seamless triage service which means someone speaking to one of our doctors who is struggling to cope with their mental health or finances can be referred for counselling or for debt advice without having to call back.'

The company has entered into a joint venture with employee benefits company SME HCI to bring its core psychiatric and triage services in–house and, according to Hall, has seen a 40% increase in calls under its current EAP as a result.

It has also partnered with Medical Solutions to deliver virtual GP services, which will be available on a 24/7 basis, including online consultations, open referral letters and a prescription service.

However, Hall says it is the service's comprehensive mental health offering that sets it apart from standard employee assistance programmes, where there is an increasing gulf between customer expectation and service provision.

'What we wanted to get away from a traditional EAP offering where you receive baseline counselling; legal and financial advice. If you have a complex mental health condition, you probably don't need counselling and with our service we can route you through to a comprehensive psychiatric assessment. We can get you talking to the right people but also if you are struggling to cope, but don't feel you need to talk to somebody, you can access a range of online resources including CBT programmes,' said Hall.

He added: 'In order to deliver a high-quality service, organisations need staff that are healthy, well and at work. Looking after the holistic health and wellbeing needs of staff directly contributes to increased productivity and better staff retention rates. BHSF RISE can help in developing and sustaining a collaborative health and wellbeing approach.'

BHSF had a challenging year last year as costs continued to rise across the health cash plan market and it integrated its occupational health acquisitions into the business. Hall said the new service would enable the company to spread its overheads while at the same time fulfilling its mission to 'positively impact the health and wellbeing of working people'.

The company will continue to provide its current EAP service to existing clients for the duration of their contracts, but will offer them the opportunity to trade up to RISE and will cease provision of EAP to new customers in the New Year. However, Hall said it is expecting significant interest in the new product, which will cost £12 per employee per year as opposed to around £8 to £9 for an EAP.

'We think that over the next three to five years, the mental health aspect of our business will become bigger than, or as big as, our health cash plan business simply because there is such an unmet need there,' he told *HM*.

As well as access to counselling and psychiatric assessment, the service includes case management and psychologists can plan whole treatment pathways before handing patients back to their GP.

Hall acknowledges that this is an expensive service to deliver but says it fits with the overall health cash plan ethos.

'You perhaps get 4% of people who are in crisis at any one time and 1:4 will suffer at some point during their working life, but only one in ten of those may need to talk to somebody, and perhaps only one in ten of those will need to see somebody, and then only 10% of those might need a psychological assessment,' he said. 'So, as long as we've got employers stepping forward who are prepared to put this in place, and we're already seeing that happening, then we can afford to spend a lot of money on that small proportion. You are almost back to that health cash plan model of everybody claims a bit for their dental but actually the person who really benefits is the one who ends up in hospital for six weeks.'

Doctors Clinic opens in Twickenham

Private GP practice the Doctors Clinic Group (DCG) has opened its latest clinic in Twickenham.

Funding for the new clinic was received through follow on funding for continued nationwide expansion from its investors Oakfield Capital in September.

The new clinic will offer a range of private GP services, including mental health and wellbeing, health screens, specialist medicals and referrals to specialists.

DCG offers more than 40 services, ranging from standard GP appointments and screenings to women's health, including maternity risk assessment, to virtual GP and corporate wellbeing and occupational health services.

The group has also recently launched a comprehensive mole checking service as part of its wider face-to-face and tele-dermatology offering. This service is currently available at its polyclinic in Oxford Street.

The Twickenham clinic marks the group's sixth opening in the last 12 months, including its first clinic outside of London, which opened in Birmingham in October.

Since its launch in 2014, DCG has opened a total of 18 clinics, 17 of which are in London. Following the opening of its Birmingham site, it renamed from the London Doctors Clinic to the Doctors Clinic Group.

'Mental health will be a focus area, with employees having access to psychiatrists and counsellors through face-to-face or video appointments,' said Dave Mezher, CEO of DCG. 'It is a very exciting time in the company's growth, and we look forward to helping patients in a bigger way than ever before.'

Mezher said in addition to DCG's primary care services,

Dave Mezher, CEO, The Doctors Clinic Group

its doctors can refer into its secondary care partners for appointments with its consultant specialists at its Oxford Street polyclinic and across the UK.

'We're continuing to expand our offering, especially in secondary care, and are on track to launch further services in 2020 for both consumers and corporate clients. We are also continuing with our nationwide clinic expansion in 2020,' he added.

New radiotherapy treatment at GenesisCare

A new radiotherapy treatment which dramatically cuts treatment times for cancer patients has been launched at GenesisCare UK's treatment centre in Oxford.

The MRIdian combines magnetic resonance imaging techniques with precise radiotherapy beams, enabling clinicians to adapt radiation treatment in real time to take account of anatomical changes and tumour movement.

This means clinicians can adjust the dose more easily, reducing side-effects and potentially cutting treatment times by 75%.

To date, the technology has been used to treat 7,000 patients worldwide, with the greatest potential benefits seen in those with prostate, liver, pancreas and lung tumours.

According to GenesisCare UK, the technology could mean that patients with early stage prostate cancer can be treated in days rather than weeks. Patients would typically require at least 20 treatments with conventional radiotherapy. However, with the MRIdian they may only need five.

Dr Philip Camilleri, clinical director of urological cancers at GenesisCare UK, Oxford, said: 'Treatment on the MRIdian allows us to be virtually 100% accurate, 100% of the time. I'm delighted that GenesisCare has been able to bring this technology to the UK for the first time as I have seen significant benefits this brings to patients. This treatment allows us to adapt the radiation field to the daily changes in anatomy of the target and the surrounding areas, ensuring that treatment on the MRIdian is as accurate and effective as possible each and every day.'

NHS patients will have early access to the new technology in clinical trials through a ten-year partnership between GenesisCare and the University of Oxford, which was agreed earlier this year.

Professor Mark Middleton, head of the department of oncology at the University of Oxford said: 'The opening of the new facility is a significant step forward in our collaboration. Our partnership will allow NHS patients to access this important new treatment and our research together will ensure we get the most out of the new technology'

Inbrief

UME in Harley St

United Medical Enterprises Group (UME) plans to open a new cardiovascular centre in Harley Street for the treatment and management of cardiovascular conditions. The cardiovascular centre, planned to open at 17 Harley Street, is set to become the site of the first independent standalone cardiovascular centre in the Harley Street Medical Area.

AXA PPP

AXA PPP healthcare is expanding its primary care partnership with digital healthcare provider Doctor Care Anywhere to include onward referral claims pre-authorisation. It means Doctor@Hand GPs will be able to refer AXA PPP healthcare members for diagnostic investigations where appropriate and liaise directly with the insurer to pre-authorise claims on members' behalf. Diagnostic test results will be reviewed remotely and results recorded and reviewed on a single, secure patient record accessible by members and clinicians.

VitalityHealth

Health insurer VitalityHealth has partnered with virtual physiotherapy provider Ascenti to offer its members access to a digital musculoskeletal (MSK) physiotherapy service. Under the deal, VitalityHealth members will be able to access digital triage, appointment booking, virtual consultations with Ascenti physiotherapists and online exercise prescription, 24/7 without the need for a GP referral.

Independent Healthcare Providers Network
NHS CONFEDERATION

Dawn of a new era?

As the Brexit impasse promises to end, there is scope for much-needed health and care policy reform. IHPN looks forward to action in the NHS with its wish-list for the coming year

David Hare, CEO, Independent Healthcare Providers Network

What does the independent health sector want to see from the new government?

With the election at the end of 2019 ushering in a very healthy majority of 80 seats for the Conservatives and the Brexit impasse in parliament set to end with the UK officially leaving the EU on 31 January, the government now has real scope to bring about some much-needed domestic policy reforms. What will this mean for healthcare though, and what does the independent healthcare sector want to see from a newly emboldened government? Here's IHPN's wish-list for government action in the coming year.

1 Look closely at the recommendations in the Paterson report when they emerge and quickly progress those that will make a demonstrable impact on patient safety across the NHS and independent sector

2 Expand the remit of the forthcoming Health Service Safety Investigations Bill (HSSIB), which will see a new independent healthcare safety investigation body set up to cover privately funded as well as NHS funded care

3 Ensure much greater alignment of data across the NHS and independent sectors to give patients a much clearer sense of safety and quality in both. PHIN has played a significant role in this through the development of the ADAPt programme with NHS Digital, and the government must swing in behind this work in the coming year

4 Ensure the forthcoming NHS Visa applies to all healthcare providers including in the independent sector, and that the NHS People Plan expected this year takes a 'whole system approach' to tackling healthcare workforce shortages

5 Take immediate action to improve NHS performance across electives and diagnostics. 2020 will mark four years since the 18-week target for elective care was last met and incredibly the six-week diagnostic target hasn't been hit since 2013. The public routinely state that lack of access to NHS care is the biggest driver of dissatisfaction with the health service and with the government no doubt wanting to tell a positive story on NHS performance by the time of the next election, action is required now to get ahead of the problem. Kick-starting the patient choice agenda and rolling out the choice at 26-week pilots across the country will be key to this

6 Move cautiously over the introduction of NHS legislation based on NHS England-Improvement's proposals to remove current competition and procurement rules. It is right that more is done to help different healthcare providers work together and join up care, but strong accountability mechanisms will be needed and the key test must be whether legislative change improves patient care

7 Sensible fiscal treatment of Insurance Premium Tax – this levy has been increased four times in just a few years and any measures to incentivise people with health insurance policies to make use of them would be hugely welcome

8 Think carefully regarding the proposed changes to NHS access standards and extending the list of procedures to be phased out under the Evidence Based Interventions programme. With the NHS receiving billions more of investment every year, the public will likely react very negatively to any suggestion that the service they receive is being *de facto* worsened or that rationing is being imposed from the top

9 Ensure much more active involvement of the independent sector in emerging local Integrated Care Systems (ICSs). Delivering more innovative care to meet the needs of 21st century patients is not an easy task and the NHS does not have all the answers. ICSs must therefore be supported and managed to look to all parts of the health system for support

10 Dramatically ramp-up the focus on productivity and efficiency in NHS service provision, making clear that tangible improvements will need to be seen from the additional money being invested in the health service

11 Have confidence in discussing the benefits that NHS/independent sector partnerships bring. The public are much more mature about private sector provision of NHS services free at the point of use than they are given credit for, as evidenced by three successive elections where Labour's 'NHS privatisation' warnings have fallen flat

12 Promote London and the rest of the UK as a destination for international patients. With some of the best healthcare in the world, there's real scope for the government to work collaboratively with the sector to showcase services to as many patients as possible.

The government clearly has a big to-do list on healthcare, and on our part, IHPN will be working hard throughout the year to build and retain strong relations with ministers across government departments so they fully understand the benefits the sector brings to both patients and the economy as a whole.

LaingBuisson Healthcare intelligence

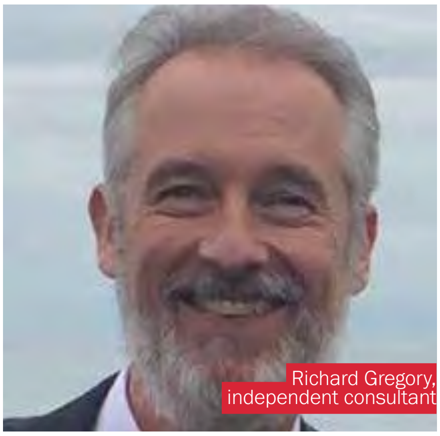
Major providers of mental health hospitals[1] February 2020

Operator	Sector	MH Hospitals	MH Beds	Year End	Revenues £m	EBITDAR[2] £m	EBITDAR margin %
Priory	P	62	2,535	2018	830.4	169.0	20.35%
Cygnet Health Care	P	59	1,926	2018	375.6	73.3	19.52%
Elysium Healthcare	P	34	1,363	2018	232.4	35.3	15.18%
St Andrew's Healthcare	V	8	874	2018	180.0	14.8	8.22%
Four Seasons Health Care	P	11	365	2018	634.5	76.4	12.04%
Royal Hospital for Neuro-disability	V	1	260	2017	36.2	0.6	1.69%
Barchester Healthcare	P	6	164	2018	621.3	186.5	30.02%
Inmind Healthcare	P	5	153	2016	13.0	2.1	16.27%
St. Matthews	P	3	135	2018	21.7	3.3	15.33%
Riverside Healthcare	P	1	109	2018	17.0	1.8	10.30%
Alternative Futures	V	6	104	2018	58.1	1.1	1.95%
Raphael Hospital	P	2	102	2017	16.4	2.7	16.60%
Ludlow Street Healthcare	P	3	98	2018	40.9	6.4	15.58%
Bramley Health	P	2	83	2018	6.1	-0.2	-2.68%
Florence Nightingale Hospitals	P	1	80	2018	16.0	9.2	57.51%
Livewell Southwest	V	4	73	2018	118.4	7.5	6.32%
Accomplish	P	1	72	2018	74.1	13.4	18.06%
Mental Health Care (UK)	P	3	69	2018	30.3	-0.2	-0.79%
The Disabilities Trust	V	2	67	2018	52.2	1.1	2.12%
John Munroe	P	2	58	2018	10.3	2.0	19.13%
Jeesal	P	1	57	-	-	-	-
Newbridge Care Systems	P	2	53	-	-	-	-
The Whitepost Health Care Group	P	1	50	-	-	-	-
Sanctuary	V	1	45	2018	708.1	252.6	35.67%
CareTech	P	2	44	2018	185.7	44.2	23.81%
NAViGO Health & Social Care CIC	V	3	40	2018	29.1	1.8	6.24%
Equilibrium Healthcare	P	1	37	2018	3.3	-0.1	-3.62%
Ellern Mede	P	2	37	-	-	-	-
Rushcliffe Care	P	2	36	2018	34.0	8.5	24.84%
Turning Point	V	3	34	2018	127.7	5.0	3.91%
Options for Care	P	2	34	-	-	-	-
Making Space	V	2	30	2018	24.8	-0.4	-1.76%
ASC Healthcare	P	1	27	-	-	-	-
Christchurch Group	P	1	25	2018	3.8	0.8	21.72%
KR Health & Social Care	P	1	24	-	-	-	-
St George Healthcare	P	1	22	2018	20.3	4.0	19.80%
Nouvita	P	1	22	2018	5.8	0.1	1.55%
Shaw Healthcare	P	1	21	2018	94.6	12.6	13.36%
The Atarrah Project	P	2	20	-	-	-	-
Optima Care	P	1	14	2018	7.0	0.9	13.16%

NOTES 1 NUMBER OF REGISTERED MENTAL HEALTH HOSPITALS OWNED/LEASED BY INDEPENDENT OPERATORS, RANKED BY BEDS **2** EBITDAR(M) PRE-EXCEPTIONAL EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, RENT (AND CENTRAL COSTS) **SOURCE** LAINGBUISSON DATA.
DATA CORRECT AS OF 16 JANUARY 2020

What customers really want

In his new column on creating consumer-friendly healthcare businesses, independent consultant Richard Gregory asks why there hasn't been more growth in self-pay?



Richard Gregory, independent consultant

The recently published research into the self-pay market conducted by LaingBuisson found that self-pay has been growing at a relatively healthy 7% over the last few years and that its proportion of hospital revenues has grown to over 20% in the same period. Given the key driver of self-pay is weakness in the NHS and growing waiting lists (now over 4.7million people) my question is whether or not this growth is a healthy reflection of the size of the opportunity, especially when coupled with poor individual PMI growth rates and increasing awareness of our own health and wellbeing.

It's interesting to note that every LaingBuisson *Private Acute Healthcare Conference* up to 2018 consistently predicted self-pay growth of over 10%, since when estimates have been revised downwards despite growing waiting lists. My view is that these growth rates are not as good as they could be and that it is due to weaknesses on the supply-side. In this column over the course of 2020, I will be looking in some detail at these supply-side factors, what weaknesses exist, why and what operators can do to make the improvements necessary to gain market share.

All good self-pay business must firstly be built on, and then constantly and directly informed by, (changing) customer expectations. Customer expectations in healthcare are widely known as being high clinical quality and safety, speed and flexibility of treatment, comfort, affordability, accessibility and personalised service.

These are the competitive factors, the relative performance of which will determine the strength of self-pay growth and consequently the level of customer loyalty, advocacy and repeat business. The key to gaining a competitive edge is to understand the relative importance of these factors to the customer. Which factor or combination of factors are non-negotiable and which make the difference and motivate the customer to buy? Some are therefore 'qualifiers' and some 'order winners'. Qualifiers are those aspects of competitiveness which a customer expects to be delivered to a specific standard before they will even consider your offering. Subsequent performance improvements in the delivery of qualifiers generally will not of themselves result in more business, they are in this respect, at best neutral. Other factors are needed. These are order winners. Factors, the existence of which customers consider as being key reasons to purchase.

High performance in these aspects significantly increases business and builds competitive advantage. Over time, the impact of these order winners will erode as expectations grow and other competitors respond. Continual assessment and improvement are therefore essential.

So, in self-pay what do I see as the qualifiers and order winners? My views are formed from reviewing and carrying out extensive research into customer expectations, wants and demands over a number of years. It is fundamentally expected in a private setting that quality and safety of care is high, that there is a high level of comfort, and that service delivery is flexible (appointments at a time to suit and our choice of specialist) and fast (the main point of difference with the alternative of waiting on the NHS).

Any negative perceptions of the performance in one or several of these aspects may well lead to that operator not even being considered by the self-paying consumer.

All operators tend to market these fundamental needs, a sign that awareness of the ability to pay for healthcare is still low and we as consumers, still need to be educated about what the fundamental differences are with the NHS alternative. You can imagine these factors being at the bottom of Maslow's *Hierarchy of Needs* pyramid. Once these are fulfilled, we customers can consider our more specific needs and motivations and begin to short-list operators accordingly. These subsequent factors for consideration are the order winners – a compelling value proposition, priced consistently, clearly and competitively, and quick and easy access to a highly personalised service, which is reliable, knowledgeable, reassuring and empathetic; we do not want multiple points of contact and expect the same level of service quality as we are now used to from other service providers in more consumer-oriented industries.

The delivery of qualifiers will undoubtedly drive high customer satisfaction, but the delight comes from delivering and over-delivering on order winners.

This is where operators can build customer loyalty, which is more long-term and more likely to lead to advocacy and onward referrals.

The implications for operators are that they must critically examine whether or not their internal processes and systems are set up for the benefit of their customers first and foremost and they should ensure they are easy to access and transact with, and that they make healthcare easy to understand. Attention needs to be paid to the four Ps - proposition, price, process and people. Over the next few months I will be looking at each one in detail.

Above all else, operators must ensure their organisations are culturally, commercially and financially aligned to customer expectations.

Whether or not this happens effectively depends entirely on the operator's leadership and its ability to establish the right internal culture, communicate and focus everyone on strategic imperatives. Therein lies the challenge with so many other competing priorities and areas of focus.

The extent to which culture is a blocker or an enabler is the basis for next month's column.

INFOCUS

FEBRUARY 2020

HOT IN THE CITY

According to the latest figures from LaingBuisson, top-line growth has returned to the central London private acute hospital market. But as new market entrants turn on the heat and yet more capacity comes on line, is growth sustainable in the long term?

HM meets... Lindsey Condron

The central London private hospital market has faced its fair share of challenges in recent years as international patient numbers decline and new competition enters the market. As the capital gears up for the arrival of US giant Cleveland Clinic, King Edward VII's CEO **Lindsey Condron** talks about how the historic hospital is marrying traditional values with the latest medical technology in an evolving healthcare landscape

HM **Can you tell me a bit about your background and how you came to King Edward VII's Hospital?**
LC I have a background in both NHS and private healthcare leadership. Before I joined the team at King Edward VII's Hospital, I was at the Royal Brompton and Harefield NHS Foundation Trust where I undertook various roles.

I joined King Edward VII's Hospital in 2016 as director of operations where my brief was to ensure excellence in patient experience, drive operational efficiencies throughout the organisation and oversee the planning of an investment of more than £30m. In 2018, I was delighted to be appointed as chief executive and feel extremely proud to be leading this organisation.

HM **Can you tell me a bit about King Edward VII's, its history and its ethos?**
LC We are an independent, innovative and forward-thinking private hospital with a mission to deliver truly outstanding, patient-centred care. Our key specialist areas are orthopaedics, urology, women's health, and colorectal surgery.

We have a long-standing tradition of attracting the very best consultants in their fields to practice here. I am also very proud of our reputation for exceptional nursing care which, in my opinion, is second to none.

As a registered charity, any surplus we make is reinvested into our charitable work with veterans of the Armed Forces, and into facilities and equipment that help keep us at the forefront of medical care in the UK.

The hospital has a truly unique story. It was first established in 1899 in the home of sisters Agnes and Fanny Keyser who devoted most of their lives to caring for wounded soldiers returning from the second Boer War. The hospital continued after the war and gained the patronage of King Edward VII. Today it has transformed into a modern, private hospital carrying out a range of complex surgical and non-surgical procedures for self-paying and insured patients, as well as providing military discounts, means-tested military grants, and the award-winning Pain Management Programme, delivered through the Centre For Veterans' Health.

REDEFINING THE HOSPITAL'S STRATEGY, VISION, MISSION AND BUSINESS MODEL WERE HIGH ON MY PRIORITY LIST. I WANTED TO FOCUS AND ENERGISE ALL OUR STAFF ABOUT THE PURPOSE OF THE BUSINESS

HM **What have been your priorities since taking over as CEO?**
LC Redefining the hospital's strategy, vision, mission and business model were high on my priority list. I wanted to focus and energise all our staff about the purpose of the business and to continue supporting everyone to provide the best possible care to every patient every day.

Whether it's the director of nursing Tonya Kloppers and her nursing team, the consultants who are drawn from multiple specialties, or our specialist clinical teams – my job is to make sure that nothing stands in the way of them giving their absolute best to patients.

Redevelopment and investment are also top priorities. The hospital has been through quite a transformation in recent years, not only in the physical development of new or enhanced facilities and services, but also by responding to the changing opportunities within the market.

HM **Central London is becoming an increasingly competitive market, with a host of new market entrants and the rise of 'super-specialty' centres, what makes King Edward VII's Hospital unique?**
LC We are an exceptional private hospital with a rich history and proud tradition of Royal Patronage. We offer personalised medical and nursing care from some of the best consultants and healthcare professionals in the world.

HM meets...
Lindsey Condron
Chief Executive, King Edward VII's Hospital

Career
Chief Executive - King Edward VII's Hospital (2018 - Present)
Director of Operations - King Edward VII's Hospital (2016 - Present)
Independent Healthcare Management Consultant, LMC Management Ltd (2009 - Present)
Associate Director, Private Patients - Royal Brompton & Harefield NHS Foundation Trust (2015 – 2016)
Heart Assessment and Private Patient Manager - Royal Brompton & Harefield NHS Foundation Trust (2010 – 2015)

linkedin.com/in/lindsey-condron-90074314

We are a charity dating back over a century that provides life-changing, and award-winning medical treatment to current and former Armed Service men and women. I think it's fair to say that we are completely unique in the best possible way, and our patients love us for it.

HM Many hospitals are focusing on single specialties and centres of excellence, what are your key areas of focus and how do you plan to develop them?

LC Although we treat a wide range of conditions and work with leading consultants in a wide range of areas, our key areas of focus and development are musculoskeletal health, women's health, urology, colorectal surgery and later life care.

We are continually enhancing our offering in these areas through investing in new infrastructure, technology and, of course, through the continued recruitment of expert healthcare professionals.

For instance, we have recently invested in a Da Vinci Xi robot, NanoKnife and HIFU machine to support and grow our urology service. We have also introduced a new group of internationally recognised consultant urologists to the hospital and as a result, we are now a leading centre of urology in the UK - treating a complex range of urological conditions with the very latest diagnostic and surgical technology.

Among other things, expect further key developments in women's health in 2020.

HM The hospital has a long charitable history and is very much part of the local community in Marylebone, how do you marry the traditional services that patients have come to expect with commercial needs in what is a rapidly changing market?

LC I think it's about striking the right balance. It will always be important for us to remain connected to our past and to offer the exceptional care and services that patients have come to expect from us.

At the same time, we must have a commercially astute approach to running the organisation in order to remain viable and competitive.

With that in mind, I believe that we must look ahead to future trends so that we can respond to changes in the market in an appropriate yet distinctive way, all the while maintaining a firm handle on our past, so that we never lose sense of our original purpose and long-held commitment to personalised patient care.

WE'VE ALWAYS HAD A 'BY INVITATION ONLY' POLICY TOWARDS CONSULTANTS, GUIDED PRIMARILY BY BUSINESS NEED

HM Historically, King Edward VII's has had a loyal base of local patients, has this protected the hospital from some of the effects of declining international patient numbers and how do you see your patient mix developing?

LC Although we've always had a steady stream of international patients, you're right to say that historically, our strength has been in our reputation in the UK for quality care and our ability to attract London's top clinicians.

We're strong in the UK market and are fully committed to building upon this, however, part of our recent transformation has been the development of an international patient service that delivers the King Edward VII's Hospital excellence to patients from across the world. It's a service that is growing, particularly as we continue to develop new services and cutting-edge technology, as well as a more sophisticated approach to marketing.

HM You have recently been rated 'good' by the CQC. Did the previous 'requires improvement' rating come as a shock to the hospital and how did you achieve the improvements needed?

LC We were pleased that the CQC has since revised its rating of King Edward VII's Hospital in 2018 to 'Good'. Naturally, we were very disappointed by the 2016 rating. The hospital has always been known for the delivery of the highest standards of medical and nursing care. We were pleased to note the Commission's positive review of our work in its original report as caring, effective and responsive.

The Commission identified a number of governance processes that, in its judgement, fell short of requirements. Following the inspection, we engaged in a rigorous programme to ensure all requirements were fully and rapidly met. We recruited a new director of governance Dr Jenny Davidson, who has been leading a programme of significant governance and process changes at the hospital. We are committed to ensuring the highest standards of governance, with quality and safety at the centre of any decision we make.

HM Many people in the sector think there is already a danger of over-capacity in the London market, how do you plan to gain market share/grow the market?

LC My own view is that there is room for growth. Private healthcare is about giving patients more choice – on the clinician they choose to see, where they choose to have their treatment, what type of treatment they will have and when.

The rise of self-pay in private healthcare is a particular area of further potential. Patients are seeing that having surgery privately can be affordable, particularly where we can offer fixed pricing for specific procedures.

But we are not complacent about increased competition. We are investing heavily in facilities and clinical equipment at the hospital, whilst ensuring we can demonstrate delivery of the best possible outcomes. No-one can afford to rest on their reputation alone in a competitive market. I want to make sure that King Edward VII's Hospital is recognised as the leading provider when a patient considers private healthcare in London.

HM With the entrance of Schoen Clinic and the Cleveland Clinic into the London market, how effectively can smaller independent hospitals compete with big names and big marketing budgets?

LC I'm a believer in choice, and in being able to demonstrate the value of your offering. We know from our own experience that it's not the size of a hospital which is the main driver for patients.

It's the combined reputation of the organisation, the consultant, and the quality of care. After 120 years we continue to innovate and thrive. Alongside the best clinicians, our patients look for truly personalised treatment and care during their stay, and we recruit and retain staff who feel the same way about delivering unrivalled care and the best possible outcomes.

HM **King Edward VII's has always had a unique approach to granting practising privileges, is this changing with the launch of the MPAF and new employment models favoured by some providers in the sector?**

LC I can see why for some, employment models are attractive for their business model and the consultant. We have no plans at this stage to change the way we operate. We've always had a 'by invitation only' policy towards consultants, guided primarily by business need. However, our approach towards the process has changed in some respects as I am keen to ensure succession planning and to encourage new business opportunities.

I value our consultants very much indeed. I see building relationships with them as a key part of my role and one that is critical to the success of King Edward VII's Hospital and the care we deliver to our patients.

HM **Nurse recruitment and retention is a major challenge for all healthcare providers, particularly in central London, what measures do you have in place to ensure you can continue to attract and keep high quality staff?**

LC King Edward VII's Hospital was founded 120 years ago with patient-centred nursing at its heart. That has never changed.

Our nurse retention rates are excellent and we believe this is down to a number of factors: our charitable status, our consistently high nurse to patient ratio (which allows the nurse to deliver truly personalised care), our commitment to professional development, competitive salaries and benefits as well as flexible working.

A dedicated training and education manager works with our senior nurses to identify talent and potential and develop staff, and the majority of our senior positions are filled by nursing staff that have been internally promoted. We also provide progression to specialist roles such as clinical nurse specialist and lead nurse for specific clinical departments.

WE KNOW FROM OUR OWN EXPERIENCE THAT IT'S NOT THE SIZE OF A HOSPITAL WHICH IS THE MAIN DRIVER FOR PATIENTS. IT'S THE COMBINED REPUTATION OF THE ORGANISATION, THE CONSULTANT, AND THE QUALITY OF CARE

We believe in supporting and developing talent within our nursing team. We also help staff to transfer between departments if they would like a different challenge, for example to work in theatre, outpatients, CCU from ward positions. I am extremely proud of our nurses and the exceptional care they provide to all our patients.

HM **The hospital has expanded significantly over the last decade, what developments do you have planned for 2020?**

LC This is an exciting time for the hospital's future. We're engaged on a programme of major investment in our facilities which includes a new out-patient and diagnostic centre in Beaumont Street, which will enable us to meet the growing demand for our services.

Visitors to the main hospital will already see the redeveloped reception area, which is part of a steady programme of improvements there. Medicine and surgery is constantly progressing, and we're investing in the latest technology to keep ahead.

As I've already mentioned, we have recently added the very latest technology to develop our urology service, and this year will also see major investment in our operating theatres.

HM **The central London private hospital market looks set for disruption over the next two years, how do you see the market developing and where do you see King Edward VII's place in the market?**

LC With any disruption, opportunities can present themselves. Actually, we are starting 2020 at King Edward VII's Hospital with a feeling of renewed confidence.

There is major on-going investment in our hospital's facilities and equipment, we have a consultant team with, in my view, unrivalled experience and expertise, we have further strengthened the clinical specialities we offer our patients and we are treating increased numbers of veterans.

Patients tell me that it's the care we offer that really makes the difference. I think we're well placed to continue to grow as the market expands. HM

Schoen Clinic burst onto the central London private hospital market at a moment of transformation. Now, as hospital providers adopt the new MPAF and the Paterson Inquiry promises more shake-up in the consultant-hospital relationship, Schoen has truly captured the Zeitgeist. **Maria Davies** meets hospital director **Erin Shaffer** and medical director **Dr Tim Wigmore** to find out how the company's approach to consultant engagement and outcomes measurement is placing the newcomer at the forefront of change

Open for business

Schoen Clinic's central London hospital is easy to miss. On the day of my visit, I walk past not once but twice, mistaking the large glass-frontage of 66 Wigmore Street for an upmarket office block or one of Marylebone's exclusive boutiques where discerning customers shop by appointment.

Unlike the Georgian townhouses and listed buildings where most Harley Street medical area practices are housed, the German hospital provider's first London site was converted from a former commercial office building. The result is a feeling of space and light that many of its competitors have found hard to achieve within the grandeur of the Howard de Walden Estate's tightly packed period façades.

But since announcing its entry into the UK private hospital market in 2016, Schoen Clinic London has been all about breaking the mould.

For one thing, it is super-specialised. The 39-bed hospital focuses solely on spinal and orthopaedic treatment and surgery. It is also the first acute private hospital in the UK to introduce a model of direct employment for consultants. Currently, half its consultants are employed on a salaried basis but 80% of its surgery is performed by the salaried consultants. And it has a long-held culture of transparency and continuous improvement backed by a meticulous approach to collecting and measuring outcomes data. Something the vast majority of independent sector providers aspire to, but not always easily achieved in the complex world of practising privileges.

YOU'VE GOT A MUCH BETTER CHANCE OF DRIVING THE CHANGE IN THE WAY YOU WANT TO IF YOU'RE LEADING THAN IF YOU ARE COMING UP BEHIND

The bright white reception area where I am greeted by medical director Dr Tim Wigmore is more akin to a Scandinavian design studio than a hospital waiting room: vast, open plan and full of natural light. Intentional or not, the building aptly reflects the hospital's values.

The overall impression here is that nothing happens behind closed doors.

It's a philosophy that Wigmore, who has also been chief clinical information officer at the Royal Marsden for the last five years, is justifiably proud of. Under his leadership, the hospital has fully implemented the requirements of the new Medical Practitioners Assurance Framework (MPAF) in the space of just two months. Largely, he says, because of the huge emphasis Schoen Clinic already places on governance and quality control.

'It was something we always wanted to do,' he explains. 'When we opened, we had the stated aim that we would provide outcome transparency and we have been really focused on that. We have all these measures in our system, and we've got much better compliance than most hospitals basically because we've got an employment model, so our people are already doing what is required as part of their benchmarking and appraisal. We've got all this data and that means we can now fulfil MPAF requirements with much greater ease than most.'

We are joined in the surprisingly bright basement office where Wigmore has been running me through the presentation on MPAF he gave to his board back in October by hospital director Erin Shaffer. An alumni of fellow market disruptor Cleveland Clinic, Shaffer is no stranger to quality and outcomes measurement and is quick to point out that Schoen Clinic's model not only helps drive up standards internally, but also across the sector.

'I think that new entrants help the market evolve,' she says. 'Every time you have a new addition of competition


Dr Tim Wigmore, medical director, Schoen Clinic London


Erin Shaffer, director, Schoen Clinic London

it creates a higher bar so it pushes those who may not have had to push continuous improvement to think more creatively about how they differentiate themselves. All of us who are pushing to offer transparent, quality outcomes will start to drive the market because the more we can get patients, referring physicians and insurance companies to see the value of that, what it means and how it translates into their care and their book of business, the more they will insist on it.'

Shaffer has been with Schoen Clinic London since it opened its doors in 2018. She landed in London from her native US in June that year, less than four weeks before the hospital opened and in the same month it received its first inspection from the Care Quality Commission.

Shaffer began her career in healthcare straight out of a Master's Degree in health policy and management at the The Ohio State University by joining Cleveland Clinic's administrative fellowship. She went on to become senior director of clinic operations in the Florida arm of the not-for-profit healthcare giant and later moved to University of Chicago Medicine, where she was executive director of its Heart and Vascular Center and Transplantation Institute.

She believes having both Schoen and the Cleveland Clinic in London will be a huge disruptive force in the market.

'The employed model is not just about paying consultants to work for you but engaging and partnering them with everything you're doing throughout the hospital. So, it's not just about giving them a piece of paper with a payslip and contract every month. It is about building that level of engagement into your culture and your organisation and the way you run things.'

The spirit of the age

Whether by accident or by design, Schoen Clinic has captured the Zeitgeist.

At the very moment it decided to export its model to the UK, the Paterson case, CQC report on the state of care in the sector and intervention of then-health secretary Jeremy Hunt provided the catalyst for change in a market where, historically, action has been slow to follow good intent.

The MPAF could be a game-changer in terms of consultant oversight and with the Bishop of Norwich inquiry due to publish its report any day, governance and safety are set to remain firmly at the top of the sector's agenda.

According to Wigmore, all of this plays to the hospital's strengths. Schoen already aimed to drive the quality agenda and, he says, the MPAF has helped put its foot on the accelerator.

In organisations signed up to the MPAF, consultants are required to submit data about the quality of their performance to relevant national registries and the Private Healthcare Information Network (PHIN). In addition, they need to share summary appraisal outcomes and personal development plans to inform practising privileges reviews.

Providers must also ensure they have a transparent clinical governance framework that is explicit about responsibility for medical performance and how issues are identified, managed, escalated and communicated to relevant stakeholders.

For the moment, it is a voluntary scheme, but its inclusion by the CQC as part of its well-led inspection criteria is likely to drive compliance among providers and although there could be resistance from some consultants, Wigmore says the landscape is changing.

'From a consultant point of view, there is now more of an understanding that this is the way things are going and that you are better off being at the front than the back end of it. You've got a much better chance of driving the change in


A typical room at Schoen Clinic's hospital at 66 Wigmore Street

Schoen Clinic's hospital in Wigmore Street

the way you want to if you're leading than if you are coming up behind,' he says.

Schoen Clinic was met with scepticism when it first announced its plans to move towards a salaried employment model. Would UK consultants really be willing to give up practising privileges? Of course, some won't, but there are a growing number who prefer the safe and governed structures that employment provides.

To date, Schoen Clinic London has attracted a broad mix of consultants: from seasoned private practitioners wanting to escape the demands of running a business to NHS consultants who are attracted into private practice by the prospect of a salaried option.

'Going forward, I think things like MPAF are going to drive more people into group structures,' says Wigmore.

'The direction is towards an employment model. It will become increasingly difficult to sustain the independent practitioner model. That's not to say that I don't think it's safe, but the Paterson report will bring about major change. People will want assurance, institutional oversight of the way people are operating and it is a lot easier to do that with an employment model. I don't think we will see the elimination of practising privileges, I just think it's going to be more difficult to sustain.'

Changing relationships

Ultimately, it is a shift that could fundamentally change the nature of private healthcare in the UK.

Schoen Clinic London has been growing patient volumes by 20% a month since August, effectively doubling its business in the three months between August and November.

And Shaffer says there are strong indications that patients are choosing the hospital for its reputation rather than that of an individual consultant. Its quality outcomes study has revealed a 20% increase in patients attending the hospital on the recommendation of friends and family.

'We have made a name for ourselves for high quality outcomes and patient service because on top of the existing central London consultants bringing some of their referrals over to us, we have started to gain new referrals from surgeons who didn't have a private practise before,' she tells *HM*.

EVERY TIME YOU HAVE A NEW ADDITION OF COMPETITION IT CREATES A HIGHER BAR

'There is a degree of recognition that although the market still leans towards the consultant name, we are beginning to have models where there is recognition for the hospital group.'

Potentially, this could move the market further in the direction of the US and Germany, where hospital groups have a much higher profile than in the UK.

Wigmore says it is all about driving Schoen's reputation as a quality organisation.

'The Cleveland in the US and Schoen in Germany have built names for high quality and transparency and that's why we want the reputation out there, so people say I am going to Schoen Clinic to have my hip done, not I am going to Mr X. We want to get beyond the individual and make it about the institution. It's about delivering quality across the whole team. The consultant is part of that, but not the whole thing,' he explains.

And it is not just the doctor/patient relationship that has the potential to drive change. According to Shaffer, Schoen has had a 'fantastic response' from insurers as they look to move towards a values-based system of reimbursement. Some insurers are already giving bonuses for quality outcomes and according to Shaffer, this could be the nascent beginnings of wider transformation.

'My experience in the US was that this was one of the first moves towards value-based payments and now it is starting to develop here. It's just coming up with the mechanism by starting to combine everyone's data and figuring out where the risk sits, but I think we will start to see things begin to shift,' she says.

Following the appointment of new CEO Dr Mate Ivančić, Schoen Clinic has recently undergone a major restructure at its new Munich headquarters. Many of the previous head office functions have been devolved to hospital directors in a bid to create more agility at a local level. As part of the restructure of its regions, it has also appointed former Spire Healthcare hospital director Andy Davy as managing director for the UK. So does this herald major plans for UK expansion of its growing brand?

Shaffer tells *HM*: 'Schoen definitely has an appetite for further expansion. I think it's really about identifying where the experience exists and which service line and expertise we build upon. Will it be building another hospital right here in central London – does that sound like the right move? Or will we be more strategically creative? We are trying to drive the business in a different way, with Schoen definitely poised and focused on its UK growth.'

Top-line growth has returned but margins remain under pressure, according to LaingBuisson's latest report on the central London private acute hospital market. Report author **Ted Townsend** drives down into the figures and asks how a sector which is soon to be home to three well-capitalised international medical groups will respond to the increased capacity and competition

Growing pains

'Growth is back' appears to be the headline for the private acute healthcare market in Central London, according to the latest research by LaingBuisson.

After a few years of low to negative growth, at least in the independent sector, the overall value of this market reached £1.59bn in 2018, a rise of 3.2% on 2017.

What is more, LaingBuisson forecasts that this will have grown by another 5.5% in 2019.

Recent growth continues to be driven by the private patient units (PPUs) of NHS hospitals, which now take up 25% of the market, an increase in share of c. 5% compared to ten years ago.

The PPUs continue to achieve annual revenue increases of c. 9% p.a., albeit these figures are dominated by the specialist hospitals of Great Ormond Street and the Royal Marsden.

But growth has also come back to the independent sector, with an increase of 1.6% in 2018 (compared to a decrease of 3.6% in 2017), and a further 4.3% increase expected for 2019.

Some hospitals, such as The London Clinic, are reported to have had over a year of consecutive month-on-month increases in revenue, and BUPA Cromwell is reported to have had its best month ever in late 2019.

Embassy patients return

The main reason for the upturn is the return of embassy patients to the city, and in particular patients requiring more complex care.

THERE IS GREATER WILLINGNESS FROM LONDON HOSPITALS TO BUILD RELATIONSHIPS IN THE GULF

Revenue from this source was up 20% across the market in 2018, compared to a fall of 14.5% in 2017.

There is some evidence to suggest patients are arriving 'sicker', as efforts to treat them in their home countries have not been as successful as hoped.

London has also benefited from a corruption scandal in the German embassy market, and a strengthened oil price.

There also appears to be greater willingness from London hospitals, particularly the independent ones, to invest in building relationships with organisations and individuals in the Gulf.

Such investment is bearing fruit in revenue terms, although there are still some questions about how sustainable it is in the longer-term because of costs.

Fall in PMI?

While private medical insurance still accounts for the greatest proportion of spend in the London market, 2018 saw a drop in this spend, at least in the independent sector, although this appears to have reversed in 2019.

Although insurers continues to pursue

Central London private hospitals sources of funding

	2016		2017		2018	
	£m	**% change**	**£m**	**% change**	**£m**	**% change**
PMI	£937	5.6%	£935	-0.2%	£922	-1.4%
Self-pay	£305	5.5%	£336	10.2%	£349	3.9%
Embassy patients	£303	-4.7%	£259	-14.5%	£311	20.1%
NHS	£13	8.3%	£14	7.7%	£15	7.1%
Total	**£1,558**	**3.5%**	**[illegible]44**	**-0.9%**	**£1,597**	**3.4%**
PMI	60.1%		60.6%		57.7%	
Self-pay	19.6%		21.8%		21.9%	
Embassy patients	19.4%		16.8%		19.5%	
NHS	0.8%		0.9%		0.9%	
Total	**100%**		**100%**		**100%**	

SOURCE: PRIVATE ACUTE HEALTHCARE - CENTRAL LONDON, SIXTH EDITION. LAINGBUISSON

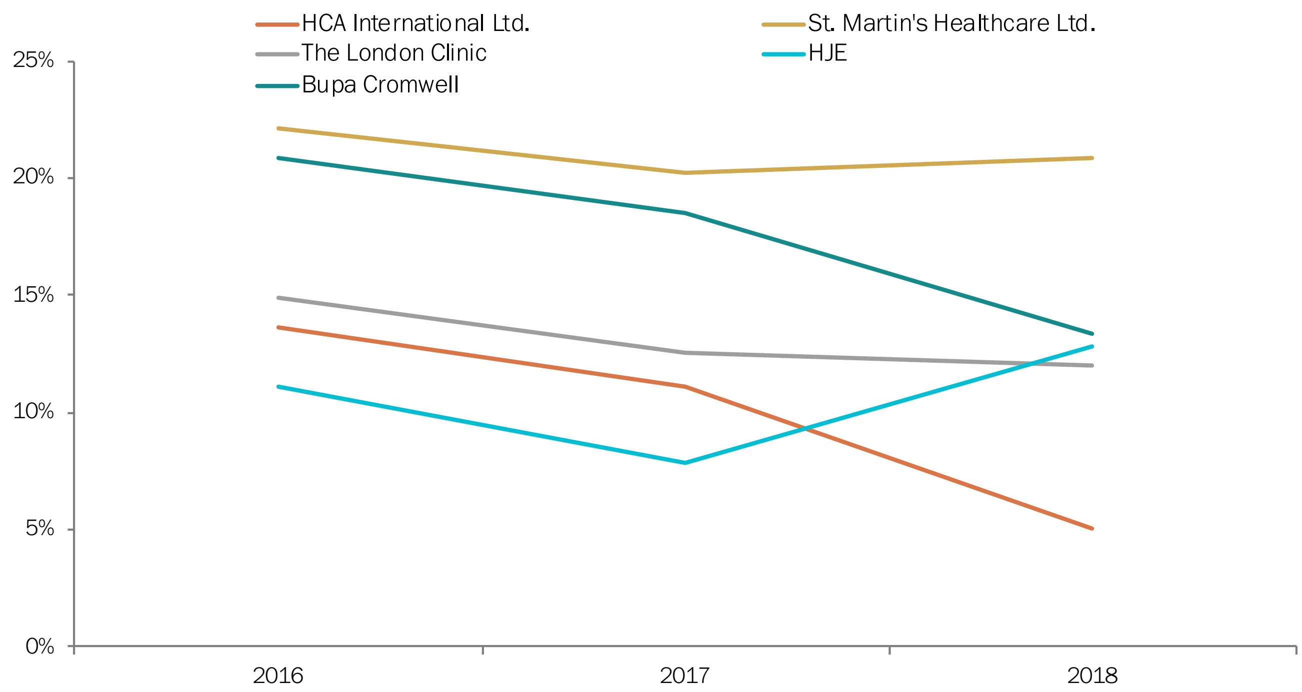
Central London private hospitals development pipeline

			Theatres	Cath labs	In-patient beds	Adult ITU beds	Day-case beds	Proton Beams
		Existing stock	*86*	*12*	*1,312*	*102*	*253*	*0*
Planned openings	Date							
One Welbeck	2020	Q1	3				10	
Bupa Cromwell Hospital	2020	Q1				3		
King Edward VII	2020	Q4	1		20			
Weymouth Street	2020	Q2					13	
Advanced OncoTherapy	2020	H2						1
UCH	2020							1
HJE	2021	Q1	3					
Cleveland Clinic	2021	Q2	8	3	185	30	21	
Nuffield @ Barts	2021	Q2	4		33	4	16	
Subtotal - new capacity			19	3	238	37	60	2
as % existing stock			22%	25%	18%	36%	24%	

NOTE: FOR HJE AND WEYMOUTH STREET, THE ABOVE REPRESENTS NEW CAPACITY

SOURCE: PRIVATE ACUTE HEALTHCARE - CENTRAL LONDON, SIXTH EDITION. LAINGBUISSON

INDEPENDENT HOSPITAL PROFITABILITY, EBITDAR % REVENUE - THREE YEARS



SOURCE PRIVATE ACUTE HEALTHCARE - CENTRAL LONDON, SIXTH EDITION. LAINGBUISSON out portions of a hospital's business and allowing consultants to co-invest, the different business models available from different, competing, hospitals suggest that the overall price of consultants will continue to go up, affecting hospital margins one way or the other.

In conclusion, this latest research points to some sort of industry consolidation or restructuring in the near future. Central London is now or will soon be home to three well-capitalised international medical groups in HCA, the Cleveland Clinic and Schoen.

Circle's acquisition of BMI adds a new twist, as does Nuffield's entry at Barts. The competitive picture looks very different than it did a few years ago.

One interesting possible development to watch is whether any hospital or group starts to treat NHS patients in any significant volumes. It may be the only way to generate the throughput to keep operations clinically safe as well as contribute to fixed overheads. Once one goes, others may follow.

Private Acute Healthcare
Central London - sixth edition
£1,295 for Printed Book
£3,250 (+VAT) for Multi-user
Digital PDF + Printed Book

Available shortly from
laingbuisson.com

Author **Ted Townsend** is a trained business strategy consultant who has advised a number of high profile operators in the private healthcare sector. He specialises in mergers and acquisitions, strategic planning, corporate development, market research and investment proposals.

He authors LaingBuisson's market report covering the London private acute medical care market and also provides bespoke consultancy services. Ted is also the director of LaingBuisson's Private Acute Healthcare Conference and is a regular speaker at seminar and roundtable events.

Ted is a non-executive director of QS Enterprises Ltd, a private imaging business owned by the UCLH Charity.

Mind the gap

the widening gulf in London's mental health provision

Demand for mental health services is rising across the developed world, but with larger populations, greater competition for resources, higher levels of isolation and increased stress, big cities are feeling the pressure most acutely. Candesic's **Dr Michelle Tempest** takes a deep dive into the current state of London's mental health provision to find out how the independent sector could help meet the ever widening gulf between demand and supply

Mental health issues impact one in four people and demand for services is increasing across the entire spectrum of care – homes to hospitals. Mental wellness, self-care, supported care and digital disruption are topics for another article, but suffice to say that in the mental health arena business is booming and revenue models are evolving.

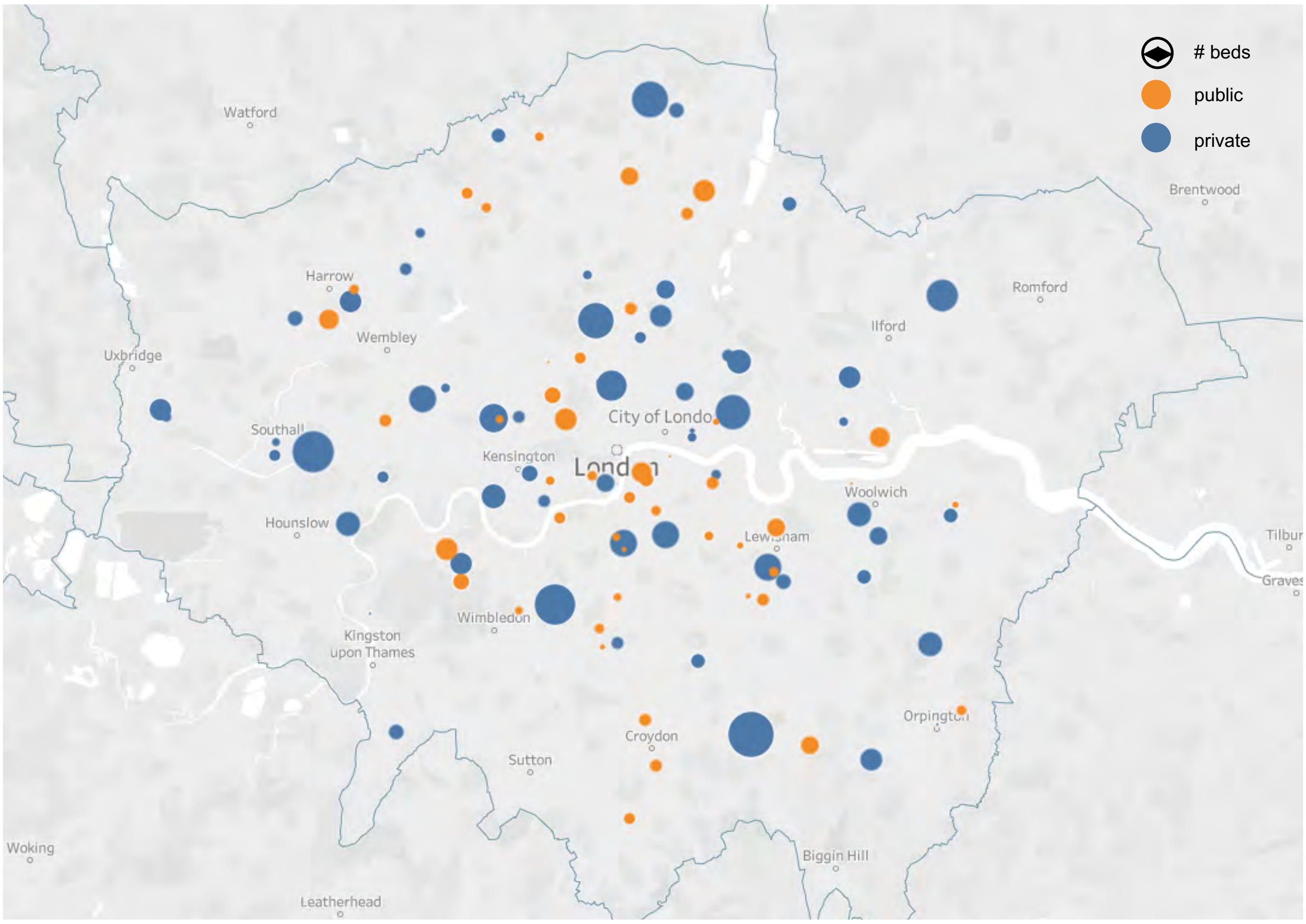
For now, let's not forget - and I say this with a heavy heart - that policy makers around the globe are struggling with how to square the circle of increased mental health demand at every age demographic. No matter how deep investor pockets are, there is one common thread: to improve care for the most vulnerable in society.

Multiple publications highlight how life expectancy correlates with place of birth. In London, men born in more affluent wards live an additional five years when compared with those born just one or two tube stops away in the most deprived areas.

For females, it's the same pattern, with a four-year difference. And the socioeconomic gap is widening. Health inequalities become even more stark with the addition of a mental health diagnosis or a learning difficulty. Data from the NHS suggests females with a learning disability have an 18-year lower life expectancy than the general public, while males with a learning disability have a 14-year lower life expectancy. In addition, people with learning disabilities are 26 times more likely to have epilepsy, eight times more likely to have severe mental illness and five times more likely to have dementia.

There is no doubt that caring for challenging cases is complex. To give a very

FIGURE ONE
THE LARGEST PROVIDERS OF MENTAL HEALTH BEDS IN LONDON ARE INVARIABLY NHS ESTABLISHMENTS



SOURCE CQC; CANDESIC RESEARCH AND ANALYSIS

human story, rather than a statistic, let's take a real situation. Around ten years ago as a hospital doctor, I received an emergency call from the maternity unit. A young mother from London developed postpartum psychosis (psychosis after childbirth) after a long and complex delivery.

She presented as confused, disorientated and believed her new born son smelled as if he was on fire – continually throwing water over him as he cried. It was clear she needed an urgent admission to a mother and baby unit (MBU), ideally close to her home.

However, hospital systems are very different at three in the morning, compared to three in the afternoon. Resources are scarce and human staffing rotas run on a minimum (sometimes less than minimum) and getting an MBU bed is a postcode lottery at the best of times. On that particular night and after well over 100 telephone calls, every MBU bed in England, Scotland, Wales and Northern Ireland was full, with little prospect of becoming available over the next week.

The result was heart wrenching. Mother and baby had to be separated and mum was treated on a general adult mental health ward, rather than in a specialist unit.

In that particular case, mum did well and after six weeks she was home with her son and they bonded well. But not every case has a happy ending and of the 101 perinatal suicides in the UK and Ireland between 2009 and 2013, analysis from the National Childbirth Trust found that 40% would still not be able to access specialist perinatal care today.

Despite NHS England's commitment to spend £365m on perinatal mental health, London has not increased provision since 2016 with a small number of specialist MBU beds spread across three NHS trusts. Despite the popularity of Louis Theroux's television documentary about the importance for mothers detained under the Mental Health Act being treated alongside their babies, there remains a market opportunity for public and private players to expand this specialist service line.

NHS DATA COLLECTED SHOWS AN AVERAGE OF 97 LONDON MENTAL HEALTH INPATIENTS BEING PLACED OUT OF AREA MONTHLY IN 2019

The broader market

In preparation for this article, many hours of research were dedicated to building a supply map of mental health beds across the UK.

Figure One (see previous page) graphically focuses the Greater London market with different colours for NHS and independent mental health beds. These cross multiple metrics - specialist versus generalist, adult versus child, and forensic versus non-forensic, to name a few.

The data was compiled in order to better understand the market on a granular level, and be able to understand where market opportunities exist within London's mental health sector.

Figure Two highlights that within Greater London the NHS provides around 80% of mental health beds, with private players controlling the remaining 20%.

OUR ANALYSIS SHOWS THAT DEMAND OUTSTRIPS SUPPLY...AND THAT CAPACITY IS FULL TO BURSTING

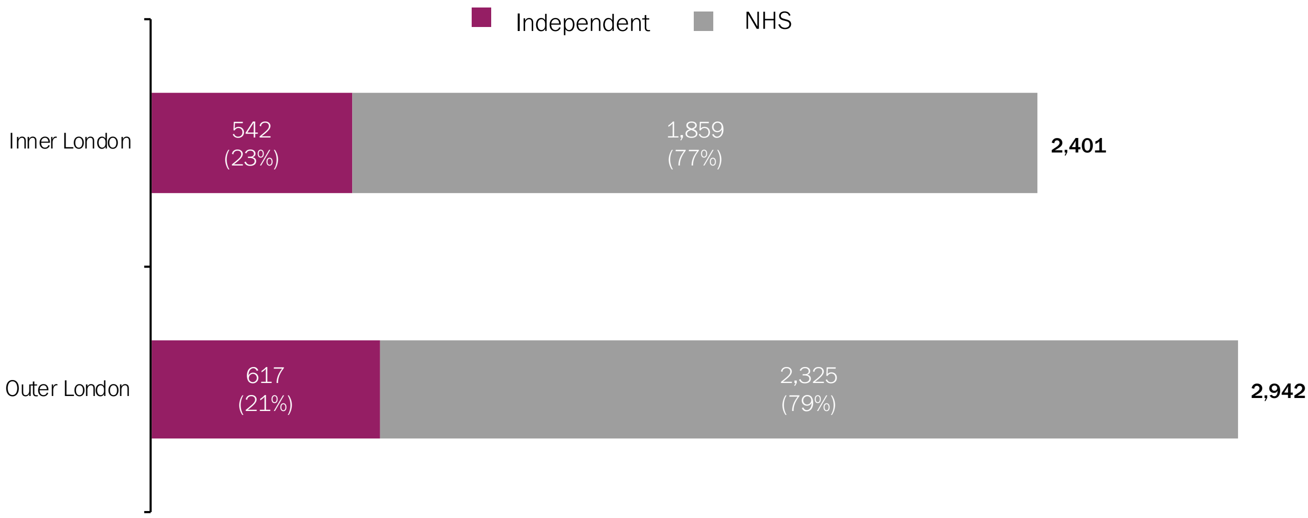
Our analysis comparing inner to outer London shows a geographically proportional split, with no distinguishable geographic preference between the NHS and private providers.

Figure Three is a chart splitting along speciality lines where it can be seen that the NHS provides 90% of generalist beds, but only accounts for 65% of specialist beds (encompassing autism spectrum disorder, old age, personality disorder, eating disorder, brain injury, rehabilitation, addiction, liaison psychiatry, mother and baby, psychiatric intensive care unit, high dependency unit, deaf and veterans), indicating that the private sector is targeting specific areas within the larger market.

Most addiction rehabilitation centres are dominated by private providers with 88% market share.

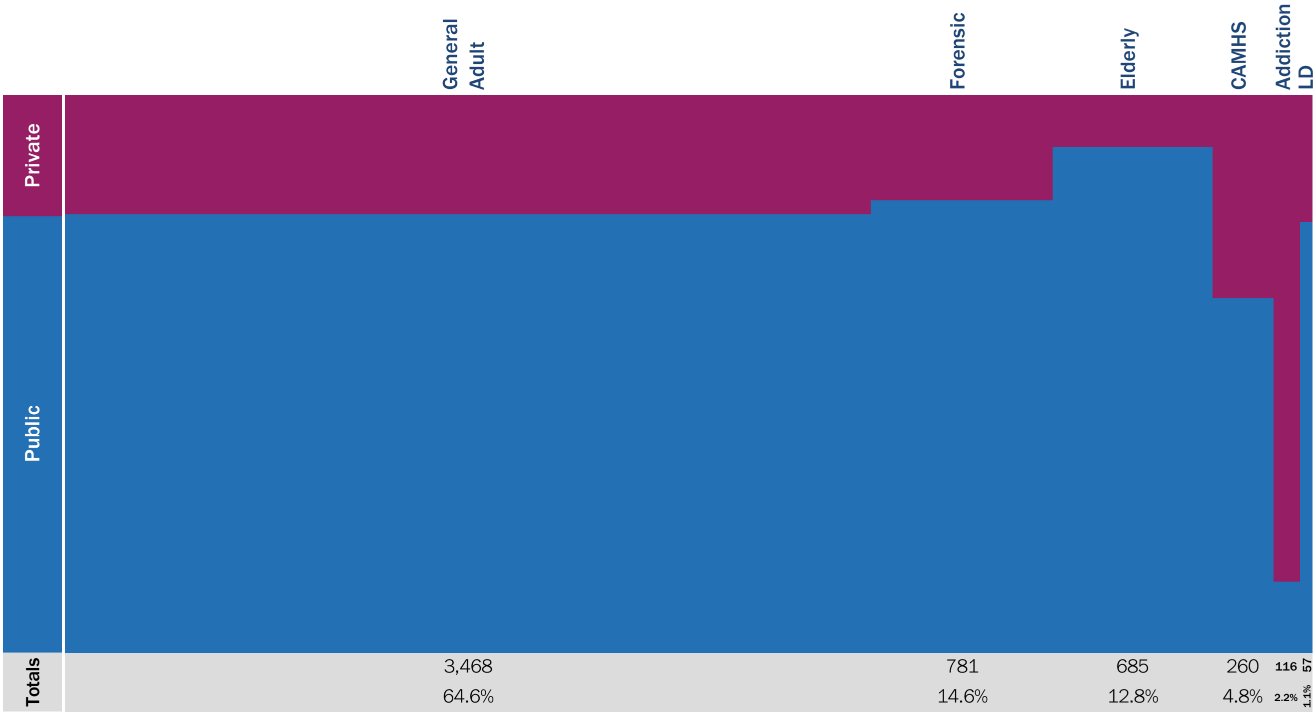
Some self-pay and insurance contracts

FIGURE TWO
THE SPLIT BETWEEN INDEPENDENT AND NHS MENTAL HEALTH BEDS IS SIMILAR IN INNER AND OUTER LONDON
MENTAL HEALTH BED NUMBERS BY PROVIDER TYPE IN INNER AND OUTER LONDON, 2020



SOURCE CQC; CANDESIC RESEARCH AND ANALYSIS

FIGURE THREE
ADDICTION IS THE ONLY MENTAL HEALTH CARE SPECIALTY LARGELY DOMINATED BY PRIVATE PROVIDERS



SOURCE CQC; CANDESIC RESEARCH AND ANALYSIS

provide lucrative addiction treatment contracts. 42% of the private sector is focused on rehabilitation beds, with the remaining 58% spread across other specialties.

When analysing mental health beds for patients above 65 years of age, the NHS heavily dominates the market with over 90% of the total beds allotted, suggesting this market doesn't hold so much appeal for private providers.

Expanding on market opportunities, our analysis shows that demand outstrips supply, with providers still sending patients out of area for inpatient treatment. Also, at the time of this analysis, our data showed that capacity was full to bursting.

NHS data collected shows an average of 97 London mental health inpatients being placed out of area monthly in 2019, sent to both NHS and private providers elsewhere in the country.

This data strongly suggests that London supply is insufficient to care locally for its population. This presents an opportunity for NHS, public-private-partnerships or independent providers to expand to fill a crucial need to provide for severely in need patients.

Until this happens, many current patients are in limbo while they are either placed far from home or in non-specialised units that do not provide a tailored standard of care.

Finally, there should always be a focus on outcomes and positive changes that could be done to improve care delivery. NHS England released a report in 2019 focused on the increasing challenges to accessing mental health care within greater London.

Here are three key themes:

- An aim to reduce delays in treatment: After a clinical decision to admit (DTA), all delays of more than 12 hours to admit to inpatient care should be formally investigated and reported to NHS England and NHS Improvement

- An aim to improve bed utilisation: Commissioners and providers should monitor and discuss bed occupancy levels in their local organisations and with their Surge Services, and providers should update these daily on the Capacity Management System (CMS)

- An aim to encourage more community care: Care and Treatment Reviews (CTRs) will assess whether an individual's care and treatment can be provided in the community, in accordance with NHS England's published CTR policy and guidance

Although these are all welcome interventions, they do little to support increasing demand and the fact that patients are being sent a long way from home to access the care they need.

I am passionate to help the mental health market evolve – both in terms of business, strategy, management, operations and outcomes.

After all, how we decide to treat and care for our most vulnerable is the litmus test of a civilised society.

Dr Michelle Tempest,
partner, Candesic

Rob Day, principal associate at national law firm Mills & Reeve examines the draft specifications for Primary Care Networks and asks if the plans for improved healthcare in care homes are achievable?

Primary Care Network Plans

Improving health in care homes?

Last month, NHS England released the draft specifications for Primary Care Networks (PCNs) – with GPs, clinical directors, medical practices and local medical committees urged to share their views on the details of the specifications prior to 14 January when the consultation closed. The network specifications form part of the five-year GP contract introduced in April 2019 providing that the newly established PCNs would deliver seven national service specifications including one supporting healthcare in care homes.

Under the current proposals, five of the seven national service specifications would be phased in from April 2020. These cover:

- Enhanced health in care homes
- Structured medication reviews
- Anticipatory care
- Personalised care
- Services to support early cancer diagnosis

'Totally unrealistic' service specifications? Signalling an uncertain future for PCNs

But there has been widespread criticism. Whilst many expected the new specifications to increase the obligations on both PCNs and other community providers, the current fragility within general practice when considered alongside the relative infancy of PCNs have left many shocked at the extent of the proposals.

NHS England have been warned by many that unless they radically change the specifications they are likely to see many practices walk away from PCNs. Whilst this has already led to reports that two of the proposed specifications (anticipatory care and personalised care) will be dropped altogether from the proposed 2020/21 contract, deep concerns remain on a variety of elements including the proposals for enhanced healthcare in care homes.

But what does the draft specification for the proposed enhanced healthcare in care homes say?

Through enhanced care home support, the creation of a multidisciplinary team, reablement and rehabilitation and high quality end of life and dementia care, the specification seeks to improve the experience of residents in care homes, reduce avoidable admissions to A&E and provide support to allow residents to die in the place of their choosing.

With this as a backdrop, the proposal is that all people that permanently live in care homes (both residential and nursing) would be eligible to access additional services provided or overseen by PCNs. This includes people in homes that deliver specialist support (e.g. learning disabilities and dementia units) but does not include people living in secure units for mental health.

By 30 June 2020 PCNs delivering this service would need to satisfy a variety of conditions including:

- Identifying one clinical lead across the PCN for delivery of the service
- Ensuring that every person living permanently in a care home has a named clinical team (covering staff from the PCN and other providers)
- Ensuring that every care home is aligned to a single PCN
- Establishing and managing a cross organisational multidisciplinary team to develop and monitor personalised care and support plans
- Establishing appropriate data sharing arrangements with wider system partners

By 30 September 2020 PCNs should be:

- Delivering weekly, in person, home rounds for registered patients in their care homes
- Owning and coordinating delivery of a personalised care and support plan with people living in their care homes based on assessments
- Co-ordinating one off regular support to people within their care homes based on their needs (including SMRs and activities to achieve goals)
- Identifying and assessing eligibility for urgent community response services
- Supporting and assisting care homes on items such as the development of staff and the provision of vaccination
- Establishing clear and efficient referral routes and clinical care transfer processes between care homes and providers

What are the emerging concerns?

The proposals raise a number of issues.

The uneven impact on PCNs

There is an acknowledgement with the draft specification that the geographical distribution of care homes will mean that PCNs will be unevenly affected. Some PCNs may have multiple care homes within their geographical catchment area and face an unmanagea-

ble rise in workload compared to others that may have none. The solution to this issue (whether funding or otherwise) is yet to be determined.

Care homes aligning to one PCN

What this effectively means is that the residents of care homes must register with one of the practices that make up a chosen PCN that is to support their care home – such PCN to be agreed by the Clinical Commissioning Group. Leaving aside concerns over patient choice, the administration to achieve such a re-registration appears to have been hugely underestimated.

Layering pressures

We already have a system that is under pressure. Whilst the availability of funding for additional workforce within general practice and primary care more generally is welcome, it is currently coming hand in hand with an increase in what many would say is an already unmanageable workload.

The lack of available workforce

Many continue to raise concerns that there is simply a lack of people falling into the categories of individuals funded by the GP contract. If PCNs cannot recruit will their obligations proportionality reduce? Whilst this appears a possibility for structured medication reviews, the draft specification currently does not extend this protection mechanism to cover the obligations faced by PCNs under the care home specification.

The timescales and the reliance on others

The success of the specification relies on the coming together of a number of different providers within the health system within exceptionally ambitious, if not unrealistic timescales.

Financial sustainability

The scepticism still exists around the financial sustainability of PCNs. The majority of funding is geared towards staffing and is (in all cases other than social prescribers) capped at a maximum of 70% of the WTE of the relevant staff member.

While the draft specification reiterates:

- That each PCN receives a cash payment of £1.50 per registered patient
- That other funding is available including funding under a so-called Investment and Impact Fund which could, according to the draft specification, equate to circa £60,000 in 2020/21 rising to £240,000 by 2023/24

Many PCNs continue to project a significant shortfall between the funding they receive and their costs of employing the additional workforce and are calling for clarity on how this shortfall will be plugged.

What next?

PCNs do represent a 'potential revolution in the delivery of neighbourhood-level health and care across the country'. However, workforce issues, workload pressures and the speed of planned change even with the proposed phasing is rapid – all threaten to stymie the PCN programme.

The onus has certainly shifted back to NHS England to consider the comments it has received and to revise the specifications in a manner that addresses the various concerns that have been raised. Whilst there is an understandable desire to realise their desired change, this change must be done sensitively and in reasonable timescales.

Ultimately the stakes are high. If NHS England fails, then PCNs and the possibilities that they created will be in danger of being lost. If they succeed, then PCNs could deliver real benefits for patients and providers alike, and those residing and operating care homes could well see a more consistent and integrated approach when it comes to the care provided.

LaingBuisson Healthcare intelligence

Major UK acute hospitals providers[1] February 2020

sponsored by Knight Frank

Operator	Hospitals	Beds	Operating theatres	Year End	Revenue[7] £m
BMI Healthcare[2]	54	2,556	152	2017	887.1
Spire Healthcare	39	1,869	134	2018	931.1
Nuffield Health[3]	32	1,205	99	2018	945.8
Ramsay Health Care UK	29	892	81	2018	419.3
HCA Healthcare UK[4]	9	692	61	2018	988.6
Aspen Healthcare[6]	6	223	17	2016	136
Trustees of the London Clinic	1	190	10	2018	134.6
Care UK	9	178	32	2018	684.7
Medical Services International	1	129	5	2018	94.2
Imperial Private Healthcare	5	107	29	2015	43.1
Hospital of St John & St Elizabeth	1	80	5	2018	55.2
KIMS Hospital Holdings	1	79	5	2018	26.5
Circle Health	3	76	17	2018	155.6
Horder Healthcare	2	75	6	2018	28.2
Ulster Independent Clinic	1	70	7	2018	28.1
One Healthcare	2	68	8	2018	10.2
The Royal Marsden NHS Foundation Trust (Private Care)	6	54	23	2017	91.9
Frimley Health NHS Foundation Trust	2	53	20	2017	9.8
Royal Free London NHS Foundation Trust[5]	2	52	3	2017	21.6
University College London Hospitals NHS Foundation Trust	3	52	18	2017	19.9
The Healthcare Management Trust	2	49	4	2018	31.9
Great Ormond Street Hospital for Children NHS Foundation Trust	1	43	12	2017	55.1
Royal Brompton & Harefield Hospitals Foundation Trust	2	40	11	2017	39.9
King Edward VII's Hospital Sister Agnes	1	40	3	2018	24
Schoen Clinic (London)	1	39	3	-	-
The Victoria Foundation	1	37	3	2018	16.9
The Christie NHS Foundation Trust	1	34	5	-	-
Guy Pilkington Memorial Home	1	32	2	2018	12.7
Chelsea & Westminster Hospital NHS Foundation Trust	1	30	20	2017	18
First Community Health & Care	1	28	-	2018	23.7
Maidstone & Tunbridge Wells NHS Trust	1	26	10	2017	4.8
Vale Healthcare	2	25	4	-	-
Western Sussex Hospitals NHS Foundation Trust	2	25	19	2017	6.6

NOTES 1 MAJOR ACUTE/SURGICAL HOSPITAL OPERATORS RANKED BY BED NUMBER **2** REVENUES STATED NET OF CONSULTANTS' FEES **3** COMBINED REVENUE FOR HOSPITAL AND WELLNESS BUSINESSES **4** HCA INC. REPORTED FIGURES FOR UK BUSINESS CONVERTED USING FEDERAL GOVERNMENT RESERVE AVERAGE EXCHANGE RATE FOR 2018. **5** NINE MONTH PERIOD **6** RECENTLY ACQUIRED BY NMC HEALTHCARE. NHS PPU OPERATING THEATRES LISTED ARE FOR WHOLE TRUST AND ARE NOT RESERVED SPECIFICALLY FOR PRIVATE PATIENTS **7** REVENUE FROM OPERATING ACTIVITY (EXCLUDES CHARITABLE DONATIONS AND OTHER INCOME) **SOURCE** LAINGBUISSON DATABASE **DATA CORRECT AS OF 16 JANUARY 2019**

INBUSINESS

FEBRUARY 2020

INDEX

Circle and MPT buy BMI Healthcare

Vote of confidence in Circle's senior management as major US players back its move to become UK's largest private hospital provider

Circle Health is set to become the UK's biggest independent hospital group after agreeing to acquire BMI Healthcare from Hospital Topco Ltd (HTL) for an undisclosed sum, ending months of speculation over the future of the UK's largest private hospital provider.

In a separate transaction, US based healthcare REIT Medical Properties Trust Inc (MPT) has announced it will acquire the real estate interests of 30 hospitals leased and managed by BMI Healthcare from affiliates of HTL for £1.5bn.

In November, we reported that Circle had partnered with a US property specialist to bid for BMI, which was taken under the management of its landlords at the end of 2018 following Netcare's exit from the UK market.

MPT already owns one hospital that is leased and managed by BMI Healthcare and two hospitals leased and managed by Circle Health. These transactions follow the acquisition and recapitalisation of BMI Healthcare by HTL, announced in December 2018, and the earlier acquisition of a portfolio of BMI Healthcare's hospital properties by HTL.

The 2018 recapitalisation was sponsored by a consortium of existing shareholders and creditors of HTL and its subsidiaries led by Centerbridge Partners LP. It delivered a significant rent reduction and enabled the commencement of a four-year £250m capital investment programme, which will continue under Circle Health.

The OpCo/PropCo split entered into by BMI Healthcare's former owners has long been regarded as the source of its woes.

Its parent company General Healthcare Group was acquired for £2.2bn in 2006 by a consortium led by South African healthcare giant Netcare and including Apax, London & Regional and Brockton Partners. Shortly after the acquisition, it was restructured in a OpCo\PropCo arrangement, with the hospital properties leased back to BMI Healthcare under long-term leases. Its largest landlord was Theatre PropCo, which took ownership of 35 of its 59 hospitals, with the remaining facilities split between various different landlords and leased back to the operating company.

"We plan to invest in cutting-edge technology and the latest medical treatments to help us transform care in our hospitals."

The lease arrangements were considered market related and provided for a fixed escalation in rent of 2.5% per annum when they concluded. However, following the global financial crisis of 2008, the accompanying decline in PMI demand and the sustained period of exceptionally low inflation meant BMI's rent obligations grew to become unaffordable.

It is unclear precisely how the new Circle/MPT relationship will be structured and some BMI hospitals will remain in the hands of third-party landlords.

Although this means the hospital portfolio will still be spread across multiple owners and still require significant Capex, most sector commentators agree it is in a better position than it was pre-2018.

There is also a high degree of confidence in Circle's senior management team, which is being backed by US investor Ares and health insurance and managed care giant Centene Corporation.

Julian Evans, partner at Knight Frank, told *HM* that while there could be no guarantees of a change in performance from the BMI business, the company would be energised.

'Circle has a very smart management team and if anyone is able to optimise performance, they are,' he told *HM*.

Centene, which operates in the UK as Operose, has increased its stake in Circle to over 25% in the wake of the BMI announcement.

It is thought that Circle will be able to draw upon Centene's significant data analytics and IT expertise as it integrates the BMI business into its portfolio.

Circle Health CEO Paolo Pieri said: 'BMI Healthcare is well-known for its highly-skilled staff and clinicians, and together we believe we can set new standards on quality in our sector. We plan to invest in cutting-edge technology and the latest medical treatments to help us transform care in our hospitals.'

Dr Karen Prins, CEO of BMI Healthcare, added: 'Circle Health and MPT both truly understand the UK healthcare market, and we are looking forward to the opportunities that this acquisition brings. This partnership will build on the steps we have taken to secure the long-term future of the business and will support our aspirations to provide ever higher standards of care for our patients.'

In accordance with its usual practice, the Competition and Markets Authority has imposed an Initial Enforcement Order which requires Circle Health and BMI to continue operating as independent businesses until it has concluded its investigation.

Circle/BMI deal will give Centene an increased presence in the UK

Circle's acquisition of BMI Healthcare will significantly increase Centene's presence in the UK healthcare market.

Its subsidiary MH Services International increased its stake in Circle Health Holdings to over 25% in January.

Details are sketchy, but documents lodged with Companies House reveal its share in the business remains below 50% and that it now holds between 25% and 50% of total voting rights.

The US managed care and insurance giant appears to have taken an increased interest in Circle in the months leading up to the BMI announcement. In June 2019, Centene executive vice president and chief development officer Brent Layton was appointed a director of Circle Health Holdings. Companies House documents show that at the end of November 2019, MH Services International owned roughly 20% of preference shares and 22% of ordinary shares in the company.

In a separate development, Centene has brought together its UK primary care and commissioning support businesses as a single brand.

Under the new structure announced at the end of last year, GP business The Practice, mental health solutions provider Simplify Health (formerly Beacon UK) and Centene UK will become Operose Health.

Layton, who was appointed to lead Centene's international operations at the end of 2018, is also named as a director of Operose Health, which in turn is a subsidiary of MH Services International.

In a statement on its website, Operose said: 'In 2016, Centene UK was established to provide a range of healthcare solutions to the NHS under a variety of divisions including The Practice Group and Simplify Health.

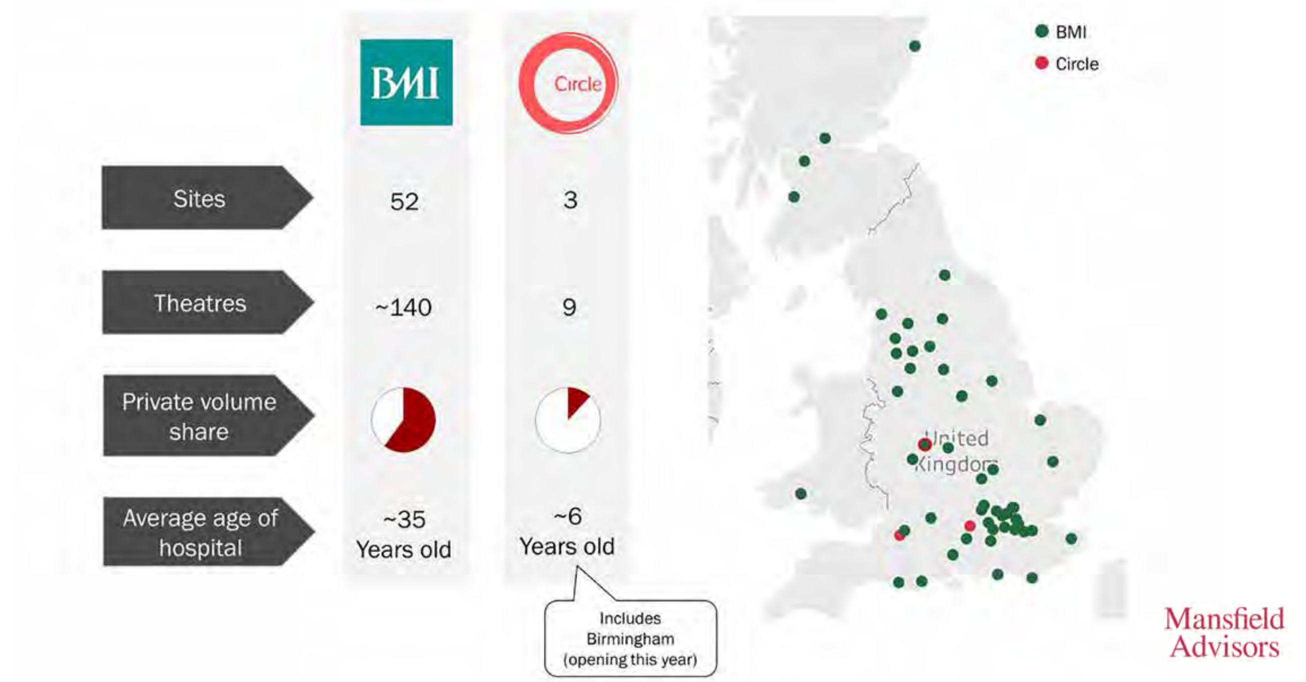
"We want to bring these different areas of expertise together...to create an organisation that is greater than the sum of the individual parts."

'However, we now want to bring these different areas of expertise together – and integrate ourselves – to create an organisation that is greater than the sum of the individual parts.'

In common with fellow US competitors Optum and United Health Group, Centene Corporation, a Fortune 500 company which is listed on the New York Stock Exchange, has been keen to move beyond its domestic borders and pursue overseas expansion. As well as the UK, it has a growing presence in Spain where it has a 90% stake in leading integrated care provider Ribera Salud, which has developed a strong international reputation for its innovative and highly efficient integrated care services.

Both Circle Health and Centene declined to comment.

CIRCLE HEALTH ACQUISITION OF BMI HEALTHCARE
WHAT WILL THE COMBINED COMPANY LOOK LIKE? (SUBJECT TO CMA)



NOTES EXCLUDES PRIVATE PATIENT UNITS AND OUTPATIENT CLINICS
SOURCE COMPANY WEBSITES; CQC; MANSFIELD ADVISORS RESEARCH AND ANALYSIS

HealthcareMarkets **Index**
February 2020

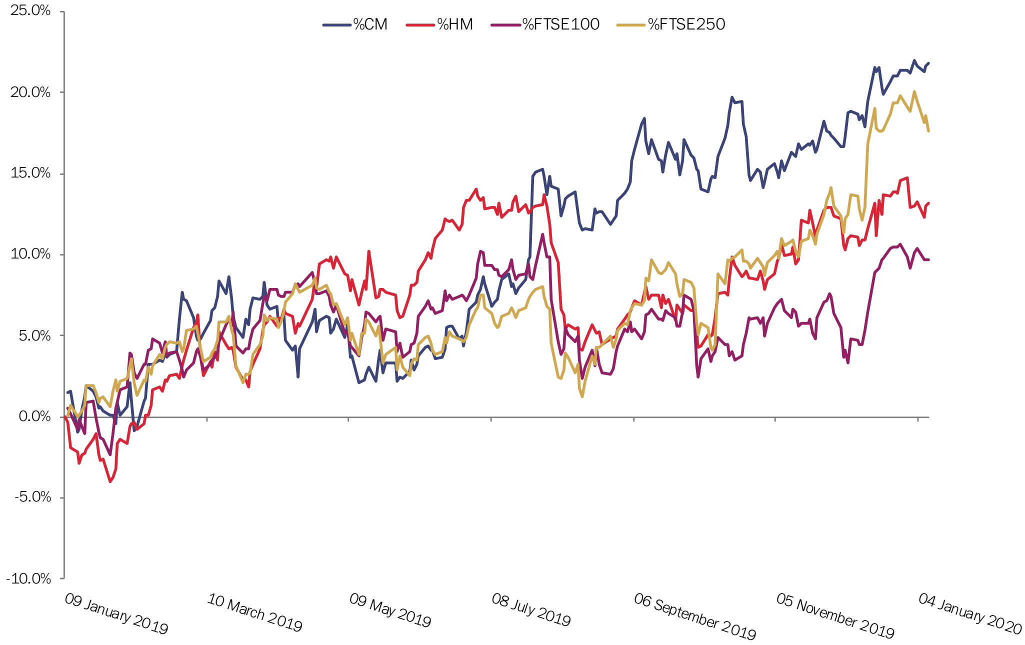
Company	Sub Sector	HQ	Local Currency: Share Price	Local Currency: Market Cap (m)	Technical: % of 52-Week High	Technical: YTD (%)	TTM Fundamentals (GBP £m): Market Cap	Net Debt	EV	Sales	EBITDA	EBITDA Margin	Net Debt/ EBITDA	Valuation: EV/Sales	EV/EBITDA	PE Ratio
Fresenius Medical Care	Ambulatory Clinics	Germany	€ 66.4	€ 20,208	89.9%	18.2%	17,302	10,464	27,767	14,723	3,022	20.5%	3.5x	1.9x	9.2x	15.8x
Integrated Diagnostics	Diagnostics	UK	£3.5	€ 690	0.9%	12.2%	530	Cash	422	407	33	39.6%	Cash	0.2x	12.7x	22.4x
Medica	Diagnostics	UK	£1.5	£171	93.3%	28.4%	171	1	172	39	12	29.7%	0.1x	4.4x	14.8x	23.1x
CompuGroup	HCIT	Germany	€ 64.1	€ 3,411	86.5%	54.1%	2,921	279	3,200	639	166	26.0%	1.7x	5.0x	19.3x	31.6x
Craneware	HCIT	UK	£23.8	£639	75.0%	(3.0)%	639	Cash	600	55	18	33.4%	Cash	10.9x	25.0x	42.5x
EMIS	HCIT	UK	£11.3	£717	92.5%	25.3%	717	Cash	692	155	50	32.0%	Cash	4.5x	13.9x	30.6x
Terveystalo	Hospitals	Finland	€ 11.3	€ 1,442	101.6%	37.9%	1,234	493	1,727	698	106	15.2%	4.7x	2.5x	16.3x	30.4x
GHP Specialty Care	Hospitals	Sweden	19.0 kr	1,297 kr	95.5%	49.9%	105	14	119	95	7	7.4%	2.0x	1.3x	9.0x	29.7x
IHH Healthcare	Hospitals	Malaysian	RM 5.5	RM 48,257	92.4%	0.7%	9,169	1,164	10,332	2,525	547	21.7%	2.1x	4.1x	18.9x	50.0x
Fresenius	Hospitals	Germany	€ 50.3	€ 27,852	98.6%	9.6%	23,847	21,757	45,604	29,910	5,166	17.3%	3.3x	1.5x	8.8x	14.8x
Life Healthcare	Hospitals	South Africa	R 24.8	R 36,383	88.0%	(6.5)%	1,928	831	2,760	1,314	296	22.5%	2.8x	2.1x	9.3x	27.8x
Medical Park Hospitals	Hospitals	Turkey	15.3 ₺	3,185 ₺	93.2%	58.8%	414	149	563	431	51	11.9%	2.9x	1.3x	10.9x	N/M
Mediclinic International	Hospitals	UK	£4.0	£2,925	95.5%	19.7%	2,925	1,775	4,700	2,932	470	16.0%	3.8x	1.6x	10.0x	23.3x
Medicover	Hospitals	Sweden	102.6 kr	13,851 kr	93.8%	45.7%	1,122	19	1,141	681	85	131.7%	0.2x	17.7x	13.4x	55.4x
NMC Health	Hospitals	UK	£12.6	£2,623	42.2%	(57.5)%	2,623	1,189	4,173	1,380	327	23.7%	3.6x	2.3x	12.8x	9.8x
Pihlajalinna	Hospitals	Finland	€ 15.4	€ 347	99.7%	50.1%	297	81	379	429	33	7.7%	2.5x	0.9x	11.5x	56.9x
Ramsay Health Care	Hospitals	Australia	$74.4	$15,027	99.8%	30.8%	7,949	2,598	10,547	6,111	798	13.1%	3.3x	1.7x	13.2x	28.1x
Rhoen-Klinikum	Hospitals	Germany	€ 18.5	€ 1,239	68.6%	(16.1)%	1,061	Cash	936	1,274	97	7.6%	Cash	0.7x	9.7x	30.8x
Spire Healthcare	Hospitals	UK	£1.2	£481	83.7%	10.0%	481	362	843	931	116	12.5%	3.1x	0.9x	7.2x	14.6x
Health Italia	Integrated Healthcare Services	Italy	€ 3.8	€ 72	66.2%	(32.9)%	62	7	69	25	3	10.3%	2.9x	2.8x	26.9x	0.0x
Feelgood Svenska	Occupational Health	Sweden	3.1 kr	324 kr	99.3%	3.6%	26	2	29	56	3	6.1%	0.7x	0.5x	8.3x	15.3x
UDG Healthcare	Pharma Services	UK	£7.9	£1,967	96.6%	32.6%	1,967	59	2,036	407	115	32.9%	0.5x	2.2x	15.2x	34.4x
Dedicare	Staffing	Sweden	44.9 kr	316 kr	64.1%	(16.0)%	26	Cash	24	64	3	5.1%	Cash	0.4x	7.4x	14.7x
CVS Group	Vet	UK	£11.5	£811	99.0%	68.1%	811	102	913	407	55	13.4%	1.9x	2.2x	16.8x	66.0x
MEDIAN					92.5%	18.9%	936	92	925	535	91	16.7%	2.1x	2.0x	12.7x	27.9x
MEAN					82.9%	17.6%	3,264	1,715	4,989	2,737	482	23.2%	1.7x	3.1x	13.4x	22.9x
TOTAL							**78,327**		**119,747**				**2.1x**			

REITS	Sub Sector	HQ	Local Currency: Share Price	Local Currency: Market Cap (m)	Technical: % of 52-Week High	Technical: YTD (%)	TTM Fundamentals (GBP £m): Market Cap	Net Debt	EV	Rent	Yield	Net Debt	Net Debt/ EBITDA	Valuation: EPRA NAV per share	Premium or Discount to NAV
Assura	Primary Care Real Estate	UK	£0.7	£1,781.7	102.9%	38.1%	1,782	656	2,438	103	3.7%	84.2%	7.6x	£0.5	39%
Primary Health Properties	Primary Care Real Estate	UK	£1.6	£1,939.8	99.4%	44.6%	1,940	1,184	3,124	97	3.4%	84.3%	14.5x	£1.0	55%
Secure Income	Hospital Real Estate	UK	£4.5	£1,465.7	100.0%	21.1%	1,466	1,008	2,474	139	3.1%	83.9%	8.7x	£4.0	14%
MEDIAN							**1,782**	**1,008**	**2,474**	**103**	**3.4%**	**84.2%**	**8.7x**		
MEAN							**1,729**	**949**	**2,678**	**113**	**3.4%**	**84.1%**	**10.2x**		
MARKET INDEX															
FTSE 250		**^FTmc**	**21,651.9**		**97.9%**	**17.6%**									
FTSE 100		**^FTSE**	**7,574.9**		**98.5%**	**9.7%**									

NOTES **TTM** TRAILING TWELVE MONTHS **EBITDA** EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTISATION **YTD** YIELD TO DATE **PE** CURRENT SHARE PRICE DIVIDED BY ITS PER-SHARE EARNINGS **PEG** PRICE/EARNINGS TO GROWTH RATIO **N/M** NOT MEASURED **DATA CORRECT AS OF 23 JANUARY 2020**

LaingBuisson Healthcare intelligence

Health and Care returns against FTSE
February 2020



CM CareMarkets AMBEA, ATTENDO, HUMANA, KORIAN, LE NOBEL AGE, MATERNUS-KLINIKEN, ORPEA, DIGNITY, MEARS, ACADIA HEALTHCARE, UNIVERSAL HEALTH SERVICES, CAPITA, SERCO, MCCARTHY & STONE, CARETECH

HM HealthcareMarkets CVS GROUP, UDG HEALTHCARE, DEDICARE, CRANEWARE, FEELGOOD SVENSKA, TERVEYSTALO, GHP SPECIALTY CARE, LIFE HEALTHCARE, MEDICAL PARK HOSPITALS, MEDICLINIC INTERNATIONAL, MEDICOVER, NMC HEALTH, PIHLAJALINNA, RAMSAY HEALTH CARE, RHOEN-KLINIKUM, SPIRE HEALTHCARE, HEALTH ITALIA, COMPUGROUP, EMIS, MEDICA, INTEGRATED DIAGNOSTICS, FRESENIUS MEDICAL CARE (EXCL. FRESENIUS MEDICAL CARE, FRESENIUS SE & CO, MEDICA GROUP, IHH HEALTHCARE)

DATA CORRECT AS OF 23 JANUARY 2020

TriSpan leads consolidation after buying THMG

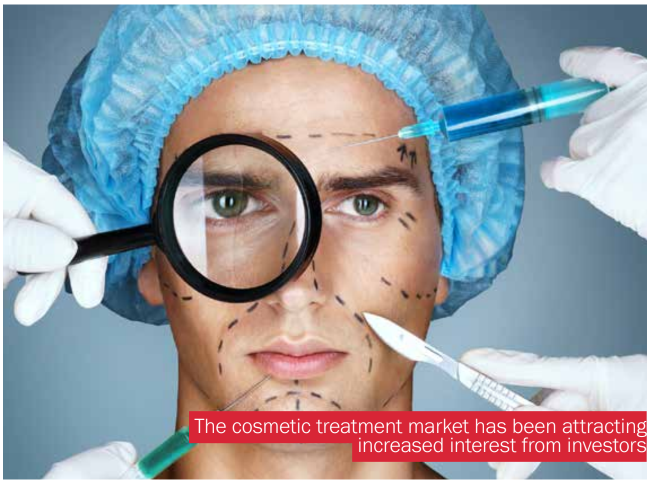
The Harley Medical Group (THMG) has been acquired by TriSpan-backed Lasercare Holdings, which operates non-surgical cosmetic clinic chain sk:n, via a pre-pack administration.

The move marks a major roll-up in the increasingly active cosmetic surgery sector, where mid-market private equity investor TriSpan is leading consolidation.

THMG, which was acquired by turnaround investor RCapital in 2013, is the UK's largest cosmetic surgery group with around 20 clinics across the UK. It reported operating profit (after exceptional items of £1.5m) of £626,000 on turnover of £21.8m in the year ended 31 March 2018. The company has continued to expand its services in recent years, but its non-surgical business has been impacted by increasing competition in the market.

TriSpan has had expansion in its sights since it entered the cosmetics sector with its acquisition of sk:n in February 2019. In May, the company acquired 16-clinic-strong aesthetic skincare specialist Destination Skin, following this up in July with the acquisition of seven Skin Health Spa and Flint+Flint Clinics. TriSpan has described the deals as 'transformative', increasing sk:n's portfolio by 50% to 75 clinics.

The cosmetic treatment market has been attracting increased interest from investors as more widespread acceptance, particularly of non-surgical treatments, and relatively low price points drive growing demand. According to the latest research from LaingBuisson, while demand for surgical procedures has been more subdued, there are indications that the non-surgical market could be worth more than £3bn within the next five years.



The cosmetic treatment market has been attracting increased interest from investors

A spokesperson for sk:n confirmed the deal but declined to comment.

It is thought THMG will continue to operate as a standalone business.

Spire update

Spire Healthcare Group has said it expects its 2019 earnings to be in line with current guidance following 'positive momentum' in sales growth. The group said growth had been driven by private patient revenues. It is due to report preliminary results on 5 March.

Montreux Healthcare Fund buys Christchurch Group

The Montreux Healthcare Fund has completed the purchase of neurological rehabilitation specialists Christchurch Group for an undisclosed sum.

The acquisition is said to add £3.6m EBITDA to the fund's portfolio.

Headquartered in Northampton, Christchurch Group comprises ten facilities with 136 beds, 98% of which are freehold.

The business will aim to deliver considerable value to the wider group, with several key staff retained at a senior level. The acquisition also offers the opportunity to drive forward occupancy and expansion, with plans for 22 additional organic beds in the medium term.

The Montreux Healthcare Fund already has a significant presence in the specialist care market through its stake in Active Care Group, which comprises various companies specialising in care and support for adults and children with spinal injury, acute brain injury, epilepsy, learning disabilities, respiratory and other complex care needs.

'The Christchurch Group acquisition is a step forward in the Montreux Healthcare Fund's strategy, providing 136 high quality care beds with further expansion planned in the medium term,' said Oliver Harris, chief executive officer of Montreux Capital Management (UK). 'My team and I have worked hard to secure this acquisition in a short time frame and believe this will deliver good value to our investors.'

Oliver Harris,CEO, Montreux Capital Management (UK)

Connell Consulting carried out commercial due diligence on the transaction on behalf of the vendor.

LaingBuisson Healthcare intelligence

Care Monitor, Hospitals - England
February 2020

CQC ratings of acute hospital providers

Rank	Provider	No. of hospitals	% good or outstanding	% not yet inspected
1	Aspen Healthcare	5	100%	0%
=	Circle Health	3	100%	0%
=	Horder Healthcare	2	100%	0%
4	Nuffield Health	29	93%	0%
5	Care UK	9	89%	11%
6	HCA Healthcare UK	7	86%	0%
7	Ramsay Health Care UK	29	83%	10%
8	Spire Healthcare	35	77%	3%
9	BMI Healthcare	48	65%	0%
10	Optegra UK	7	43%	14%

CQC ratings of mental health hospital providers

Rank	Provider	No. of hospitals	% good or outstanding	% not yet inspected
1	Turning Point	3	100%	0%
2	Four Seasons Health Care	9	89%	0%
3	Alternative Futures	6	83%	0%
4	Barchester Healthcare	6	83%	0%
5	Priory	55	80%	0%
6	Inmind Healthcare	5	80%	0%
7	Elysium Healthcare	29	69%	3%
8	Cygnet Health Care	56	66%	2%
9	St Andrew's Healthcare	8	50%	13%
10	Livewell Southwest	4	0%	100%

SOURCE LAINGBUISSON'S CARE*MONITOR* **DATA CORRECT AS OF 16 JANUARY 2020**

Sensyne anticipates FY revenue of £2m from existing contracts

Sensyne Health has said its revenue is on course to reach at least £2m by the year-end as it continues to scale up its nascent clinical AI business.

The London-listed company, which is headed up by former science minister Lord Drayson, reported revenue of £0.4m for the six months ended 31 October 2019 – up from zero the previous year.

It said the increase was primarily due to its contract with Bayer, which is expected to contribute more significantly to revenue in the second half.

The initial two-year collaboration agreement signed with the pharmaceutical and life sciences group last summer is expected to generate revenues for Sensyne Health of £5m across the two-year collaboration.

During the period, the company also entered into an additional partnership with Bayer on data-driven drug discovery and signed agreements with Cognizant and Agorai as partners for the launch and sale of its digital health software products in the US.

Beyond the current financial year, it anticipates these digital software deals will drive revenue growth and contribute a more substantial proportion of overall income.

As well as entering into an agreement with UK MHRA (Medicines and Healthcare products Regulatory Agency) and a partnership with Evotec, Oxford University Innovation, Oxford Sciences Innovation and the University of Oxford called LAB10x, the company signed a research collaboration with Roche subsequent to the period-end.

Research and development expenditure came in

Paul Drayson, CEO, Sensyne Heath

at £5.2m (HY19: £3.7m) and additional investment in recruitment and retention pushed adjusted operating losses up from £5.1m to £7.4m.

Amortisation costs increased by £0.7m but were offset by a £0.9m reduction in share-based payment expenditure, giving rise to an operating loss of £9.8m against £10.3m the previous year.

Commenting on the results, Lord Drayson said the company had met all of the 24 objectives set out at the time of its IPO in August 2018 ahead of schedule.

'We are now very well positioned to progress our strategy,' he added. 'We are making good progress on work with our pharmaceutical partners, Bayer and Roche, as well as our clinical AI software development partners, Cognizant and Agorai. Consequently, we currently have significant visibility of a minimum £2m of revenue being earned in FY20 from our existing contracts. However, the Board believes that the current share price does not reflect either the value of what the business has achieved to date, or the significant growth prospects available to Sensyne Health in future.'

Healthcare 21

Healthcare 21 Group has acquired Gloucestershire-based medical imaging equipment supplier Xograph Healthcare for an undisclosed sum, creating a £135m business.

PHP continues to expand with acquisitions in the UK and Ireland

Specialist healthcare REIT Primary Health Properties (PHP) has announced further expansion in the UK and Ireland.

A wholly owned subsidiary of the company has acquired the Waters Meeting Health Centre in Bolton for £8m. The 2,295 sqm facility is fully let to NHS Property Services, two GP Practices and a Pharmacy.

In a separate development, PHP ICAV has contracted to provide development funding for the construction of a 1,700 sqm health centre in Banagher, Co. Offaly, Ireland for a total cost of €5m.

The property will be wholly owned by PHP ICAV upon its completion and let for an initial term of 30 years to the Irish government's Health Service Executive and the Banagher Family GP Practice.

This acquisition will increase PHP's portfolio to a total of 48 assets, of which 16 are in Ireland, with a gross value of just under £2.4bn and a contracted rent roll of approximately £127m.

"We are well positioned to continue to grow our portfolio and support the healthcare systems"

PHP managing director Harry Hyman said: 'We are delighted to announce these transactions, which are part of a strong pipeline of projects which the group is pursuing at present in the UK and in Ireland, funded with the proceeds of our recent successful £100m placing. We are well positioned to continue to grow our portfolio and to support the healthcare systems in these markets through the provision of modern, primary care infrastructure.'

LaingBuisson Healthcare intelligence

Major transactions in UK healthcare
February 2020

Date	Target (owner)	Sub Sector	Acquirer (owner / country)	EV (£M)	Valuation EV/ Revenue	EV/ EBITDAR	EV/ EBITDA	EV/NAV	Transaction type	Comments
Major Transactions										
Jan-20	30 BMI hospitals (Hospital Topco)	Private acute hospitals/ Primary Care	Medical Properties Trust (USA)	1,500	-	-	-	-	Property	US REIT Medical Properties Trust (MPT), which already owns BMI Harbour Hospital in Poole, announced it was buying the BMI hospital portfolio in conjunction with Circle Health's acquisition of the operating business.
Jan-20	BMI Healthcare (Hospital Topco)	Private acute hospitals/ Primary Care	Circle Health	u/d	-	-	-	-	M&A	Circle Health CEO Paolo Pieri said: 'BMI Healthcare is well-known for its highly-skilled staff and clinicians, and together we believe we can set new standards on quality in our sector. We plan to invest in cutting-edge technology and the latest medical treatments to help us transform care in our hospitals.'
Dec-19	Xograph Healthcare	Equipment	Healthcare 21	u/d	-	-	-	-	M&A	Healthcare 21 Group aims to become a pan-European provider of specialist sales, marketing and technical services for its healthcare and scientific supplier partners
Nov-19	Harley Medical Group (RCapital)	Cosmetics	Lasercare Clinics (TriSpan)	u/d	-	-	-	-	M&A	THMG, which was acquired by turnaround investor RCapital in 2013, is the UK's largest cosmetic surgery group with around 20 clinics across the UK. TriSpan has had expansion in its sights since it entered the cosmetics sector with its acquisition of sk:n in February 2019.
Jul-19	Eight private hospitals (Secure Income REIT)	Private acute hospitals/ Primary Care	Medical Properties Trust (USA)	347	-	-	-	-	Property	The eight hospitals include Ashtead, Berkshire Independent, Euxton Hall, Mount Stuart, North Downs, Renacres, Rowley and Winfield. Secure Income REIT state that this transaction represents a 19% premium above the December 2018 valuation and the core holding of 11 high quality acute hospitals is worth £643m at their 31 December 2018 valuations. The eight hospitals will continue to be operated by Ramsay Health Care Limited.
Jul-19	Vivaneo (Waterland)	IVF	The Fertility Partnership (Impillo)	u/d	-	-	-	-	M&A	VivaNeo is one of the leading European providers of fertility services with 9 clinics supported by five satellite clinics across Germany, Austria, Denmark and the Netherlands employing ~300 people and generating around €10m ebitda and €50m revenue delivering ~14,000 cycles annually to 25,000 patients. The combined group will deliver superior patient experience across 19 clinics in 6 counties and deliver ~24,000 cycles and €110m revenues.
Apr-19	CARE Fertility (Bowmark)	IVF	Silverfleet	u/d	-	-	-	-	M&A	CARE operates nine CARE branded clinics and 13 satellite facilities across the UK and the Republic of Ireland with the success rates amongst highest across the UK. It is Silverfleet's ninth investment from its current fund.
Apr-19	Dental Care Group (Founders)	Dentistry	G Square Healthcare	u/d	-	-	-	-	M&A	The deal (a clinician-led dentistry business with 21 practices in the East and South East of England) represents the first investment by G Square's third fund, G Square Capital III. The founders will retain a significant shareholding and will continue to manage the business, which provides a range of NHS and private dental services. DCG is its fourth investment in the UK, where it holds stakes in education and children's residential services provider Keys Group, care and support firm Accomplish (formerly Tracscare) and Pharmacy2U.
Other Transactions										
Jan-20	Framwellgate Dental Surgery	Dentistry	Riverdale Healthcare (Apposite Capital)	u/d	-	-	-	-	M&A	This acquisition further expands the company's presence in the North East, where it currently operates 18 dental practices. This particular surgery is also a foundation training centre providing Riverdale with training capabilities in a market where the shortage of qualified dentists remains a key issue.
Dec-19	15 dental practices	Dentistry	Dental Partners (August Equity)	u/d	-	-	-	-	M&A	This acquisition takes the company's portfolio to 56, which includes a variety of NHS/private mixed and private practices.
Dec-19	Eston Dental Practice	Dentistry	Riverdale Healthcare (Apposite Capital)	u/d	-	-	-	-	M&A	The practice, which was owned by father and son team Asif and Shabir Hussain for over 30 years, has nine treatment rooms delivering both NHS and private dental care.
Dec-19	Christchurch Group	Specialist care	Montreux Healthcare Fund	u/d	-	-	-	-	M&A	The Montreux Healthcare Fund already has a significant presence in the specialist care market through its stake in Active Care Group, which comprises various companies specialising in care and support for adults and children with various injuries and disabilities.
Sep-19	Dental Care Centre, Glen Maye Dental Practice and Wickersley Dental & Implant Centre	Dentistry	Dental Partners (August Equity)	u/d	-	-	-	-	Property	Dental Partners has grown rapidly since 2017 and the latest acquisitions take the company's portfolio to 42 practices. With a further 23 in due diligence, the total is expected to rise to 60 by the year end. Despite recruitment issues and the potential disruption of a new dental contract, there has been increased activity in the dental sector over the past two years as investors and trade buyers look to consolidate the fragmented market.
Sep-19	Maitland Medical	Private acute hospitals/ Primary Care	The Doctors Clinic Group	u/d	-	-	-	-	M&A	This acquisition fits in with DCG's nationwide expansion strategy, allowing it to offer additional services such as absence management and 'fitness for task' medicals. Maitland Medical will continue to trade as a separate brand. DCG has embarked on an aggressive expansion strategy since its launch in 2014 and now has 15 clinics in London.

NOTES INCLUDES TRANSACTIONS OVER £10M

Decline in NHS income impacts Horder

Continued reductions in NHS referrals have forced down income at orthopaedic charity Horder Healthcare for a second year.

The charity, which operates the Horder Centre, McIndoe Centre and Horder MSK Ltd, reported a 2.4% fall in revenue to £29.2m for the year ended 30 June 2019 as the overall number of procedures carried out at its specialist centres declined by 6% to 6,874.

The charity said ongoing financial pressure in the NHS along with the relaxation of waiting times targets and growth in the number of procedures deemed to be of limited clinical value had impacted NHS commissioning. NHS income reduced by £2.7m at its flagship Horder Centre site, representing roughly 16% of the centre's total income.

However, while the overall position was disappointing, the charity said significant improvements had been achieved at both the Horder Centre and the McIndoe Centre, which it acquired in 2015. Despite the loss of NHS income, the Horder Centre moved from a trading deficit of £1.2m to close to break-even with a deficit of £138,000. The McIndoe Centre racked up a deficit of £1.1m but this was better than the £1.6m budgeted for under Horder Healthcare's financial recovery plan, launched last year.

After three successive years of significant cost inflation, the charity also managed to rein in its spending. Excluding exceptional items, expenditure was down from £31.5m in 2018 to £30.4m this time around. Including exceptional costs of £4.1m in 2018, the result was a 77% reduction in net deficit to £1.3m.

The charity which operates the Horder Centre reported a 2.4% fall in revenue

'The improved position at each site was driven by a combination of growth and cost control,' said the charity. 'Private patient income at The Horder Centre increased by 26% on 2017/18 levels, reflecting the increased organisational focus in this area and the growing self-pay market. By contrast, growth at the McIndoe Centre was driven by a mixture of increased levels of NHS income in support of the neighbouring Queen Victoria Hospital, and steady growth in private patient activity resulting from strategic investments in 2017/18.'

The charity also over-delivered on its financial recovery plan – making savings of £1.6m against the £1.04m budgeted for as part of the five-year plan, which is now in its second year.

Looking ahead, Horder Healthcare said its priorities were to return all areas of the business to financial balance, focus on safety and sustainability and continued growth in private patient income.

At the year-end, the organisation had total funds of £63.9m (2017: £65.2m).

Acquisitions fuel top-line growth at Westfield

Acquisitions bolstered results for health cash plan provider Westfield Contributory Health Scheme in the year ended 31 March 2019.

The group, which acquired Bolton and District Hospital Saturday Council and The Working Health Company Ltd in 2017, reported a 7% increase in gross earned premiums to £61.2m after the inclusion of 12 months trading from the two businesses.

Net earned premiums after reinsurance ceded and third party underwriting costs increased by 7% to £58.3m. However, this was accompanied by an increase in claims incurred from £41.5m to £44.4m, resulting in a 9.5% rise in the gross balance on the technical account to £13.9m. During the year, the claims ratio fell slightly from 74.3% to 73.8%, excluding additional benefits provided to policyholders through third parties.

After net operating expenses of £16.4m (2018: £15.3m) and a revaluation gain of £70,000 on land and buildings, the company reported a deficit on the technical account of £2.4m against a deficit of £1.8m in 2018.

The non-technical account was boosted by investment income of £3.9m (2018: £3.4m). Unrealised losses on investments of £1.5m along with other charges of £2.8m lessened the overall impact but the balance on the non-technical account was much improved at £630,000 compared to a loss of £300,000 the previous year.

The not-for-profit organisation previously announced plans to diversify into broader health and wellbeing products and in January this year entered into a strategic partnership with EXOS – a global leader in workplace health and human performance – to launch a new product, Wellbeing Journey.

The product takes inspiration from the elite sports methodology of marginal gains, where small sustainable changes have a positive cumulative effect on health and wellbeing. The digital wellbeing platform has personalised content which is accessible by employees on multiple devices and focused around the four pillars of mindset, nutrition, movement and recovery.

Looking ahead, the company said it would continue to consolidate its position in the insurance market while offering customers relevant and fairly priced products.

'We will diversify further in the health and wellbeing market, working closely with the strategic partnerships now in place,' said the directors. 'Our future developments are likely to include both organic and inorganic growth as we look to expand the portfolio of products that we offer as well as increase the number of customers and communities in which we make a healthy difference.'

3fivetwo Medical reaps rewards from private pay focus

Northern Ireland's largest private healthcare provider 3fivetwo Medical Group has said its renewed focus on private patient income delivered 'substantial' EBITDA improvement last year.

The company, which operates a number of clinics and the Kingsbridge private hospital in Belfast as well as the Cosmetech cosmetic surgery business, saw income plummet by 35% between 2014 and 2018 after Northern Ireland's Health and Social Care Board ordered trusts to pause private sector referrals in a bid to save money.

Although the measures were subsequently lifted, the group decided to change its strategic direction by rebalancing the business in a way that reduced its reliance on public sector income. At the same time, the country's waiting lists have spiralled, fuelling increased interest in private sector provision.

The results have been impressive. Turnover jumped almost 35% to £34.8m in the year to March 2019. Cost of sales rose by the same proportion to £23.4m while administrative expenses came in at £11.7m against £10.2m the previous year, leading to a much reduced operating loss of £180,000 (2018: £1.7m). EBITDA came in at £1.2m compared to a loss of £371,000 in 2018.

Northern Ireland's largest private hospital has benefitted from increased private pay as waiting lists rise

After exceptional losses on reorganisation of £245,000 and other expenses, the company reported a pre-tax loss of £780,000 against a loss of £2m in 2018.

Schoen Clinic makes an impact in London

Schoen Clinic London has said it is anticipating volume increases of around 5% to 6% a year as it announced solid results for the first four months of trading at its Wigmore Street site.

The German-owned business, which opened in August 2018, reported turnover of £4.3m for the four months ended 31 December 2018.

The 'super specialised' orthopaedic hospital was very much in start-up mode during the period and administrative and personnel costs during the construction phase pushed the company into pre-tax losses of £16.2m in 2018 (2017: £7.2m). EBITDA losses came in at £13.2m against £6.7m in 2017 and, together with losses carried forward from the previous year, the company reported net liabilities of £21.5m at the year end.

However, the business has ramped up rapidly and annualised revenue of c.£13m in the first year of trading puts the new market entrant on a sound footing in the increasingly competitive central London private hospital market.

Patient volumes have continued to increase in the current year, particularly in the last quarter when they have risen by 20% month-on-month.

'New entrants over the next several years will add further pressure to an already competitive market, however are not viewed as substantial risks to the company' said the directors. 'Schoen Clinic London has sought to differentiate itself through a mix of outstanding operational initiatives, an employed consultant model and dedication and transparency of quality and patient outcomes. Schoen Clinic was also the first to disrupt a crowded, yet long-standing central London private healthcare market.'

Looking ahead, the company said it would continue to focus on its growth potential, including options for further selective acquisitions and new build facilities.

IntraHealth profits plummet

Contract cessations and increased NHS property service charges have driven down profits at GP and primary care specialist IntraHealth Ltd.

Revenue dipped 4% to £23.3m following the conclusion of eight Alternative Provider Medical Services (APMS) contracts, which were retendered during the year at rates 'significantly below historic funding levels'.

IntraHealth said continuing the contracts would have posed 'too great a threat' to its financial stability and it decided to conclude them, effectively ending its GP presence in the Midlands and the north west.

'We are now focusing on growing our evergreen GP contract portfolio in a more focused geography of the North East, where there is greater potential for synergies and resilience support. Pleasingly, we ended the year by completing the acquisition of two new GMS contracts with a combined list of around 11,000 patients in County Durham. As a result, our registered list was 62,300 patients at the end of the year,' said the company.

GP practice services is by far the biggest of IntraHealth's four divisions, representing 59% of turnover in the year ended 31 March 2019.

Despite a reduction in direct costs following discontinuation of the APMS contracts, administrative expenses climbed from £2.7m to £3.3m, partly due to the rise in NHS service charges.

Operating profit plummeted by 66% as a result and the company hinted at further pressure going forward as it continued to rebalance its GP contract book away from APMS and towards more evergreen GMS contracts.

UK M&A activity reaches five-year high

Corporate activity in the UK consumer healthcare space reached a five year high in 2019, according to global mid-market investment banking firm Alantra.

Despite unprecedented political and economic uncertainty, international investors have flocked to private pay consumer healthcare assets as they seek to recreate recent consolidation in the dentistry and veterinary markets.

Indeed, according to Alantra, international strategic buyers have actively looked to offset high valuation multiples by taking advantage of the UK's political situation and the weak pound.

Niche areas with a high proportion of private pay versus public funding were the primary focus of corporate activity during the year. The relatively immature cosmetics and dermatology market was one of the biggest beneficiaries of increased investor appetite with six deals completed during the year. The fertility market also attracted heightened interest, with five deals.

Meanwhile, the roll-up of the dentistry market continued and smaller transactions took place in the opticians, physiotherapy and veterinary sectors.

Overall, 26 M&A transactions completed in 2019 compared to just 16 in the whole of 2018.

Private equity investors played a major role in the market, with TriSpan leading consolidation through its acquisition of sk:n clinics from Graphite Capital. The follow-on acquisitions of Destination Skin, Skin Health Spa and The Harley Medical Group increased the size of the combined group to a nationwide network of over 85 clinics. In March, BlueGem-backed cosmetic surgery provider, The Private Clinic, made its fourth acquisition in The Cosmetic Skin Clinic and more recently, Bowmark completed the sale of CARE Fertility to pan-European private equity investor Silverfleet.

Bobby Fletcher, director at Alantra, said: 'M&A volumes in consumer healthcare services are up over 60% so far this year compared to the whole of 2018. In this attractive market, we are seeing strategic and institutional investors competing for the best businesses. This is creating opportunities for owners and management teams to secure the financial backing they need to fulfil their objectives.

'The global obsession with health, wellness and beauty is driving growth in related sub-sectors, with consumers taking an increasingly proactive approach to their mental and physical wellbeing. Despite concerns about the sustainability of broader discretionary consumer spending in the UK, Alantra expects the wellness and consumer healthcare space to remain stable in the face of economic headwinds.'

LaingBuisson
Healthcare intelligence

Company results round up

A summary of latest results available in the healthcare sector, revenues over £1m

Organisation	Year end	Revenue £m	%Δ	EBITDA(R) £000s	%Δ	EBITDAR Margin	PBT £000s	%Δ	Net Debt [1] £000s
At Medics	2019	41.4	13%	8,246.0	15.0%	20.0%	8,064.0	14.0%	(6,302.0)
Centra Group	2019	10.3	(21)%	(1,218.0)	(208.0%)	(11.8%)	(1,025.0)	(145.0%)	25.0
Cygnet Behavioural Health	2018	68.0	3%	7,272.0	32.0%	11.0%	(23,734.0)	3.0%	(8,016.0)
Devon Doctors	2019	36.6	15%	(516.0)	(199.0%)	(1.0%)	(778.0)	(589.0%)	(727.0)
DMC Healthcare	2019	12.8	19%	810.0	22.0%	6.0%	772.0	23.0%	(879.0)
Equilibrium Healthcare	2019	2.9	(13)%	(327.4)	(172.0%)	(11.0%)	(686.0)	(156.0%)	(11,471.0)
HMCA (Hospital & Medical Care Association)	2019	5.7	4%	1,778.0	33.0%	31.0%	1,931.0	54.0%	(6,038.0)
Horder Healthcare	2019	28.9	(2)%	189.0	124.0%	1.0%	(1,331.0)	(77.0%)	(7,339.0)
ID Medical Group	2019	126.9	(14)%	1,777.0	(6.0%)	1.0%	1,127.0	38.0%	(487.5)
Integral Medical Holdings	2019	39.2	5%	(2,682.1)	(216.0%)	(7.0%)	(6,633.0)	(169.0%)	20,191.0
Intrahealth	2019	23.3	(4)%	685.0	(66.0%)	3.0%	279.0	(75.0%)	3,045.0
John Munroe Group	2019	10.3	0%	1,852.0	(6.0%)	18.0%	1,463.0	(5.0%)	6,132.6
South Doc Services	2019	8.1	25%	1,665.0	(38.0%)	21.0%	1,656.0	73.0%	(7,173.0)
The Private Clinic Group	2019	18.5	4%	769.7	173.0%	4.2%	(2,002.0)	17.0%	15,427.0
Voyage Specialist Healthcare	2019	3.5	(3)%	(205.0)	29.0%	(6.0%)	(310.0)	34.0%	(12.0)
Westfield Contributory Health Scheme	2019	61.2	7%	(938.0)	(19.0%)	(2.0%)	(2,332.0)	9.0%	(3,477.0)

NOTES 1 NET DEBT (INTEREST BEARING DEBT + FINANCIAL LEASES) - CASH
% IN ( ) DENOTES DECREASE NET DEBT IN () DENOTES CASH Δ CHANGE FROM PREVIOUS YEAR N/A NOT AVAILABLE N/M NOT MEANINGFUL
SOURCE LAINGBUISSON DATABASE

KIMS Hospital buys diagnostics centre from HCA

Kent-based KIMS Hospital has expanded its presence in the west of the county with the acquisition of Sevenoaks Medical Centre from HCA for an undisclosed sum.

The centre, which is on London Road a 35-minute drive from KIMS' existing site, will re-open under the KIMS brand in early February following remedial building works and internal improvements.

It will house 16 consulting rooms and offer a range of diagnostics services including MRI, CT, mammography and X-ray, as well as private GP and physiotherapy services.

Specialities will include orthopaedics, cardiology, breast care services, gynaecology and women's health, general surgery, cosmetic and plastic surgery. Patients requiring further treatment can be referred directly into KIMS existing site in Maidstone.

'This gives patients in west Kent the choice of accessing healthcare within the county as an alternative to having to travel into London,' said KIMS Hospital CEO Simon James.

Opened in 2014, the £95m hospital was the brainchild of Dr Phyllis Holt and Franz Dickmann, who had previously set up the Cardio Thoracic Consortium Ltd to provide cardiology services to patients across Kent.

The idea was to establish a large, tertiary facility for private patients in Kent and surrounding counties who would otherwise have had to travel to London for complex treatment.

Despite a slow start, hampered by a lack of NHS referrals in its early days, activity at the 72-bed hospital has ramped up in recent years, with volume growth reported across all payor groups.

A spokesperson for the hospital told *HM* the additional diagnostic capacity at the Sevenoaks site would enable it to provide more services for the local population at a time when it was seeing increasing demand from self-funding and insured patients.


Simon James, CEO, KIMS Hospital

'For people who live in Sevenoaks and the surrounding areas, this means they can choose to see a consultant and be diagnosed close to where they live. The centre is very accessible, opposite Sevenoaks railway station and with easy access from the A21, M20 and M25,' said James.

However, he added that the hospital, which is the largest independent facility in Kent, would continue to work collaboratively within the local healthcare economy to provide services for both NHS funded and private patients.

'It is no secret that across the country NHS hospitals remain under significant pressure and it therefore remains imperative that the state and independent healthcare sectors work in partnership to provide choice to patients and reduce pressure on NHS facilities,' he said.

Riverdale acquisitions

Apposite Capital-backed dentistry group Riverdale Healthcare has acquired Framwellgate Dental Surgery in Durham City for an undisclosed sum.

The move further expands the company's presence in the north east, where it currently operates 18 dental practices delivering both NHS and private dental care.

As well as dental services provision, Framwellgate Dental Surgery is a foundation training centre providing Riverdale with training capabilities in a market where the shortage of qualified dentists remains a key issue.

Riverdale Healthcare chief investment officer Chris Aylward said: 'We are really excited to have the team at Framwellgate join our group. [It is] a great dental practice with a fantastic team of professionals who share the same passion and commitment as we do. We are really looking forward to supporting the team in developing their patient focused dental service.'

Apposite Capital made a 'substantial investment' in Riverdale at the start of 2019 to help fund its acquisition of Alpha Vitality Group. Led by CEO Mark Seekings, the company has made a series of selective acquisitions over the past year, all in the north east of England.

Dental Partners expands

August Equity-backed dental group Dental Partners is continuing to expand with its latest acquisition of 15 dental practices over the last three months.

'This is a real milestone for us to have grown to over 50 practices,' said Neil Lloyd, chief executive officer of Dental Partners. 'We continue our successful growth strategy of controlled practice acquisitions and organic revenue growth, primarily through increasing private treatment income,' he added.

This acquisition takes the company's portfolio to 56, which includes a variety of NHS/private mixed and private practices.

The 15 practices add to existing clusters in the north west, south Yorkshire, east Midlands and the south. They include Ravat & Ray Dental Care, Dental Partners' largest purchase to-date, in the north west of England which has nine NHS/private mixed practices.

Dental Partners has agreements with a number of vendors and expects to welcome a further eight practices to its network before the end of this month.

Inbrief

Mayo Clinic
The Saudi German Hospital in Riyadh has partnered with US non-profit organisation Mayo Clinic to provide healthcare services in Saudi Arabia. Critical cases will now be reviewed with Mayo Clinic doctors and patients can obtain treatment without having to travel abroad.

Fresenius Kabi
Fresenius Kabi, the German group's blood transfusion business, has opened a €30m (US$33m) expansion of the company's production site in Haina, just outside the Dominican Republic's capital and biggest city, Santo Domingo.

Symphony
London listed strategic investment company Symphony International has sold down its stake in IHH Healthcare, Asia's largest healthcare company at a profit.

MedEuropa
MedEuropa has acquired the radiotherapy centre Centre Catalan d'Oncologie in Perpignan. Investment house Ardian provided the loan to support the acquisition which also includes a committed acquisition facility to finance future build-ups.

Private equity fund
Baring Private Equity Asia has closed its seventh private equity fund – The Baring Asia Private Equity Fund VII – at a hard cap of US$6.5bn. The fund will focus on mid- and large-cap buyouts across the Asia-Pacific region and targets will include healthcare.

Pressure continues on NMC Health

Dubai's Emirates NBD Bank has sold a 1.04% stake in troubled GCC private healthcare operator NMC Health for £27.05m (US$35.55m).

The sale of 2.2 million shares at £12.50 per share came after Mohamed al-Qebaisi and Khalifa Butti al-Muhairi, two major shareholders, also launched a discounted share sale in the London-listed group.

Bookrunner for the placement was Emirates NBD Capital.

The health operator has been under pressure since US short-seller Muddy Waters posted a damning report about the company.

It said that it had 'serious doubts about the company's financial statements, including its asset values, cash balance, reported profits, and reported debt levels'.

The brutal report added that the company had 'deliberately understated' its debt by around US$320m.

Since then, NMC shares have fallen by around 40%.

NMC Health shares have fallen by around 40%

NMC Health has rejected the report entirely calling it 'unfounded, baseless and misleading, containing many errors of fact'.

In early January, the company announced an independent third-party review into the claims and in mid-January, it hired former FBI director Louis Freeh to review the Muddy Waters allegations.

The members of the third-party review committee, which will be chaired by Jonathan Bomford, are Tarek Alnabulsi, Lord Clanwilliam and Salma Hareb.

In a statement to the London Stock Exchange. NMC said: 'The review will focus initially on confirmation of the group's cash balances as at 15 December 2019 and this will be published as soon as possible. The remainder of the Review is expected to be completed, and its findings published, well in advance of the finalisation and announcement of the company's 2019 full-year results.'

Viranna steps down at Life Healthcare

Shrey Viranna has stepped down as group chief executive officer of Life Healthcare, the second largest private hospital operator in South Africa, with immediate effect.

In a statement the company said that Viranna is emigrating to Australia for personal and family reasons.

Current group chief financial officer Pieter van der Westhuizen has been appointed acting group CEO, with immediate effect. He will also retain his role as CFO.

He has been with Life Healthcare for 20 years, the last five as group CFO.

Viranna will remain with the company as a special advisor until 29 February to provide continuity and to ensure a smooth and managed transition.


Shrey Viranna, former-CEO, Life Healthcare, who is emigrating to Australia

'On behalf of the board, and the company, I thank Shrey for his invaluable contribution to Life Healthcare and wish him all the very best in his future endeavours as he embarks on this next phase of his personal journey,' said chairman Mustaq Brey.

Bourn Hall brings in turnaround specialist


New chair of the board Sean Sullivan (left) with CEO Dr Mike Macnamee at Bourn Hall

Bourn Hall has appointed Sean Sullivan as chair of its board of directors to help steer it through the changing landscape for IVF and move into the next phase of its growth.

Sullivan has extensive experience working with the management teams of complex organisations to help them deliver new strategies. He was voted UK Turnaround Practitioner of the Year in 2014 and again in 2018 for his work in the public sector.

Bourn Hall was the world's first IVF clinic and is renowned for its expertise and innovation. It has established a strong presence across the east of England with full service fertility clinics in Cambridge, Norwich and Wickford and satellites in Colchester, Peterborough, and King's Lynn.

It operates a number of major NHS contracts for diagnosis and assisted conception, but said it expects the budget for non-life-critical treatments such as IVF will continue to be restricted.

Bourn Hall CEO Dr Mike Macnamee said: 'Successful fertility treatment is time intensive and personalised. Our ethos has always been to deliver the highest quality of patient care and to invest in research and innovation. However, there is increasing consolidation in the industry and pressure from others offering cut-price 'one size fits all' treatments.'

Commenting on his appointment, Sullivan said he believed Bourn Hall could 'outclass' competition from larger groups and the local NHS-subsidised clinic on reputation and success.

'The team has been successful both in terms of the numbers of individual self-funded patients choosing Bourn Hall and via success in winning and retaining NHS contracts, but there is an opportunity to increase the scope of its offering and market share,' he said.

'It's a competitive healthcare economy. The NHS is ever-tightening its belt. We've got work to do, there's no avoiding that, so for a variety of reasons we can't afford to slack off the pace. I am looking forward to working with the management team to achieve great things and build on Bourn Hall's world-leading reputation as a place of excellence.'

The outgoing chair is Alan Dexter, who was appointed in 2014 after Bourn Hall was successful in fundraising to expand its network of clinics.

Sensyne appoints Keogh

Sir Bruce Keogh has been appointed independent non-executive chair of clinical AI company Sensyne Health plc.

Sir Bruce, who was previously an independent non-executive director of the company, which is headed up by former science minister Lord Drayson, is chair of Birmingham Women's and Children's NHS Foundation Trust.

He previously served as NHS medical director and director general in the Department of Health from November 2007 to March 2013. Following the 2012 health service reforms, he was appointed national medical director of NHS England from April 2013 to January 2018.


Sir Bruce Keogh, non-executive chair, Sensyne Health

The company also announced that Annalisa Jenkins and Andrew Gilbert have stepped down from the Board. As a result of the changes, Mary Hardy has been appointed as senior independent director and chair of the nomination committee.

New CEO at Doctorlink

Virtual health platform Doctorlink has announced the appointment of Rupert Spiegelberg as its new chief executive officer.

Spiegelberg succeeds former Doctorlink CEO and founder Andrew Gardner, who will remain as a special advisor to the Board.

In his new role, Spiegelberg said he would set out to build on the success in the NHS by taking the Doctorlink platform global, to public and private healthcare providers around the world.

The company has a growing business in the US with clients such as Kaiser Permanente and WebMD and has a public private telehealth pilot launching in Europe early this year.

Spiegelberg joins Doctorlink from Munich-based AI-powered digital identity company IDNow, where he spent more than two years as CEO. He was also chief executive of Investis Inc in New York for two and a half years, a global SaaS communications platform.


Rupert Spiegelberg, chief executive officer, Doctorlink


Knight Frank
Committed.
At Knight Frank we are prepared to rise to every challenge for our healthcare clients.
We act for almost every major provider and investor in the healthcare sector because we consistently exceed expectations.
We annually advise on circa £12BN of healthcare assets, giving us an outstanding visibility of the market.
Contact
Julian Evans FRICS
Head of Healthcare
T: +44 20 7861 1147
E: julian.evans@knightfrank.com
knightfrank.co.uk