It's all in the name
The Howard de Walden Estate has embarked on a new strategy to grow the Harley Street brand

Talking point
Bupa Cromwell's Philip Luce talks about London's place in global health

Overseas potential
Are NHS PPUs winning the race to attract medical tourists?

August/September 2017 | Volume 21 | Issue 7

HealthcareMarkets

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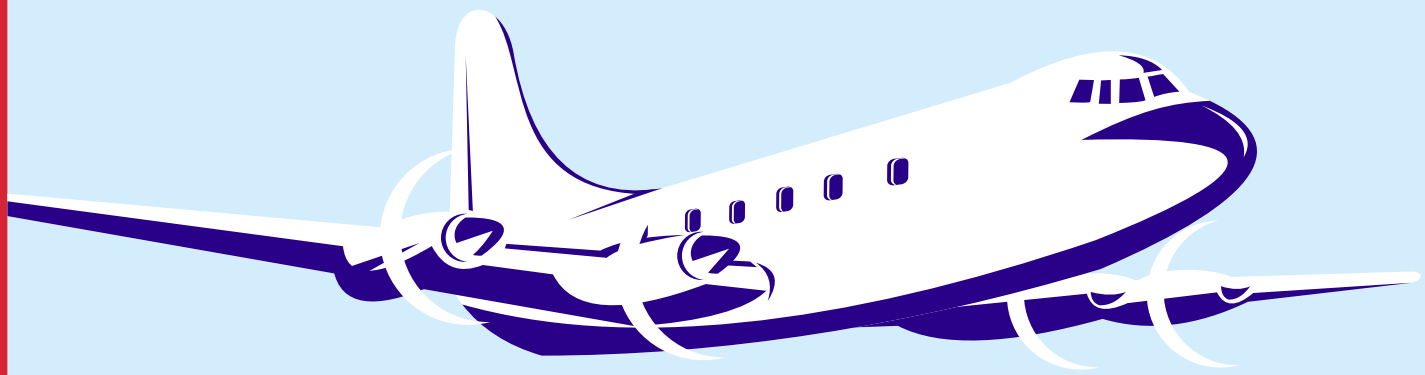
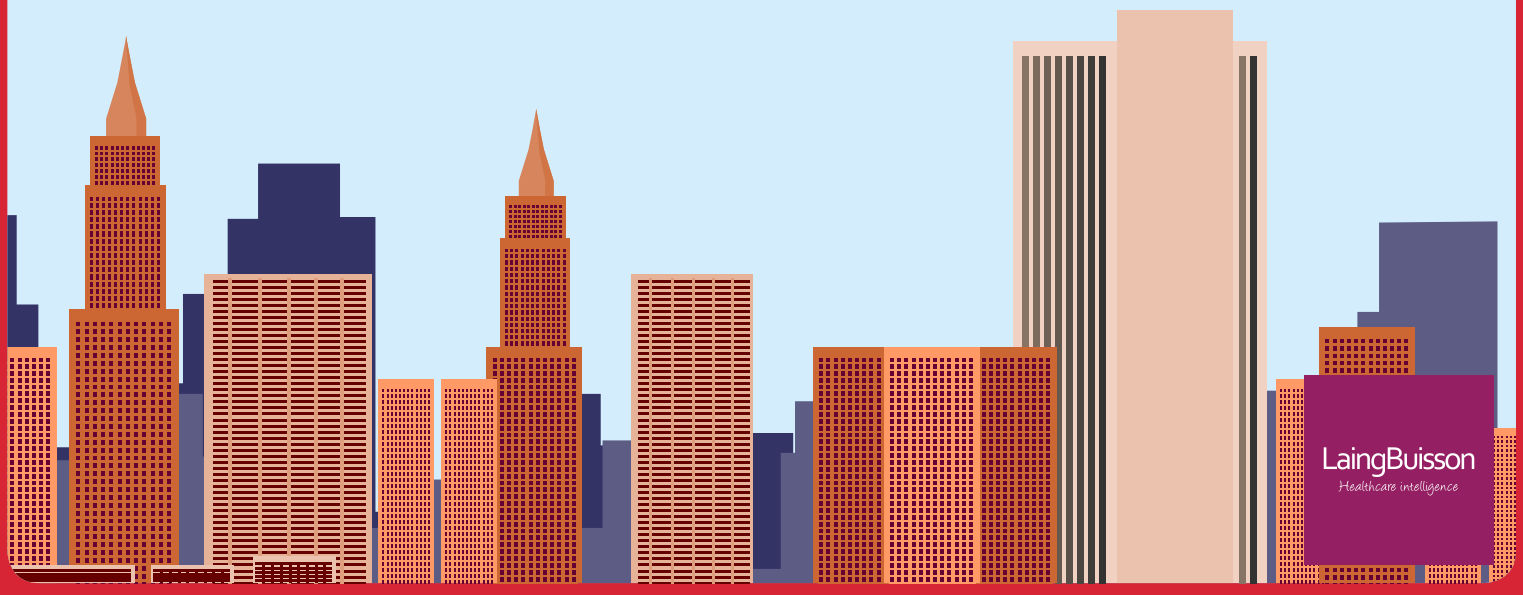
In focus

Flight into health

Global competition for international patients is hotting up but has the UK become complacent about medical tourism?





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Competition in the medical tourism market is intensifying as some patients stay at home and others seek new pastures in alternative destinations, so can central London stay in the running for international patients? We talk to Philip Luce, director at Bupa Cromwell Hospital about the changing face of medical tourism (*Inconversation* p16) while Keith Pollard looks at how other countries are raising their game (*Infocus* p20).

Plus, we find out how Harley Street is marketing itself as a global healthcare brand (*Infocus* p22) and explore why NHS PPUs are managing to maintain international patient numbers where other providers have reported a decline (*Infocus* p24).

> WE'VE GOT THE LIKES OF THE CLEVELAND CLINIC AND SCHOEN CLINIC COMING TO LONDON SO THERE IS NO DOUBT THAT THE MARKET IS BECOMING FAR MORE COMPETITIVE
>
> Philip Luce, p16

The global village

Can central London's private hospitals continue to hold their own in the increasingly competitive market for international patients?

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Regulars

"We are very quick to adopt new techniques and new technologies in London."

Philip Luce

This month...

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

The latest drop in the value of Sterling could not have come at a worse time for most of us. Anyone travelling almost anywhere this summer will have felt the pinch as they handed over their pounds in return for far fewer dollars, euros and bahts than last year.

This might be bad news for British holidaymakers in search of sunnier climes, but for overseas tourists the UK has become a more financially attractive destination since the vote to leave the EU. And anecdotal evidence suggests that London's medical tourism industry is starting to feel the Brexit benefit.

Hospitals and clinics in central London have been reporting an increase in international patient demand over the summer as Sterling continues to weaken.

Medical tourists from the UAE are currently benefiting from a 19% drop in the pound against the Emirati dirham compared with two years ago, making medical treatment in the capital far more affordable. And a return to growth in the Middle East patient market could prove a silver lining in these steely British skies.

COMMUNITY

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The Howard de Walden Estate has embarked on a new strategy to promote the Harley Street brand, p22


Octopus Healthcare's Mike Adams says good leadership is about people, p28

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CQC slams independent mental health providers for 'locked rehab'

A far-reaching report on the state of mental health services in England published by the Care Quality Commission (CQC) has raised concerns over the use of locked rehabilitation wards in the independent sector.

The healthcare watchdog said that although quality on locked rehabilitation wards was on a par with other types of ward provision for working age adults, it was questionable whether locked rehabilitation provided a suitable model of care for services in the 21st century.

'We think it possible that a significant number of patients in locked rehabilitation wards have the capacity to live in a setting of lower dependency and with fewer restrictions – provided there was suitable accommodation and intensive community support available in their local area to meet their needs,' said the report.

According to figures compiled by the CQC, more than two-thirds of the 3,587 locked rehabilitation beds for adults are in independent sector mental health facilities.

Beds on locked wards account for 73% of the total 4,936 rehabilitation beds for adults across both the NHS and independent sector.

However, 87% of rehabilitation beds in the independent sector are on a locked wards compared to 54% in the NHS.

The CQC highlighted a number of concerns in the provision of rehabilitation wards and other services for working age adults, including the age and suitability of some buildings; the use of physical restraint and other restrictive interventions; patients being accommodated a long way from home and long stay lengths, which it said bordered on 'institutionalisation'.

The far-reaching report is based on CQC inspections of 54 NHS trusts and 221 independent services delivered by 87 separate providers, covering 68% of core mental health services.

The CQC said that despite many examples of excellent care across both the NHS and independent mental health sector, considerable quality variation remained and 'a substantial minority' of services needed to improve.

Overall, performance for core services, such as child and adolescent mental health wards, adult acute and rehabilitation services and forensic secure wards, was similar for NHS trusts and independent sector providers.

A quarter of all NHS core services and 23% of independent sector services required improvement.

In addition, a small number were rated as inadequate: seven (1%) in NHS trusts and three (1%) in the independent sector.

However, there was wide variation in quality between different types of service provision.

The services with the largest proportion of 'inadequate' or 'requires improvement' ratings were those for adults of working age, with 40% of acute wards and PICU failing to achieve 'good' or above. This was in stark contrast to community services for people with autism where just 11% of services required improvement or were deemed inadequate.

> SOME SERVICES REMAIN ROOTED IN THE PAST - PROVIDING CARE THAT IS OVER-RESTRICTIVE

Across all services, safety was the biggest concern. Although almost all NHS and independent sector services were rated good or outstanding for 'caring', 36% of NHS trusts and 34% of independent sector services required improvement for 'safe', with a further 4% and 5% respectively deemed to be inadequate. Acute and PICU wards had the poorest performance against the 'safe' standard, with just 28% of services rated good and 1% outstanding.

Dr Paul Lelliott, deputy chief inspector of hospitals (lead for mental health), CQC

Dr Paul Lelliott, the CQC's deputy chief inspector of hospitals (lead for mental health) said: 'The mental health sector is at a crossroads. *The Five Year Forward View for Mental Health*, published last year, along with the newly introduced waiting time standards, point the way to a future where people have easy access to high quality care close to home and are able to exercise choice.

'To achieve this vision, the sector must overcome an unprecedented set of challenges – high demand, workforce shortages, unsuitable buildings and poor clinical information systems.

'Some services remain rooted in the past – providing care that is over-restrictive and that is not tailored to each person's individual needs.

'This can leave people feeling helpless and powerless. But the best services are looking to the future by working in partnership with the people whose care they deliver, empowering their staff and looking for opportunities to work with other parts of the health and care system.'

HCA and UHB to build £65m hospital

HCA Healthcare UK and University Hospitals Birmingham NHS Foundation Trust (UHB) have announced plans to build a £65m specialist hospital for private and NHS patients on the Queen Elizabeth Hospital Birmingham campus.

The 138-bed facility is scheduled to open in 2020 and will provide complex surgical and medical procedures for cancer and cardiology patients, as well as neurology, hepatobiliary, urology, orthopaedics and stem cell transplantation. The 14,000sqm unit will also house a new radiotherapy unit and access to state-of-the-art operating theatres.

Under the deal, the hospital will provide 72 NHS beds while HCA will own and operate 66 beds for private patients.

Dr Dave Rosser, executive medical director at UHB, said: 'The new specialist hospital will provide 72 extra beds for NHS patients that the NHS is not currently able to fund. The Trust has no physical capacity in our existing hospitals to provide extra beds so this additional provision – on site – will be a huge support in managing our ever-increasing patient numbers.

'We know there are also patients who wish to have their complex procedure/condition treated in the private sector. Currently, they have to travel for this specialist provision or have their treatment in NHS facilities in the region. We therefore welcome HCA Healthcare UK's support in providing that choice for patients here in Birmingham as well as freeing up the NHS capacity currently used to treat these patients who would choose a private facility if there was one available. As a result of this group of patients being treated privately, more patients will be able to receive their complex treatment on the NHS within the Trust. The development will also provide UHB with an additional revenue stream to reinvest into NHS patient care.'

HCA Healthcare chief executive Mike Neeb said: 'This new hospital will build on [our] reputation offering a state-of-the-art new facility and expanding access to complex high quality private healthcare in the West Midlands.'

Specialist healthcare property company Prime has been contracted to develop plans for the site and will be holding sessions about the project with the local community over the coming months.

Elysium expands

Elysium Healthcare has acquired Stanley House in Herefordshire for an undisclosed sum. CEO Joy Chamberlain said the purchase forwarded the firm's ambition to deliver exceptional neurological care across the care pathway throughout England.

Liverpool proton beam centre gets green light

Proton Partners International has been granted formal planning permission to build its third oncology centre in England, in the new £1bn Paddington Village area of Knowledge Quarter Liverpool.

The £35m cancer treatment centre, known as The Rutherford Cancer Centre North West, will offer a range of cancer services, including proton beam therapy, chemotherapy, traditional radiotherapy and imaging.

It is expected that conventional treatments will be available in 2018 and proton beam therapy in 2019.

Proton Partners International chief executive Mike Moran said: 'Knowledge Quarter Liverpool is a really exciting project to be involved with. It's already proving to be a world-class destination for business, science and innovation, which sits right at the core of our values as a company.

'By building centres across the country we hope to transform the level of cancer treatment available to patients and therefore receiving planning permission is a key milestone for us. Not only will our centre bring an innovative industry to Liverpool, but it will also bring skilled job opportunities that will play a key role in boosting the local economy.'

Proton Partners International is building three other UK cancer centres in Newport, Northumberland and Reading, with further sites under consideration.

The Newport centre is now receiving referrals for chemotherapy and radiotherapy, while the proton beam therapy system undergoes installation.

Plans for Proton Partners International's Liverpool site have been approved

Medical Tourism Survey 2016

About the survey

167 organisations in 27 countries

Of which:
34% medical tourism agencies or facilitators
25% hospitals and clinics
41% other (consultancy, hotels, academic institutions, insurance providers etc.)

The current market

Top 3 destinations - **patient numbers**

Top 3 destinations - **quality and range of services**

Top 5 most common services offered for international patients and medical tourists

(% of providers offering the following services)

Dental treatment	70.7
Cosmetic/plastic surgery	59.8
Health screening	54.9
General surgery	51.2
Gastroenterology	51.2

Top 5 issues facing the medical tourism industry

Lack of international standards for measuring outcomes

Lack of awareness of medical tourism in source countries

Lack of insurance products for medical tourists

Lack of reliable information regarding quality

Lack of an international standard for patient records

The future market

Most respondents expect the market for medical tourism to grow by **5-10%** per year, in the next five years.

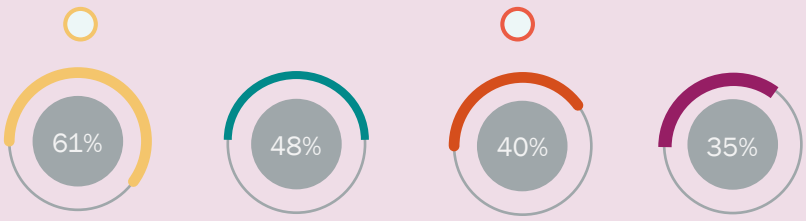
The majority of providers (**82.4%**) expect their international patient numbers to grow over the next 12 months.

CANCER TREATMENT

61% of respondents expect this area of healthcare to see the greatest increase in international patient numbers over the next five years.

STEM CELL TREATMENT

40% of respondents expect this area of healthcare to see the greatest increase in international patient numbers over the next five years.



COSMETIC & PLASTIC SURGERY

48% of respondents expect this area of healthcare to see the greatest increase in international patient numbers over the next five years.

INFERTILITY TREATMENT

35% of respondents expect this area of healthcare to see the greatest increase in international patient numbers over the next five years.

SOURCE: The International Medical Tourism Climate Survey 2016, *International Medical Travel Journal*

PMI costs outpace inflation

The cost of private medical cover continues to outpace inflation in most major economies, according to new research published by Mercer Marsh Benefits – a partnership between global professional services firms Mercer and Marsh.

Globally, the cost to corporates of providing medical cover for their employees increased by 9.7% in 2017 – almost three times the forecast inflation rate of 3.7%. However, there are signs that the cost of medical inflation is beginning to stabilise, with the 2017 figure down from a rate of 9.9% in 2016.

The figures, which are based on a survey of 220 insurers across 63 countries excluding the US, also show wide geographical variation. Portugal had one of the lowest rates of projected medical inflation in 2017 at 1.5%, just ahead of forecast inflation of 1.2%. Bulgaria, meanwhile, recorded medical inflation of 13.5% against a projected annual inflation rate of 1%. In the UK, medical costs are set to increase 6.1% against a country inflation rate of 0.8%. This compares to a European average of 6.7% and 2.6% respectively.

The main drivers of increased medical costs globally were cancer, heart disease and respiratory diseases.

John Deegan, leader of Mercer Marsh Benefits, said: 'The picture varies by geography but the most prevalent causes for increased medical spend was attributed to higher costs for medicines and technologies. Their introduction can offer new hope for better treatments but adoption introduces challenges - such as increased costs - for employers, payers, policy makers and regulators. What is clear though is that ageing workforces in many markets means that employers will continue to face cost increases. This can be overcome if companies analyse their workforce populations and provide targeted healthcare provision based on the workforce health profile.'

Petition postponed

AMII has postponed the launch of its second IPT petition due to political uncertainty. It had to close its first petition due to the Election and said it wanted to be certain in the longevity of the current government.

Cigna family dental cover

Cigna UK HealthCare Benefits has launched a customised extension of its dental plans which allows customers to add family members to their corporate dental cover.

The optional benefit includes cover for parents, parents-in-law and children and is designed to meets the needs of the 'sandwich generation', who find themselves responsible for supporting both child and adult dependants.

Cigna UK HealthCare Benefits managing director Phil Austin said: 'These responsibilities can cause financial strain and stress for the caregiver, which can have performance and productivity implications in the workplace. For this reason, it's important that employers offer services that can positively impact employee productivity and an employer's bottom-line.'

The new dental family care service offers customers the option of selecting the level of cover best suited for themselves and their families, with the level of dentist charges tailored to individuals needs.

Cover is available for small to large sized clients, on a company paid or flex salary sacrifice basis, and on all levels of cover within both of Cigna's DentaCare and OralHealth plans. Customers also benefit from immediate access to Cigna's comprehensive benefits, without the need to be underwritten.

'Good company practices which support caregivers can help employers retain qualified and valued employees,' added Austin. 'Providing expanded benefits as part of an employee benefits package is one measure that many employers are beginning to implement.'

Aviva extends low cost Essentials range

Aviva has extended its low-cost Health Essentials product to corporate clients.

Launched to individual customers in 2016, Health Essentials is intended to complement NHS care by providing low cost top up cover for selective conditions and treatments.

As part of the roll out, corporate clients now have access to top-up cover for cancer care and physiotherapy.

Cancer Essentials provides up to £100,000 towards the cost of non-NHS funded cancer drugs, a £5,000 cash sum payable on diagnosis, and access to a 24/7 GP Helpline.

Meanwhile, Physio Essentials offers employees up to five phone consultations a year with qualified physiotherapists; a personalised online programme and physiotherapy treatment if required.

Aviva UK Health medical director Dr Doug Wright said: 'We know that individuals worry about how they would cope in the future if their health suffered. Our innovative range of top-up health insurance products are designed to target customers' specific health needs, at an affordable price.


Dr Doug Wright, medical director, Aviva UK Health

'We hope that by offering the Health Essentials range to our large corporate clients, they can in turn offer additional peace of mind to their employees.'

NHS trusts and CCGs exceed financial expectations

The financial performance of local NHS organisations was better than anticipated last year, according to research released by the Healthcare Financial Management Association (HFMA).

In its latest NHS financial temperature check, the HFMA found that most provider trusts (84%) and CCGs (63%) exceeded financial forecasts in 2016/17. CCGs are expected to report a combined surplus in the region of £250m for 2016/17, compared to a £16m deficit the previous year. NHS trusts reported a deficit of £791m – an improvement on the £2.45bn deficit in 2015/16.

The improvements were partly due to larger than anticipated cash injections from the £1.8bn sustainability and transformation fund received by some trusts and the release of CCG's 1% risk reserve funds.

The report, which is based on a survey of NHS finance directors and chief financial officers from 100 NHS trusts and 73 CCGs across England, found that both CCGs and NHS trusts were continuing to seek greater efficiency gains in the current year. NHS trusts are aiming to achieve savings of 4.5% in 2017/18 through cost improvement programmes (CIPs) whilst CCGs are planning to save 3.9% via quality, improvement, productivity and prevention (QIPP) plans.

However, NHS organisations are still facing challenges such as rising agency staffing costs and many are predicting that as savings continue, the quality of care could deteriorate.

HFMA president Mark Orchard said: 'The last few years have been the most financially challenging that most of us in the NHS can remember and the challenges look set to continue. However, there are reasons to be positive. The level of efficiency savings delivered in 2016/17 by finance staff working in collaboration with their clinical and management colleagues should be applauded.

'In many ways, though, this is just the beginning. The efficiency challenge in 2017/18 is even tougher. Collectively, everyone in the NHS needs to find ways to be more resourceful, more innovative and more collaborative to address the financial challenge in front of us.'

"Collectively, everyone in the NHS needs to find ways to be more resourceful...more collaborative"

In addition to improved financial performance, NHS organisations reported that working relationships within the sustainability and transformation partnerships (STPs) improved significantly in the last six months. And half of those surveyed believe STP relationships are now strong enough to deliver cross-organisational change.

However, they remain apprehensive about the ability of STPs to successfully reduce the NHS funding gap. Some 89% of trust finance directors and 77% of CCG chief financial officers remain unconvinced that STPs can close the gap before 2021. And just 1% and 3%, respectively, believe there is enough capital to put STP plans into place.

Spire to develop £70m Milton Keynes hospital

Spire Healthcare has announced plans to develop a £70m hospital in Milton Keynes.

A formal planning application will be submitted in the autumn, but the Group said current proposals were for a 54-bed contemporary facility equipped with the latest healthcare technology capable of delivering highly complex surgical procedures.

Alongside 24 consulting rooms and a dedicated endoscopy suite, the plans include three laminar flow/laparoscopic theatres and a hybrid theatre/catheter lab; a five-bed critical care unit and a fixed MRI/CT facility.

The move is the latest expansion by the listed hospital group, which has focused on enhancing its complex care capabilities in major urban areas, including recently opened facilities in Manchester and Nottingham.

Although not a major city, Milton Keynes is centrally located with good transport links into central London, the Midlands and the north of England. Spire said this, along with a number of large corporate offices and strong population and employment growth, meant it had favourable demographics for independent healthcare.

The proposed site is in the South East of the town near Milton Keynes University Hospital NHS Foundation Trust, which in partnership with the University of Buckingham, became an NHS University Teaching Hospital in 2015.

BMI Healthcare already has a presence in the town with its 37-bed hospital, BMI The Saxon Clinic while Ramsay operates a purpose-built daycare centre, Blakelands, on its outskirts. In addition, GenesisCare has a cancer facility close to the centre.

Spire Healthcare interim chief executive Simon Gordon said: 'Our recent experience of opening hospitals in other parts of the country shows that these projects bring significant employment and economic benefits to the local community as well as much needed additional capacity to the local healthcare system. As a resident in the area for over 40 years I have seen Milton Keynes grow into an incredibly successful, diverse and vibrant place and I expect our hospital to complement the excellent services available to the local community.'

Subject to planning approval, the hospital is expected to open in early 2020.

Simon Gordon, interim CEO, Spire Healthcare

LaingBuisson
Healthcare intelligence

Major providers of mental health hospitals

Operator	Sector	MH Hospitals	MH Hospital Beds	Year End	Revenues* £m	EBITDAR* £m	EBITDAR margin %
Priory	For-Profit	62	2,588	Dec 15	571.2	151.3	26.5%
Cygnet Health Care	For-Profit	47	1,703	Dec 15	161.0	41.1	25.5%
Elysium Healthcare	For-Profit	20	923	N/A	N/A	N/A	N/A
St Andrew's Healthcare	Not-for-Profit	9	879	Dec 17	207.2	29.3	14.1%
Four Seasons Health Care	For-Profit	12	387	Dec 16	686.2	108.0	15.7%
Royal Hospital for Neuro-disability	For-Profit	1	220	Dec 16	40.7	0.0	0.0%
Inmind Healthcare	For-Profit	5	159	Dec 15	11.3	2.9	26.0%
Danshell	For-Profit	10	134	N/A	N/A	N/A	N/A
Lighthouse Healthcare[2]	For-Profit	6	132	Dec 16	23.5	4.1	17.5%
Alternative Futures	Not-for-Profit	7	128	Dec 16	60.0	(2.1)	(3.4%)
Riverside Healthcare	For-Profit	1	110	Dec 16	16.6	5.2	31.3%
Ludlow Street Healthcare	For-Profit	3	99	Dec 16	37.2	7.1	19.1%
Barchester Healthcare	For-Profit	5	99	Dec 15	535.6	156.0	29.1%
St George Healthcare	For-Profit	3	99	Dec 16	19.0	3.9	20.5%
Bramley Health	For-Profit	2	96	Dec 15	7.0	(1.4)	(19.5%)
The Retreat York	Not-for-Profit	3	93	Dec 15	11.9	(1.0)	(8.8%)
The Disabilities Trust	Not-for-Profit	3	87	Dec 16	60.9	3.1	5.0%
Florence Nightingale Hospitals	For-Profit	1	73	Dec 15	14.3	3.3	22.8%
Livewell Southwest	For-Profit	4	73	Dec 16	111.6	6.6	5.9%
Tracscare	For-Profit	1	72	Dec 16	44.5	8.1	18.3%
Mental Health Care (UK)	For-Profit	3	69	Dec 16	31.2	1.4	4.6%
St Matthews Healthcare	For-Profit	3	69	Dec 16	15.7	4.4	28.3%
Jeesal	For-Profit	1	54	March 17	6.4	0.2	3.3%
Raphael Medical Centre	For-Profit	1	50	Dec 15	12.8	0.1	0.6%
The Whitepost Health Care	For-Profit	1	50	N/A	N/A	N/A	N/A
Nouvita	For-Profit	1	49	June 16	6.9	0.7	9.6%
Sanctuary Care	For-Profit	1	45	March 16	90.0	9.8	10.9%
John Munroe	For-Profit	2	43	Jan 16	10.3	1.6	15.9%
Glenside Care	For-Profit	1	42	March 17	13.7	1.6	11.6%
Congregation of the Daughters of the Cross of Liege	Not-for-Profit	1	40	Dec 16	36.1	(6.6)	(18.3%)
Shaw healthcare	For-Profit	2	39	March 16	93.0	11.3	12.1%
Equilibrium Healthcare	For-Profit	1	37	June 16	7.5	1.8	24.1%
Christchurch	For-Profit	2	37	April 16	4.8	1.1	23.4%
Oak Tree Forest	For-Profit	2	37	N/A	N/A	N/A	N/A
NAViGO Health & Social Care CIC	For-Profit	2	34	Dec 16	26.9	0.1	0.5%
Options for Care	For-Profit	2	34	N/A	N/A	N/A	N/A
Turning Point	For-Profit	3	34	Dec 16	111.8	2.9	2.6%
CareTech Community Services[1]	For-Profit	1	30	Dec 16	5.7	1.7	29.8%
KR Health & Social Care	For-Profit	1	24	Sept 16	3.4	0.3	7.9%
Sequence Care	For-Profit	2	23	Dec 16	10.4	(0.7)	(6.8%)
Rushcliffe Care	For-Profit	1	16	Sept 15	18.1	4.0	22.4%
Optima Care	For-Profit	1	14	May 16	6.9	0.8	11.8%
Cambian	For-Profit	1	14	Dec 16	182.1	18.4	10.1%
Encompass (Dorset)	Not-for-Profit	1	13	Dec 16	6.7	0.4	5.4%
Deepdene Care	For-Profit	1	12	Dec 16	5.7	1.2	21.6%
Making Space	Not-for-Profit	1	10	Dec 16	23.6	0.4	1.8%

NOTES * UNLESS OTHERWISE SPECIFIED, REVENUE AND EBITDAR ARE REPORTED FOR THE ENTIRITY OF THE GROUP **1** PARTIAL ACCOUNTS FOR MENTAL HEALTH DIVISION **2** RECENTLY BOUGHT BY ELYSIUM HEALTHCARE
SOURCE LAINGBUISSON DATABASE

NHS Partners Network
NHS CONFEDERATION

PHM - the future for the NHS?

Population Health Management (PHM) has delivered some impressive results in countries where it has been embraced but can this highly data driven model be replicated in the NHS?


David Hare, CEO, NHS Partners Network

While it's easy to get confused (and even cynical) about the ever expanding number of initiatives touted by the NHS – vanguards, multi-specialty community providers, sustainability and transformation plans, accountable care systems - there is arguably one defining feature that all their respective successes will hinge on – the application of Population Health Management capabilities.

But while the model has been applied in much of Europe and the US over the past few years, chiefly through Accountable Care Organisations, the concept of Population Health Management (PHM) is neither widely understood nor utilised in the NHS. PHM, though encompassing an array of different definitions and meanings, is essentially a model of healthcare management which, delivered at scale, seeks to target the 'right patient' in the 'right way' at the 'right time'. The model is designed to help providers and commissioners effectively assess the populations they serve by stratifying patients into well-defined risk groups and creating different care strategies based on each group's needs. Resources are then allocated accordingly, with care pathways developed which cut across the provision of healthcare, social care and other related interventions that improve patient wellbeing. Through focussing on the provision of more patient centred and preventative care, the intention is to both improve patient outcomes and bring about a reduction in emergency admissions and unnecessary hospital activity.

While this sounds akin to what all healthcare systems set out to achieve, PHM systems have a number of key attributes. Companies running PHM models act as a 'system integrator' providing information, infrastructure and incentives to local health systems, creating a series of well-designed clinical measures that are adapted to local priorities with the ability to adjust for demographic changes and reallocate resources accordingly.

Aligning the data

Indeed, one of the most important factors in the success of the model is the alignment of health and social care data, including cost and activity data as well as clinical records. This not only helps create more transparent care pathways but most significantly allows for unwarranted variations in quality of care to be more effectively identified.

PHM also enables individual provider organisations or, alternatively, consortia consisting of several autonomous providers to work collaboratively to deliver more joined up care for defined populations and share a degree of financial risk. And clinical professionals are a key part of this with strong financial incentives in place to ensure that they are able to share in the benefits of savings they're asked to produce. Linked to this is the emphasis on long term contracts (up to 15 years) to enable the full benefits of the PHM model to be realised.

And there is much evidence that this approach works, particularly for the most high risk groups, notably those with long term conditions. Research has shown that in some PHM systems in the US, hospital admissions have been reduced by up to 30%, with demand for specialist nursing care declining by up to 20% in some areas. And in Spain, the much celebrated Alzira model of care run by Ribera Salud in Valencia has led to the average length of hospital stay being cut by 22% and a 34% reduction in the risk of hospital re-admission within three days.

A model for the NHS?

The big question is, however, whether this model can be replicated in the NHS? There is much debate within health circles around whether the current system design of the NHS (particularly the purchaser/provider split) is appropriate for new, more integrated models of care, and the NHS Partners Network has been clear that any changes in this area must be carefully considered and key system design features including provider diversity and patient choice have to be retained. But we also believe that the NHS needs to import the lessons from elsewhere which show quite clearly that care coordinated around the individual patient and underpinned by a strong technology platform can improve outcomes for citizens.

To achieve this, however, will require the NHS to reach out to operators with a solid track record in PHM and it is here that organisations in the independent sector can bring extensive experience in delivering large-scale PHM models, and a real appetite to help the NHS deliver new models of care. Going it alone and attempting to implement PHM without this level of support will simply serve to undermine the NHS's wider ambitions and risk mistakes being made that erode confidence in the model. If, however, PHM capability can be properly leveraged, the prize for NHS patients is considerable.

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The law of consent


Fiona Booth, chief executive, AIHO

Consent is a fundamental principle in healthcare and it is essential that both clinicians and hospital providers are compliant with the regulatory guidance and case law. In association with Bevan Brittan, AIHO has now produced a Key Principles document for its members

Consent is a fundamental principle. It represents an individual's right to autonomy about what is or isn't done to them, where they have the capacity to give it.

Therein lies the issue for any clinician undertaking an intervention or procedure for a patient. The legal system takes a dim view of treatment provided in the absence of consent where this should have been obtained. In the worst-case scenario, providing treatment without consent can amount to a criminal charge of assault or lead to a civil negligence action.

Effective communication is essential to the consent process and the law places a requirement on doctors to personalise information to suit individual patients.

The Supreme Court case of Montgomery v Lanarkshire Health Board in 2015 was a landmark decision for the doctor-patient relationship and the process of informed consent. It closed the gap between regulatory guidance and case law by shifting the focus of consent towards the specific needs of the patient:

Key principles

- The aim of the discussion about consent is to give the patient the information they need to make a decision about what treatment or procedure they want (if any).
- The discussion must be tailored to the individual patient. This requires time to get to know the patient well enough to understand their views and values.
- All reasonable treatment options, along with their implications, should be explained to the patient.
- Material risks for each patient should be discussed. The test of materiality is two-fold: firstly, in the circumstances of the particular case, would a reasonable person in the patient's position be likely to attach significance to the risk? And secondly, is or should the doctor reasonably be aware that the particular patient would likely attach significance to the risk in question?
- Consent should be written and recorded. If the patient has made a decision, the consent form should be signed at the end of the discussion. The signed form is part of the evidence that the discussion has taken place, but provides no meaningful information about the quality of the discussion.
- In addition to the consent form, a record of the discussion (including contemporaneous documentation of the key points of the discussion, hard copies or web links of any further information provided) should be included in the patient's case notes. This is important even if the patient chooses not to undergo treatment.

Tests and dialogue

Montgomery is now the definitive authority on how clinicians obtain valid and informed consent from a patient to a procedure or treatment. The test is now patient centred and revolves around the concept of materiality of risk for the individual.

Statistics or percentages relating to risks are a relevant (but not of themselves decisive) measure of whether a matter should be discussed with the patient. A specific risk (however small) may be of significance to a patient whose life or livelihood would be especially adversely affected if the risk materialised, for example, the threat to fertility for a childless woman, damage to the voice for a singer, or to the finger of a concert pianist.

The concept of 'therapeutic exception' will in rare cases allow a doctor to avoid disclosure if he/she decides on reasonable and reasoned grounds that the patient is so psychologically fragile or otherwise vulnerable that disclosure would present a real threat to the patient's mental health or stability.

Lack of time for adequate dialogue with the patient may seem an ever present and even insuperable problem. It must be overcome, because what is at issue is the patient's most basic and fundamental right to decide for themselves, on adequate information, whether or not to submit to proposed treatment, or which alternatives to choose.

A doctor who is not good at communicating with patients, whether because inexpert or unwilling, must recognise the fact and take steps to acquire the necessary skills.

INFOCUS

AUGUST/SEPTEMBER 2017

THE GLOBAL HEALTH RACE

Destinations across the globe are raising their game when it comes to attracting medical tourists. At the same time, some London hospitals have reported a slowdown in demand from international patients so how can the central London private hospital market ensure it stays in the running?

HM meets... Philip Luce

Think about the London international patient market and The Cromwell Hospital is probably the first name that springs to mind. **Maria Davies** talks to the hospital's new director Philip Luce about how a facility so closely associated with the Middle East is tackling the fall-out from the declining oil price and fresh competition from overseas

Bupa Cromwell Hospital has long enjoyed a solid international patient base. As well as strong links with the Middle East – it was once owned by the Abu Dhabi Royal Family – it's location in the heart of Kensington's 'embassyland' has made it a logical choice for diplomatic and consular staff requiring medical treatment. Indeed, around 40% of its patients are from overseas, including London based expats. New hospital director Philip Luce has joined at a time when not only have London's private hospitals been reporting a softening in international patient demand but are also poising themselves for fresh competition from overseas.

'The hospital has always had a large market from the Middle East, says Luce. 'But recently emerging markets such as France and Russia, which have large expat communities in the area, have become stronger for us. I think there's recognition across London that there has been a decrease overall in the number of international patients from the Middle East coming to London.'

According to Luce, the reasons for the dip are manifold. The fall in oil prices together with political manoeuvrings have certainly played their part but at the same time, the quality of healthcare facilities in places such as Dubai and Abu Dhabi has grown exponentially.

Luce may be new in post but he is by no means a stranger to the 36-year-old Cromwell. He first joined the hospital from HCA as cardiology and medical directorate manager in 2011 and went on to become its operations director before becoming director of Bupa's health and dental clinics in 2015.

'I think the oil price is having a big impact. Governments are being far more cautious about where they are spending their money. But from my experience of working in the private healthcare sector for a number of years, you do get peaks and troughs around the Middle East market,' he explains. 'There has been increased investment in healthcare in some countries – to the point where Dubai is now inviting Brits to go over there for health tourism. They've got this flow in both directions but the quality of consultants and care is exceptionally high in London so we have a very strong offering for international patients.'

> FROM MY EXPERIENCE OF WORKING IN THE PRIVATE HEALTHCARE SECTOR, YOU DO GET PEAKS AND TROUGHS AROUND THE MIDDLE EAST MARKET

Although much of the lower acuity work is now being done in the home countries rather than the UK, Luce believes London will remain a key destination for specialist high acuity and complex care.

'We are very quick to adopt new techniques and new technologies in London due to ongoing research in the NHS teaching hospitals. It may be more difficult for places like Dubai to recruit those specialist consultants who are really high quality and who do very high volumes – certainly in the early part of their careers - because they want to be involved in these clinical research and trials. Consultants also want to be speaking on the international platforms and to do that you have to be associated with a university hospital or well recognised clinical institute,' he explains.

'Certainly, here at the Cromwell, we benefit from having a lot of consultants who are active within the NHS teaching hospitals and so will be involved in research, and will be very up-to-date in new techniques and technology. That will continue to be an attractive thing about UK cities – you've got a very rich heritage in terms of university hospitals and medical research and the consultants we work with all come from that kind of background.'

Roughly 550 consultants have practising privileges at the hospital - around 200 of whom are part of the hospital's core team – and it was one of the first private facilities to put together

multi-disciplinary teams to facilitate joint working on complex cases. Luce believes this also gives the hospital a competitive advantage over facilities in the Middle East.

'If we have a complex neurological patient from the Middle East, that patient's care will be discussed by consultants from numerous hospital trusts across London and there will be expert opinions from five, ten, or even 12 consultants,' he says. 'You are unlikely to get that somewhere like Dubai. It means that we have a very high level of peer review, which will absolutely drive the highest clinical standards.'

However, he says it would be wrong to underestimate the increasing competition for international patients, particularly from the US and Germany – both of which have developed thriving medical tourism industries. Conversely though, he sees the imminent entry of two of those countries' largest players into the London market as more of a threat to the capital's incumbent private hospitals.

'We've got the like of the Cleveland Clinic and Schoen Clinic coming to London and so there is no doubt that the market is becoming far more competitive. I actually see what's happening in London as more of a challenge than what's happening internationally because there will ultimately be more choice and these hospitals are offering complex care so how you differentiate yourself in the market will become crucial over the next couple of years,' he says.

There

HM meets... Philip Luce

Hospital Director, Bupa Cromwell Hospital

Career

Director of Health and Dental Clinics, Bupa (Nov 2015 – June 2017)
Director of Operations, Bupa Cromwell (2014 - 2015)
Directorate Manager, Bupa Cromwell (2011 - 2014)
Cardiology and Respiratory Manager, HCA (2010-2011)
Principal Physiologist/Cardiology Manger, HCA (2000-2010)

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could also be an upside to these well-known international brands entering the London market.

'There will be Americans living in Europe who will be very familiar with the Cleveland brand and where they may have previously only considered going home for treatment, if they know there's a Cleveland Clinic in London they may start to look at the London private health market,' he says.

Although not something the Cromwell is currently considering, Luce also believes Schoen and the Cleveland's plans to employ consultants directly could pave the way for new ways of working that enhance outcomes.

'We're looking at lots of different ways of working with consultants in the future,' he says. 'I think the landscape is changing and I would be surprised if any of our competitors weren't looking at different ways of working with consultants going forward. As a hospital, we're more interested in working with groups of consultants who will partner with one another to deliver a consistent customer experience and consistent quality with outcomes that are measurable.'

According to Luce, putting consultant partnerships on a more formal footing would be a natural evolution of its multi-disciplinary teams.

'I think it can be quite isolating when you first start out in private practice because in the NHS you're used to having a whole team of junior doctors there to support you,' he says. 'Being part of a group can really help foster a supportive network for new consultants.'

Bupa, which acquired the Cromwell for £90m in 2008, has invested over £20m in upgrading the hospital over the last two and a half years, and work is continuing.

'It is currently replacing its PET CT scanning facility and renovating the reception area as well as building a new paediatric outpatient department and intensive care unit.

'I think it's going to be increasingly important to demonstrate really good clinical outcomes going forward, says Luce. 'But to be able to demonstrate good patient recognised outcomes as well. And by that I mean the whole customer experience and service quality element. There is an expectation of high quality service not just high quality medical care. Our patients expect something akin to what they would get from a high-end hotel or restaurant so we are working hard on that and running a programme for staff about customer engagement to provide them with the skills they need to enhance the customer experience as much as possible. And that, along with the refurbished environment, will make a real difference.'

WHAT WE DON'T WANT IS PEOPLE TRAVELLING UNNECESSARILY WHO COULD BE UNDERGOING TREATMENT LOCALLY

He also believes that as the market becomes more competitive both in London and internationally, it will become increasingly important to demonstrate good value – though not necessarily just in terms of cost.

'It's about making sure that we have the right patients coming to this hospital: patients who will really benefit from travelling to the UK to get their treatment because what we don't want is people travelling unnecessarily who could be undergoing treatment locally. For us that means focusing on core, high acuity services such as cancer, neurology, cardio-pulmonary, respiratory medicine and complex orthopaedic, he explains. 'It's also about working much more closely with the referring hospitals abroad so that patients are well triaged and that we have an end-to-end care pathway. From that very first medical report, we can be doing video conferencing consultations and all sorts of things to manage the patient's expectations so that when they arrive with us they know exactly what's going to happen, how long they are going to be here and what's the most beneficial outcome.'

As emerging destinations in the Middle East and South East Asia join in the competition for international patients, often with government backed marketing campaigns, does Luce think London should be doing more to promote itself as an international centre of medical excellence?

'The model everyone talks about is Singapore where you fly in, a representative meets you and you get taken to your hotel,' he says. 'Their medical tourism has been supported by the tourist board . I do think it's much better to work collectively and have a smaller piece of a bigger pie.

'There's an understanding that there would be a benefit to that, it's just about how it's done and politically its more challenging in the UK because we have the NHS. But I do think there is absolutely a benefit to working more collaboratively because the London private healthcare offering is world-leading but we could do more to market ourselves collectively. If you can market London cohesively as a really attractive healthcare brand in itself that's half the battle won. Getting your global self-pay audience to London is the first step, its then about how you position yourself within that market.'

And as for the Cromwell, with so much of its revenue derived from international patients, is Luce threatened by the increasingly competitive landscape?

'The Cleveland is competition and any competition will make people think about what they are doing, but as a hospital we are already very focused on delivering the best possible service and the best patient outcomes and actually what we need to do is concentrate on doing what we do really well. If we continue to do that we will continue to see the loyalty of those who are referring to us whether that's GPs or embassies and will continue to work with the best consultants,' he says.

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London's lucrative international private patient market is coming under pressure as the gulf states seek to contain the cost of medical tourism in the face of falling oil prices and competing destinations raise their game. **Keith Pollard**, managing editor of *International Medical Travel Journal* looks at the UK's place in a changing market

Changing times

For many years, the international patient market has been a rich source of income for London's private hospitals and the private patient facilities within London's teaching hospitals. Around £300-£350m of hospital revenue (Source: International Medical Travel Journal) is generated from international patients who travel to access London's expertise. That's around 25% of the income of those hospitals. But changes on both the demand and supply side are beginning to impact on London's international patient business.

Yesterday the GCC... tomorrow?

The Gulf Cooperation Council (GCC) markets have traditionally been the primary source of international income for London's hospitals through the funding of medical treatment by government or major employers in the oil rich Gulf states.

However, what is very apparent is the changing nature of the international patient (medical tourism) market in the GCC region.

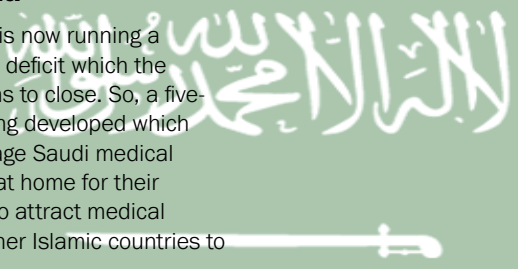
With the falling oil price, governments are under pressure to reduce costs and looking to invest in their domestic healthcare system. Compulsory health insurance schemes and major investment in local healthcare infrastructure are part of the drive to reduce government expenditure on overseas treatment of their nationals.

Three GCC markets are indicative of the trend...

Kuwait

In Kuwait, responsibility for the management of the budget for overseas treatment has been shifted. The Supreme Committee for Overseas Treatment has been closed down; the final decision on sending Kuwaiti patients for treatment abroad is being moved to special committees within Kuwaiti hospitals. The driver is to reduce expenditure on treatment abroad and to 'eliminate the financial burden caused by the supreme committee's decisions, such as granting overseas treatment privilege to undeserving citizens'. It follows a continuing trend of a reduction in the number of patients sent for overseas treatment. It is reported that the number of patients sent for overseas treatment has been reduced by 50%. In 2014, the number of patients sent to London for treatment fell to 500, down from 1,100 in 2013.

Saudi Arabia



Saudi Arabia is now running a $100bn budget deficit which the government aims to close. So, a five-year plan is being developed which aims to encourage Saudi medical tourists to stay at home for their treatment and to attract medical tourists from other Islamic countries to Saudi Arabia.

Bahrain

In 2015, the Bahrain government spent $66m on foreign care for its citizen, sending around 1,500 citizens overseas for treatment. The government covers the cost of the treatment as well as flights, hotel accommodation and spending money. In 2016, the Health Minister stated that Bahrain is intending to reduce the number of citizens sent for treatment abroad, by providing more medical services within the Kingdom. Bahrain intends to fly medical experts into the country as part of a cost-saving measure. Doctors from India, Singapore, Thailand, Germany, the UK, Belgium and the US have agreed to take part in the new scheme. And Bahrain has identified medical and health tourism as an area it wants to expand, although it is not clear on how it will do this. The government is targeting Russian investors to develop healthcare facilities for medical tourists.

Keith Pollard, managing editor, IMTJ

Create a new business model... or look elsewhere?

So, the picture in the Gulf is one of declining demand from government funded medical tourism and government ambition to increase the supply of domestic healthcare and market local services to inbound medical tourists. London's hospitals are fighting for a share of a decreasing market. To continue to generate income from these markets, some are adopting a new approach – the creation of in-country facilities, bringing London's expertise to the local market, rather than bringing patients to London. Moorfields Hospital has invested in Moorfields Eye Hospital Dubai and Moorfields Eye Hospital Centre Abu Dhabi. King's College Hospital has established an outpost in Abu Dhabi. If the patient will not come to you... then take your expertise to the patient.

Do London's hospitals need to look elsewhere to offset the decline in international patient income?

Outside of London, most private hospitals have offset the falling numbers of insured patients by attracting more patients funded by the NHS. 25% to 30% of UK private hospital income is now NHS funded. But in London, there has been little interest in the NHS patient market. Should London's hospitals follow the lead of international hospitals around the world who are looking at new, developing markets for high value outbound medical travel? Some believe that Russia and China may prove to be the solution to the declining patient numbers from the Gulf. The difficulty is that there is, as yet, little hard data on the numbers and value of international patients travelling for treatment abroad from these markets. Nevertheless, the UK's traditional competitors in the Gulf – hospitals in Germany and the US – are beginning to explore the potential of these emerging markets. German healthcare operator, Artemed Group, has announced a partnership to build a hospital in Shanghai. US based-Weill Cornell Medicine, has a similar initiative in Shanghai. VisitBerlin is targeting Chinese medical tourists with a Chinese language website.

Learning from the competition... creating a customer focus

While London's hospitals have, to some extent, relied on reputation and clinical expertise to attract international patients, emerging competitors around the world have been upping their game to establish their country's attractiveness as a destination for international patients. Lower prices have indeed been a factor, compared to those in the UK, Germany and USA. However, creating a hassle-free, 'end to end' and memorable patient experience has been key to the success of destinations such as Malaysia, South Korea and Thailand in targeting the Arabic speaking and other markets.

The private healthcare sector in the UK has been slow to adopt a true customer focus. Historically, the emphasis has been on delivering a service, albeit of a high standard and with impressive outcomes. The split of responsibility for patient care between a consultant who is 'independent' and a hospital has always been a barrier to delivering a coordinated approach to the patient experience. The model that is developing elsewhere in the world is creating a much more of an all-round experience for the international patient, often driven by government funded bodies.

In Malaysia, the Malaysia Healthcare Travel Council (MHTC) was established in 2009 to facilitate the development of the Malaysian healthcare travel industry and to support a holistic approach to the delivery of services to the medical traveller. The MHTC Concierge and Lounge in the Kuala Lumpur International Airport and Penang International Airport serve as the first points of contact for medical travellers on their arrival in Malaysia. This one stop shop approach extends throughout the patient journey, ensuring that comprehensive support is available prior to arrival, on arrival, throughout the treatment experience and most importantly once the patient has returned to their home country. In contrast, the patient journey for the international patient coming into London consists of a series of interactions with various parties, involved in providing patient care and delivering the non-clinical aspects which contribute to the overall patient journey – travel to, from and within London, accommodation, post-operative care and rehabilitation and support for relatives. It's a model that the London hospitals would do well to learn from.

As Harley Street's international patient market faces increasing competition from old rivals and new challengers, **The Howard de Walden Estate** has embarked on a strategy of investment and marketing which it says could help make the capital the world's number one medical tourism destination

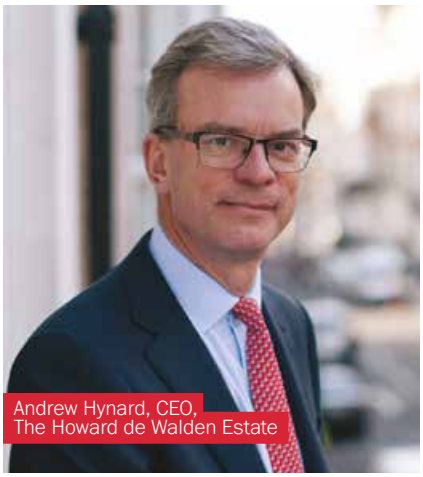
What's in a name?

Around 5,000 practitioners operating in over 250 specialties are accommodated in the Harley Street Medical Area; many of them specialising in niche areas of medicine. This high concentration along with access to advanced technology and treatments has long attracted international patients to the district.

Over the years, however, central London hospitals such as HCA and The Bupa Cromwell have reported a slowdown in the flow of international patients. The fall in the price of oil and subsequent squeeze on Gulf state economies, coupled with intense marketing activity by the US and Germany as well as emerging economies such as Malaysia and Thailand, has led to fierce competition for overseas patients.

Despite its famous name, the Harley Street Medical Area only commands a small slice of the international private patient market, estimated to be worth £100bn a year.

Over the years, various marketeers have seen the brand potential, but initiatives aimed at encouraging private hospitals and clinics in central London to work together to promote the 'Harley Street' brand have failed to gain real traction – until recently. Now, The Howard de Walden Estate, which owns and leases most of the medical properties in the quarter mile which makes up the Harley Street Medical Area, has embarked on a strategy to develop and promote the district as a world class centre for medical excellence.



Andrew Hynard, CEO, The Howard de Walden Estate

© image courtesy of The Howard de Walden Estate

Andrew Hynard, who was appointed CEO of the Estate last autumn, believes London and the UK could become the number one global medical tourism destination in the coming years.

'Patients from across the world come to us seeking out the best medical treatments because they know the clinicians working here are at the forefront of their fields and deliver outstanding patient care,' he said. 'At The Howard de Walden Estate, we are supporting our tenants in the Harley Street Medical Area to attract global patients by providing the very best facilities and amenities in the wider community of Marylebone Village and helping drive London towards being the leading global health destination of choice.'

Discrete transformation

Indeed, the Harley Street Medical Area has already been undergoing a quiet transformation as The Howard de Walden, which owns the majority of buildings within 92 acres of London's Marylebone district, applies lessons learned from the overhaul of its retail area.

The Estate's strategy over the last 20 years has been to carefully select retailers based on quality, diversity and difference and, where possible, support them by expanding the units without losing the individuality of their original Victorian and Edwardian exteriors. It is now transferring this approach to the medical district, where it has been proactive in identifying new specialisms and searching out the most respected clinicians in those fields, worldwide. As in retail, it is also investing heavily in its Estate to encourage new, high quality operators to enter the market. Optegra, Isokinetic London, The Royal Brompton and Germany's Schoen Clinic are among a new generation of 'super-specialty' healthcare providers to set up Harley Street Medical Area practices in recent years and with its £7-10m investment in Advanced Oncotherapy's new cancer clinic, the Estate is building the world's first centre for next generation proton beam therapy.

Isokinetic London managing director Michael Davison said: 'We were attracted to the Harley Street Area originally five years ago based upon the vision of Simon Baynham, The Howard de Walden Estate's property director, for the area to become a global destination for healthcare. They knew they needed to bring in some new international 'blood' and also to bring together the many world class specialists, to offer a value-driven and compelling offering to the market. Marylebone Village already offered high class shopping, dining, hotel and residential accommodation, and the repositioning of the medical, health and wellbeing offering was something we wanted to be part of. In these past five years in the newly branded Harley Street Medical Area, we have been supported heavily by The Howard de Walden Estate in the promotion of innovation and quality of services, along with a deep encouragement to share knowledge and build an integrated healthcare offering with our neighbours and colleagues. We will win for our patients by sharing and by collaboration. All focused on being seen as the world's largest hospital. In this time we have grown from zero patients to treating around 1,500 patients per year.'

A big 'ecosystem'

Lisa Stone, marketing manager for the Harley Street Medical Area at The Howard de Walden Estate explained: 'For us it's one big ecosystem. We have the hospitals and clinics and the Village too so if a patient comes over they are probably staying in local hotels and eating in local restaurants, so it's a whole ecosystem working together, and it's by design. We want visitors to the area to have the best medical care in the world surrounded by the best leisure amenities.'

Last year, The Howard de Walden Estate launched a dedicated website, Harley Street Medical Area, which acts as a directory for clinicians practising in the

area as well as hosting news and features promoting the expertise of its medical tenants.

The site aims to improve accessibility for patients from both the UK and abroad but, according to Stone, there has been a significant increase in traffic from international patients in recent months.

Earlier this year, the Estate also launched its own medical periodical, *Prognosis*, which is targeted at both patients and practitioners. Around 10,000 copies are published every six months which are then distributed to GP waiting rooms, hospitals, clinics and airport lounges.

'We are looking to change perceptions of the Harley Street Medical Area – promoting the area as a centre of medical excellence and making it more accessible for UK and international patients. We're ultimately a landlord, but we're also here to support our tenants and by pulling everyone together to promote the area, we are finding that people are working more collectively,' says Stone.

The Estate has also been active in growing its presence at international marketing events. In January, it took 22 hospitals and clinics from the area to Arab Health – the Middle East's largest medical conference and exhibition, hosted in Dubai. And, it expects to take similar numbers next year, with around 60 people on its stand.

In addition, it has been running a series of breakfast meetings for international diplomats, which to date have included delegations from Latvia, Russia, the US and, most recently, China.

Growing numbers

Despite the slowdown in the international market over the last few years, anecdotal evidence suggests that London's international private patient market may be enjoying something of a resurgence as the weakened pound makes it better value for money for overseas patients. According to Stone, tenants have been reporting an increase in global medical tourism, particularly from the UAE and China.

'China has gone from its one baby law to two babies so there is an interest in fertility services from people in their 40s wanting to have a second child,' she said. 'There is also growing interest from China in other services, such as ophthalmology.'

The Estate now wants to improve the patient experience by inviting medical concierge services to open up in the area to help patients with travel, accommodation and post-treatment services. It is also looking into the feasibility of creating a specialist hotel for patients who require ongoing attention post-discharge.

'The area is so unique, we have a high concentration of the best medical professionals in the world practising in a 'Village' surrounded by high quality shops, restaurants and accommodation. The buildings also have a homely feel and this is one of the things that impressed the recent Chinese delegation. You have these state-of-the-art medical centres in buildings which, from the outside, look like houses plus everything is on the door-step. It is amazing to think that we are in the process of putting cutting-edge proton beam technology into a listed building.'

HM

While some central London hospitals have been reporting a slowdown in their income from international patients, NHS PPUs have seen significant growth. **Ann McGauran** reports

Overseas potential

Independent hospitals in London are losing out in the competition for international patients, while the trend for NHS private patient units (PPUs) is broadly more positive. How is each setting addressing a more challenging global market, and what lies ahead?

Speakers at a recent London conference said the capital is viewed from overseas as expensive, complacent, and too fragmented as a market. They said that within the crucial Middle East, the UK is losing out to Germany, to investment by overseas operators and to changing local provision. It has also been impacted by Abu Dhabi's decision two years ago not to send patients to the UK.

Neither should the impact of Brexit uncertainties be overlooked, with the Association of Independent Healthcare Organisations (AIHO) calling for 'favourable clarification of passporting rights'.

According to LaingBuisson's report *Private Acute Medical Care in Central London - third edition*, growth in the London market overall has been below trend in the two years to 2015 (see Figure One).

Revenues from embassy patients - whose care is supported by national and corporate insurance schemes - stayed flat in calendar year 2015. The market was worth £1.43bn in terms of hospital revenues. Almost a quarter of this (23%) came from embassy patients - mainly from the Middle East/Gulf states.

Within PPUs, LaingBuisson estimates a higher proportion (32%) of total revenues from embassy patients (Figure Three).

Shifting markets

Self-pay, which is believed to account for a significant proportion of the international patient market in London, declined by 15%. It continues to be 'a changeable and shifting market for some hospitals', said the report, despite some rebound in overseas patient numbers in 2016 and the oil price returning that year in sterling terms to what it was in 2013.

However, NHS PPUs remain generally unaffected by the slowdown. PPUs grew their revenues overall by 8.1% between 2014 and 2015. According to the report, the continued strength of the PPUs 'suggests there is still demand out there'.

The main private hospitals providing care for international patients belong to HCA.

Author of the report Ted Townsend told HM that HCA 'has about 22% of patients from overseas historically but the big one is BUPA Cromwell which has about 37% and the London Clinic which has about 15%'.

HCA, which accounted for c.48% of the total market revenue, received c22% of its £689m revenue from embassy patients in calendar year 2015. While admitting that it saw what it said was a slight falling off in demand in the 12 months to this spring, it remains positive about future prospects.

Speaking to HM in March, commercial director of HCA Healthcare Andrew Coombs said that if London continues to invest in its reputation as a centre of excellence it will grow its business. The emergence globally of 'a much more sophisticated consumer' presents a good opportunity, he added.

Bupa Cromwell was understood to have been particularly impacted by the decision by Abu Dhabi to withdraw embassy patients from London.

The hospital confirmed to HM it has treated patients from Abu Dhabi in recent weeks - mainly self-pay patients but also some embassy patients. How would it seek to maximise those growth opportunities? Business development manager Laxmi Sonara said: 'The expectation is that patients can travel anywhere globally. The expectation is that the clinical standards are there already, therefore the value they are placing is on the bespoke service and what we can provide outside of the clinical setting.' She said that 'without giving any specifics' the hospital was looking at the individual needs of various international markets.

The hospital's operations director Andy Fairweather told HM he's 'still convinced we are an international hospital and looking to grow and expand that whether by existing channels or new ones'. Overall, the number of embassy patients from all countries that it treats has 'certainly come down gradually in 2016 and then into this year'.

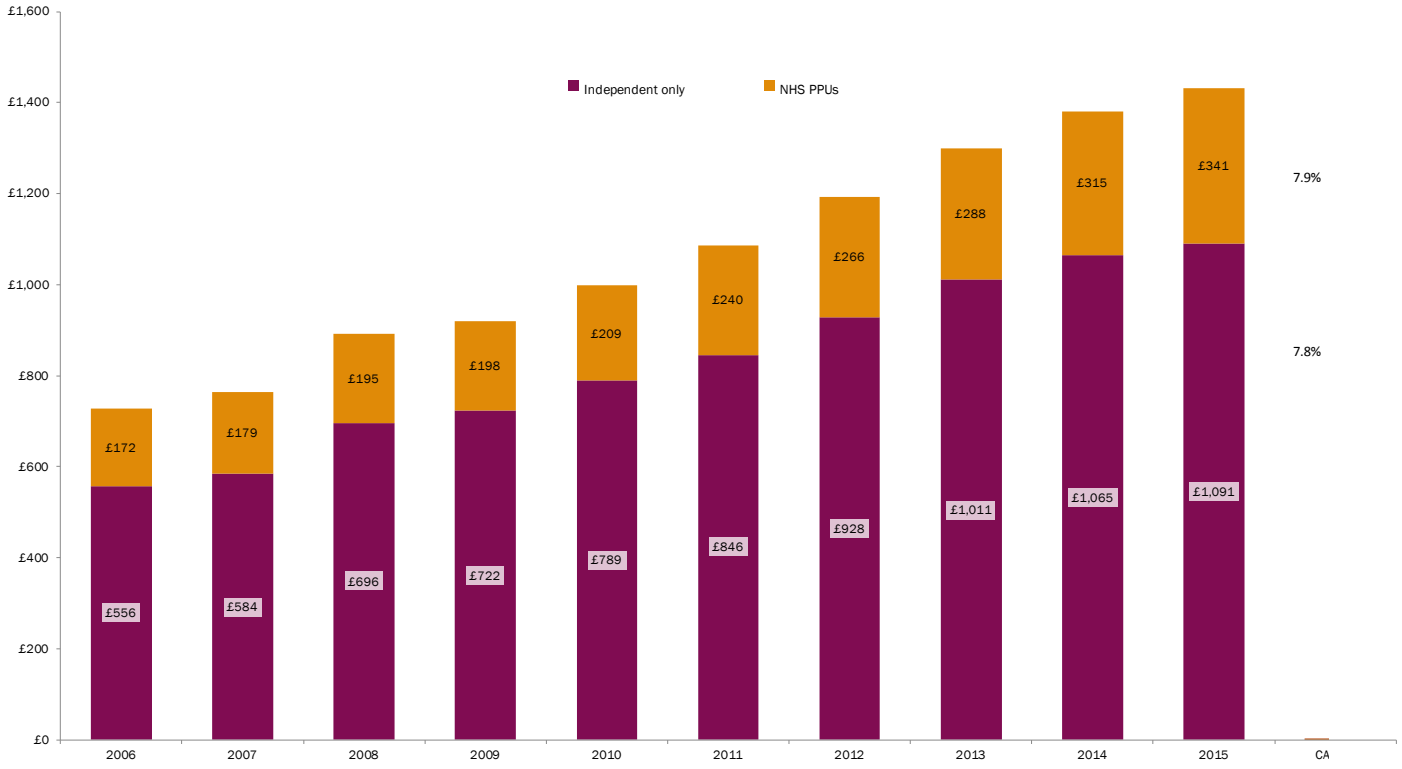
At the same time, the hospital has 'seen some growth in other areas such as self-pay and with PMI – and that's not driven by one insurer in particular'. The self-payers are a mixture of domestic and international patients.

What's his longer-term view on the prospects for a return of embassy patients? 'We never know whether the volumes we've seen a couple of years ago are going to come back. They might, and certainly we are prepared and ready to maintain the relationships we've got already and to see the patients as and when they may return.'

Despite this, he thinks it's 'safe to say' that trading conditions at the moment suggest the domestic market is 'where we should be looking in the future'.

Ted Townsend, consultant and author, LaingBuisson

FIGURE ONE - TEN YEAR SECTOR GROWTH RATES
INDEPENDENT ACUTE HOSPITALS AND PPUs CENTRAL LONDON



SOURCE PRIVATE ACUTE MEDICAL CARE IN CENTRAL LONDON - THIRD EDITION, LAINGBUISSON

International reputations

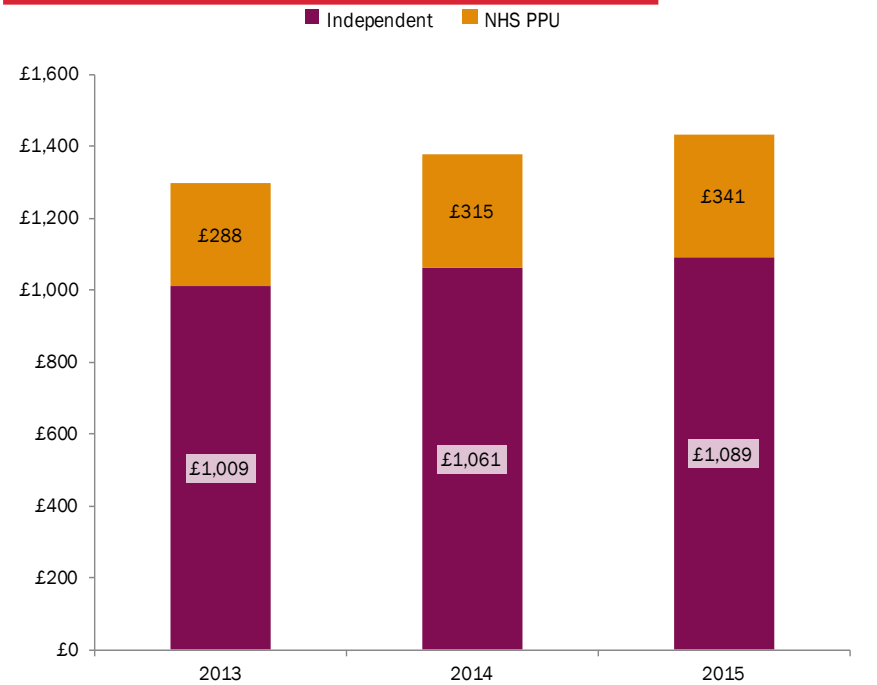
Townsend emphasises the excellent international reputation of a number of NHS teaching hospitals in London with PPUs.

'Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH) is world-renowned. They have someone based in the Middle East. They've got the brand aspect and are exploiting that.'

GOSH has a very strong international element to its PPU, generating 80% (LaingBuisson estimate) of its £48m PPU revenue in the 2015/16 financial year. It has had a permanent office in Dubai for 13 years.

Dr Melanie Hiorns is the clinical director of international and private patients at GOSH. How has her PPU been able to grow successfully? 'One of the things is absolute focus on complex conditions and rarer diseases. We generally only take patients who fit with our existing NHS model of tertiary care and one of the reasons that works for us is that it is our core business.' GOSH 'provides the services that are difficult to

FIGURE TWO - THREE YEAR SECTOR GROWTH RATES
INDEPENDENT ACUTE HOSPITALS AND PPUs CENTRAL LONDON



SOURCE PRIVATE ACUTE MEDICAL CARE IN CENTRAL LONDON - THIRD EDITION, LAINGBUISSON

REVENUE FROM OVERSEAS (EMBASSY) PATIENTS

	Total Revenue £m	% Embassy	Embassy Revenue £m
Independent Hospitals			
HCA	689	22	152
London Clinic	142	15	21
BUPA Cromwell	106	37	39
King Edward VII	21	1	0
St John & St Elizabeth	49	5	2
BMI Blackheath	28	5	1
BMI The London Independent	30	15	5
Aspen Highgate	14	10	1
Weymouth Street Hospital	12	15	2
Total Private	1,090		224
NHS PPU			
Great Ormond Street	48	80	38
Royal Marsden	83	25	21
Imperial Healthcare	44	33	15
Royal Brompton	39	30	12
King's College	14	45	6
Guy's and Thomas'	23	25	6
Royal Free	23	20	5
Moorfields	16	20	3
Chelsea & Westminster	17	15	3
UCLH	21	10	2
Royal National Orthopaedic	6	10	1
St George's	4	5	0
Barts	2	0	0
Total NHS PPU	341		111
Total London	**1,432**		**334**

SOURCE ANNUAL REPORTS AND ACCOUNTS; LAINGBUISSON ESTIMATES FOR % EMBASSY PATIENTS; PRIVATE ACUTE MEDICAL CARE IN CENTRAL LONDON - THIRD EDITION

also funds beds in the intensive care unit that are used for all GOSH patients. This gives 70 beds, 'that allow us to flex and to give the best possible care'.

What are the benefits of the PPU to NHS patients? 'Obviously there are costs involved in delivering the care to private patients, But beyond those costs that money goes 100% back into the hospital baseline budget providing NHS care.'

GOSH has 'noticed a decline in patients from Abu Dhabi...other places have gone to zero but we haven't'. Like Bupa Cromwell the PPU is looking at the potential for new overseas markets: 'We're not relying on embassy patients forever, because everything is fluid and it would be a foolish business model to think we could just stick with that and keep our fingers crossed.'

Returning to Bupa Cromwell, what does Andy Fairweather believe are the crucial factors that would help London and the UK maximise their share of any future global growth opportunities? 'For us to be a successful international hospital what we need are people with easy access to the country and our facilities. I guess what we probably also need is a relatively joined-up marketing approach around the services that we can offer.'

He added: 'HCA doing one thing, us doing our thing and PPUs doing another isn't particularly joined up. We would probably be more effective if it was pulled together and we really had a London or UK healthcare service to market.'

get elsewhere'.

Over the years GOSH has directed a significant amount of energy ensuring that the international part of the hospital provides a culturally sensitive service. 'We have full time employed interpreters on site. We provide religious support,' said Hiorns.

The PPU opened a new ward last November, so is up to 53 inpatient beds in the private ward environment, as well as funded beds on its specialist wards. It

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Ted Townsend, author of LaingBuisson's Private Acute Healthcare in central London publication, reports on the Independent Doctors Federation's inaugural London Healthcare Conference where one of the key debates was the capital's future as a leading international healthcare destination

Is London losing out?

London is 'losing share', according to two speakers at the recent IDF London Healthcare Conference. Both Elizabeth Boultbee (Boultbee & Co.) and Andrew Chadwick-Jones (Oliver Whyman) agreed that London is not the leading medical hub it believes itself to be.

Historically, certain countries in the Middle East have sent many patients to London for treatment that is not available locally, but the numbers are on decline.

'London is seen as too complacent,' said Boultbee, 'and everyone seems to work individually, chasing the same markets. There is frustration at its fragmentation, and difficulty in understanding why the treatment of one patient requires three invoices, from the consultant, the anaesthetist, and the hospital. London is also seen as expensive, for both medical and non-medical costs.'

Meanwhile, Germany has concentrated on a joined up approach where not just clinicians and hospitals, but government, travel and tourism bodies, and industry work together to develop the market. Germany is now believed to be the number one destination for patients from Dubai.

'Sadly, medical tourism and private healthcare are seen as politically toxic in the UK,' said Chadwick-Jones, 'and unfortunately I don't see that changing'.

In the Middle East, the UK seems to be slowly losing share to other international destinations, but also to domestic provision, including new local hospitals, and investment by overseas operators, particularly from the US.

> LONDON IS TOO COMPLACENT AND EVERYONE SEEMS TO WORK INDIVIDUALLY, CHASING THE SAME MARKETS

Johns Hopkins in Baltimore, for example, has partnered with Saudi Aramco to build a facility in Dharan which opened in 2014, and the Cleveland Clinic recently opened a hospital in Abu Dhabi.

Some factors are beyond individual hospital control, such as traditional Saudi Arabia preference for sending patients to the US and recent decisions by Abu Dhabi not to send any patients to the UK, reportedly due to the UK's response to an extradition request for two suspected terrorists.

The recent diplomatic isolation of Qatar by its regional neighbours could also have an impact on patient flows.

In a similar vein, attempts to develop new markets, such as Russian or Chinese self-pay patients, might be constrained by UK government limits on the amount of cash travellers can bring into the country.

'London will have quite a battle to capture the high net worth Chinese market,' said Chadwick-Jones. 'At the high end they go to Singapore, which has excellent facilities, while at the lower end they can go to Malaysia, which has made major investments in medical tourism.'

Still, it may not all be doom and gloom. Boultbee said: 'London has more sub-specialties than any other city in the world, and as a city it one of the top international destinations for overnight stays. At the very high end, London does very well delivering bespoke healthcare. But there are still lots of challenges, and nothing can be taken for granted.'

Putting people before profit is one of the commandments for businesses operating in the healthcare sector says Octopus Healthcare CEO Mike Adams. MedicX Fund's investment manager talks to **Tim Barsby**, business development director at Carter Schwartz, about culture, values and why commercial returns are reliant on quality outcomes

Power to the people

Tim Barsby Who is Mike Adams?

Mike Adams Aspirationally, I think I am someone who does like change and does like to work hard. I'm quite happy to back the underdog and back something which is going to change the way people do things. I enjoy sharing in people's success and making people successful, and I take a lot of pride in what we do as a business. We created MedicX from scratch and with a few people, we've created the largest healthcare fund manager in the UK effectively and we've done that through hard work, passion and building a team with people who have got similar drive.

TB How has healthcare changed for you and how do you see it over the next five to eight years?

MA I think it is changing very rapidly. Since I've been involved, we've been part of the journey in improving the quality and delivery of care homes and stock in the market. I think the CQC has helped on that journey and is getting more rigorous in terms of what is acceptable in care. We are seeing huge change. From my perspective, we are going to see more dramatic change, particularly in primary care in the next five to ten years, than we have in the last 20 years and it's a really exciting place to be.

TB What is your highest value asset and an example of its greatest success?

MA That's a difficult one because we've got high value primary care centres and the difference between them and low value ones is just size. In primary care our highest value asset is probably about £15-£16m. We don't really look to buy and then sell, we look to own assets for the long term, so those assets would have performed well from a shareholding perspective but more importantly be fit for purpose from a customer perspective, therefore, I look at success in terms of what we do with those assets.

TB When have you made a commercial mistake? What did you do and how did you rectify it and what can we learn from it?

MA We've all made mistakes and you tend to make mistakes when you miss the obvious. The key is how fast you react to them. Usually, you compound mistakes by not making change fast enough. Mistakes are easy to make when you are backing management teams and I think when we have done that, it has not always been the initial transaction, but not acting fast enough when people don't do what they say on the tin. For me, it's important to put yourself in the other person's shoes when you are doing any kind of business transaction. You have to ask, does what they want align with your values as a business? Because if the answer is no, you shouldn't be doing it and you should walk away.

TB In your experience, explain why commercial returns and quality of outcome are or are not mutually exclusive.

MA Very broadly speaking, if you are not making a commercial return you cannot run a business, you cannot look after your staff, you cannot train your staff and so I think clearly if you are not making a commercial return your service levels will go down because you cannot afford to provide the right level of service. You can't afford to grow your business, you can't afford to train people and therefore I think it is really important that businesses make a good return.

However, I come back to our values. We've set out our commandments in our business but actually we do put people before profit, so my view is you don't make a commercial return by not doing the very best for the individuals that you are looking after. We've got a huge responsibility in our business to look after people and therefore you have to continue to make investments. We have a clinical assurance director who goes around all of our tenants and brings them together to understand best practice and how we can help. So if it's a GP practice, that gets 'inadequate' or 'requires improvement', we'll go around and help them get back to 'good'. I don't get paid for that. I don't get paid any more than collecting the rent, so why am I doing it? Because it's the right thing to do. I think if I look after our customers and tenants, actually in the long term they will look after me and I will get a better return because that asset will be fit for purpose for longer.

TB Is there anything specific that you believe everyone in healthcare and social care should be working towards?

MA That's a good question. Clearly, the big point is integration of health and social care and it's a really easy thing to say but very hard to deliver. Therefore, we have to work towards getting better value for our health pound, wherever we are spending it and you only do that by being more joined up. Now, we are seeing big GP consortia establish themselves, which achieve better value at their end and are really talking to providers at the other end about how they can help rehabilitate people better.

As a country, we need to be focused on health education. You can spend all the money on the hospitals but if you keep people fitter, you will take your bill down far more than you will by tinkering at the other end. My view is that if you had to look at one thing, you would look at health education and you would quadruple the budget for health education and health in our kids, because that's the tsunami that's coming.

TB What piece of advice would you give yourself on the first day that you started in healthcare?

I would always go back to saying if you are doing a transaction you need to be focused on the end-user and the customer experience. As soon as a transaction is a spreadsheet rather than a group of people who are being looked after, you have lost the essence of what you are doing in the business.

So my advice would be if you are in the healthcare industry, you own assets in it and run businesses, get out into the businesses because that's where the real people sit and the stars of the show are not the people sitting in this office, they are the people who are actually on the ground, managing and looking after what are quite often challenging situations. Come back to reality as much as you can and remember what you are doing it for.

TB What are your industry predictions for 2017?

The truth is that if you are relying on specific things from the government to happen to run your business, you are usually going to be waiting around for quite a long time. From an industry perspective, I think the wheel will start to move really quickly on retirement living as the fastest growing sector in the healthcare market, because it is dealing with such an insatiable demand. The amount of people in their late 60's who haven't even thought about planning for their retirement, and who will live a long time, is huge and a large proportion – probably around 75%, haven't started planning for their retirement or care provision in later life.

We are going to see a continuing growing need for all of our services. I think we are going to start seeing this year more movement on the NHS side in terms of primary care as they reorganise it, that's going to lead to a change in the way services are delivered.

One thing I can assure you is that Brexit won't affect people's need for healthcare. I see a continual growing demand across most of the parts of our business in the next year or so.

TB Where do you find your people nowadays, for example board level people?

MA To be honest, a lot of people find us and we get quite a lot of people just knocking on our door wanting to talk to us and then most of my more recent senior hires have all found me and they've identified us as a business that they want to work for, mainly because of the culture and the way that we work.

We have a different culture. It's not a classic uniform but it's about output and I think we've got a very good vibe now in the team. Everyone sees the opportunity and I think that's what's exciting and why we get approached so often. We have a huge amount of people who seem to want to work with us, which is I think down to us wanting to work with people with similar value sets.

TB Wildcard question – Healthcare in general needs a bit more money – what do you think is a good way of attracting more money into the sector? *(from Andrew Cannon at Voyage)*.

MA I don't think money is necessarily a massive problem. There is plenty of money out there chasing safe, solid returns. Money itself isn't an issue for the capital investment, where you have more of a problem is can you afford to pay in terms of what capital people want on the assets. I think the biggest challenge at the moment is anything involving Local Authorities because you cannot get the money for that partly because you can't get the return for it. You cannot build and operate at a commercial margin and there's a huge growing need in that area for quality space. I think that comes down to allocation of social care budget, so on that part of it I think the money is not the issue if you've got a good proposition. I could raise a lot of money in my primary care fund or my care home fund tomorrow, in my retirement villages we've funded quite a few and that's a slower burn but I think that will come in the next few years. So, I don't see money as the biggest barrier at the moment.

Mike Adams, CEO of Octopus Healthcare and Investment Manager of MedicX Fund

NHS trusts and private sector hospital providers are treated very differently when it comes to the application of VAT. **Tim Nye**, Partner at Trowers and Hamlins asks if it is time to level the playing field

Healthcare VAT

not a level playing field

An NHS trust provides healthcare services within the NHS. A private sector provider (PSP) provides exactly the same healthcare services, but of course within the private sector. Should the trust and the PSP be treated in the same way for VAT purposes?

One's instinctive response would be 'Yes, why treat them differently?' But in fact, each sector is treated differently for VAT purposes. This article explains how, and what might be done about it.

NHS trusts and VAT

Firstly, a few words about the UK VAT system. All supplies of goods and services are either subject to VAT (at various rates, from zero to the standard rate of 20%), exempt from VAT or outside the scope of VAT as being what is known as 'non-business'.

By and large the activities of NHS Trusts, being the provision of free healthcare within the NHS, are non-business and therefore outside the scope of VAT. On the one hand, that seems to be good news for the trust, it need not complete VAT returns for example! But there is a significant downside. That is, VAT on associated costs, for example, laboratory services, cannot be reclaimed from HM Revenue & Customs (HMRC), and such VAT therefore represents an additional cost to be borne out of taxpayer funds.

However, the VAT legislation comes to the rescue of NHS trusts. The legislation provides that if the trust contracts out eligible services to the private sector and the services are required for 'non-business' purposes, the non-reclaimable VAT on the cost of those services is refunded by government. In effect, the potential VAT cost is eliminated.

The legislation contains a long list of eligible services. In broad terms, they are services which would traditionally have been performed in-house. For example, catering, managed and serviced computer infrastructure, and payroll systems. An important and valuable category is the maintenance, non-structural repair and cleaning of buildings.

So NHS trusts are, in certain cases, insulated from the potential cost of non-reclaimable VAT.

Private sector providers and VAT

PSPs are in business (unlike NHS trusts providing free NHS care) and therefore their charges are either subject to VAT (at whatever rate) or exempt from VAT. If the charges are exempt from VAT, then just as for NHS Trusts (absent the refund mechanism), VAT on associated costs cannot be reclaimed from HMRC, and such VAT therefore represents an additional cost to be recovered from the final consumer by way of increased charges.

A VAT exemption for healthcare applies to the provision of care or medical or surgical treatment (and, in connection with it, the supply of any goods) in 'any hospital or state regulated institution'.

In this context, 'state regulated' means approved, licensed, registered or exempted from registration under an Act of Parliament. For example, in England, approval for registration for hospitals and hospices is given by the Care Quality Commission (CQC) under The Care Standards Act 2008. Accordingly, such an institution in England approved for registration by the CQC is state regulated for VAT purposes.

It is this VAT exempt category of PSP we are focusing on in this article.

Levelling the playing field?

Therefore, PSP hospitals and state regulated institutions, being exempt from VAT, are at a VAT disadvantage compared to NHS trusts, since such PSPs cannot recover VAT on their associated costs, whereas in certain circumstances, NHS Trusts do not have such VAT costs.

In theory, there are two basic approaches to the VAT distortion described above: remove the VAT refund mechanism for NHS trusts, or provide a VAT refund to VAT exempt PSPs.

The first of the above approaches would seem to be highly improbable since, in effect, it would result in circular NHS funding.

The second approach might be possible, subject always of course to government resources.

The question of levelling the VAT playing field was included in a 2013 independent review for the Secretary of State for Health by Monitor (the sector regulator for health) entitled *A fair playing field for the benefit of NHS patients*. The review found evidence that, for example, the effect of the VAT refund rules has been for providers to lose bids for contracts.

As for how to level the playing field, the review proposed that the government should review whether certain public sector providers remain eligible for VAT refunds 'because of changes in the healthcare sector', and should report on the case for extending VAT refunds to some charitable NHS-funded healthcare providers.

Conclusion

This is a highly complex area, involving not just VAT, but also healthcare sector economics. And yet, with the increasing diversification of the healthcare sector, perhaps the time has come to level the VAT playing field.

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Nuffield Health reports strong income growth following reorganisation

NHS activity declines but self-pay and wellbeing division boost charity's 2016 results

Charitable hospital group Nuffield Health has reported a 5% increase in hospital revenue to £550.2m for the year ended 31 December 2016.

In common with other independent hospital providers, the 31-strong hospital division reported a falling off in NHS activity following the removal of fines and penalties for breaching waiting time targets. Although it did not give a figure, the charity said the transfer of work from trusts had declined during the year continuing the trend seen in 2015 when NHS activity grew by just 2% against 15% in 2014.

Self-pay, however, continued to enjoy strong growth and increased by 14%, following a rise of 12% in 2015. Meanwhile, insured patient activity edged up by just 2%.

During the year, Nuffield streamlined the way it works with private medical insurers by creating a single point of contact for each insurer - something it says not only makes it easier for insurers but has also enabled it to gain a complete view of all its activities with PMI providers. It also aimed to make it easier for insured patients to access its services via the creation a face-to-face GP service in London and a direct booking portal for onward referrals from a virtual GP service.

The charity said it had invested £151m in 2016. This included the acquisition of 35 Virgin Active gyms, which helped boost total customer numbers by 22% to 1.1 million. In addition, it invested £86m in updating its hospital facilities and finalised plans for its new hospital in Manchester. It also submitted planning permission to establish an independent unit alongside St Bartholomew's Hospital in London, which will give it its first facility in central London.

"I am confident that our long-term strategy is the right one to guide us through the uncertainty"

Although hospitals still generate the bulk of Nuffield's income, its wellbeing division continued to grow, with revenue up from £251.4m in 2015 to £298.6m this time around.

Group turnover, including hospitals and the charity's fitness and wellness division, was up 9% to £840m. EBITDA, including exceptional items was up 3% to £89m but decreased as a percentage of turnover from 11.2% to 10.6%. Total operating surplus excluding exceptional items was £21m against £24m in 2015.


Steve Gray, CEO, Nuffield Health

Expenditure before exceptional items climbed 10% to £816m. After exceptional cost of £1m associated with restructuring of the pension scheme and interest payments of £17.2m (2014: £16.4m), the charity produced a pre-tax surplus of £2.6m against a deficit of £3.9m in 2014.

Under chief executive Steve Gray, who joined at the end of 2015, the charity reorganised, bringing its hospital, fitness and wellbeing services together under a single operating board 'One Health'.

Looking ahead, Mr Gray said: 'In 2017, the organisation will almost certainly experience pressures as the political and economic implications of the referendum on membership of the European Union are felt and the NHS continues to struggle with increasing demand. In this environment, the need for an adaptable efficient and responsive organization will be as important as ever. We continue to evolve and ensure we are fit for purpose and ready for the future.

'I am confident that our long-term strategy is the right one to guide us through the uncertainty. This confidence is based on the care and dedication shown by everyone across Nuffield Health and their desire to give people across the UK the health and wellbeing outcomes they want and at the time of their choosing.'

Nuffield Health
Charity profile

Nuffield was established in 1957 as a single nursing home in Bournemouth. By the 1970s it was operating 15 hospitals and in the late 1980s it changed from a fundraising charity to a trading company.

It began to diversify in the early 2000s when it acquired mobile operating theatre company Vanguard Healthcare Solutions and corporate wellbeing business Sona Group.

However, the charity's biggest transformation came in 2007 when it expanded further outside its core hospital business with the acquisition of Health Club Investment Group Limited, the parent company of Cannons Health & Fitness.

The move marked the start of a major push into the high street gym market and in early 2008, Nuffield sold nine of its hospitals to General Healthcare Group, using the proceeds to pay off debt and invest in further fitness and wellbeing businesses. By the end of 2008, its new focus was reflected in a change of name as it rebranded from Nuffield Hospitals to Nuffield Health.

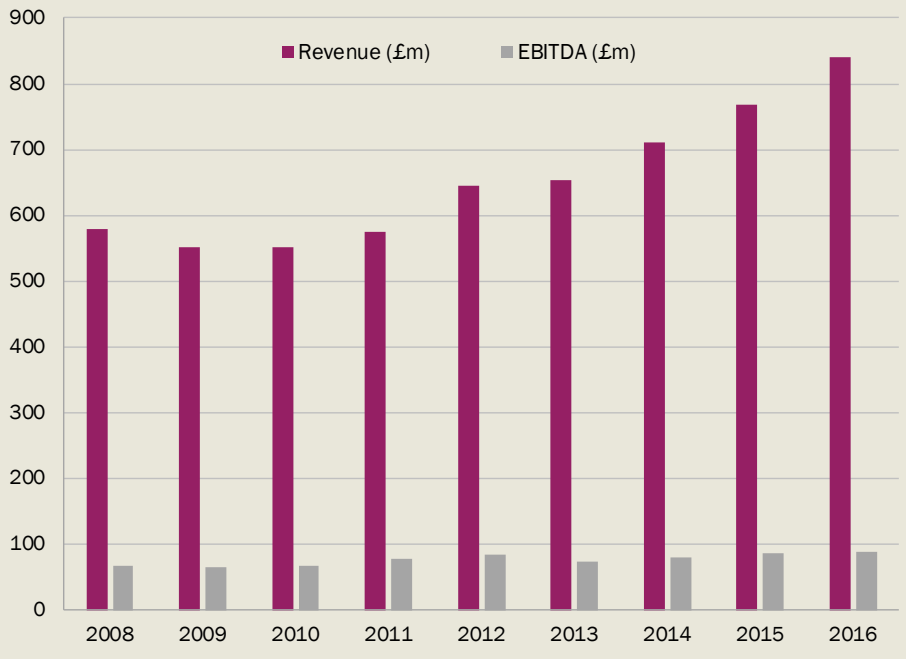
In 2014, Steve Gray replaced David Mobbs as CEO and announced that the hospital and wellbeing divisions would be brought together at both executive board and operational level under One Nuffield Health. The new structure is designed to strengthen delivery of the organisation's integrated healthcare strategy.

Key stats

CEO	Steve Gray
Chairman	Russell Hardy
Patients	1.1 million
Portfolio	31 hospitals 111 fitness centres

2016 Revenue	£840m
2017 EBITDA	£89m
Net Assets as at 31 December 2016	£62m
Net Debt at 1 January 2017	£(366m)

NUFFIELD HEALTH
REVENUE AND EBITDA, 2008 - 2016

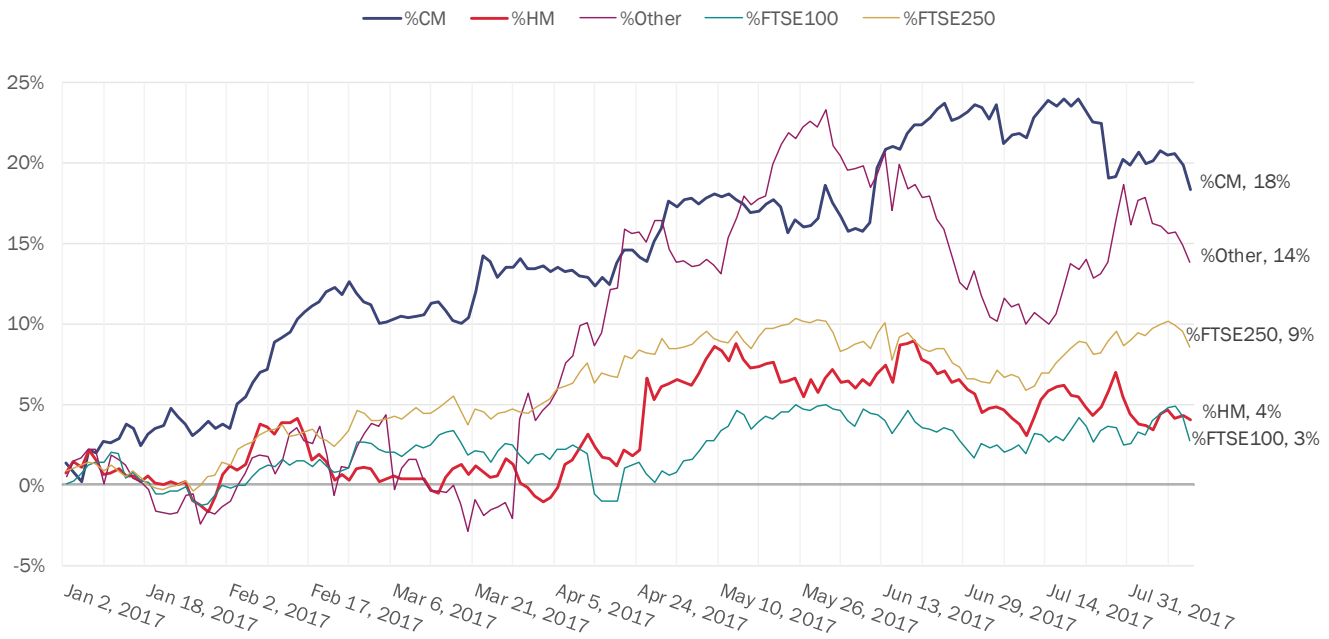


SOURCE LAINGBUISSON DATABASE, COMPANIES HOUSE

Company	Sub Sector	Ticker	Stock Exch.	Local Currency: Share price	Local Currency: Market Cap (m)	Technical: % of 52-wk 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
Capio	Hospitals	CAPIO.ST	STO	43.7 kr	6,169 kr	80.9%	(7.9%)	583	277	859	1,358	106	7.8%	2.6x	0.6x	8.1x	15.7x
Craneware	HCIT	CRW.L	LSE	1,300 GBp	350 GBP	69.0%	0.1%	350	Cash	313	41	12	30.2%	Cash	7.6x	32.5x	39.2x
EMIS	HCIT	EMIS.L	LSE	952 GBp	603 GBP	89.9%	1.5%	603	Cash	600	159	41	26.0%	Cash	3.8x	14.6x	31.4x
Fresenius Medical Care	Ambulatory Clinics	FME.DE	GER	€ 77.3	€ 23,760.7	86.7%	0.0%	21,552	5,352	26,905	16,847	3,149	18.7%	1.7x	1.6x	8.5x	18.0x
Fresenius SE & Co	Hospitals	FRE.DE	GER	€ 68.0	€ 37,654.6	85.0%	(9.3%)	34,155	7,926	43,476	27,693	5,235	18.9%	1.8x	1.6x	8.3x	22.3x
Georgia Healthcare Group	Hospitals	GHG.L	LSE	340 GBp	448 GBP	84.3%	0.9%	448	71	519	164	24	14.8%	2.9x	3.2x	21.3x	44.5x
Integrated Diagnostics Holdings	Diagnostics	IDHC.L	LSE	$4.0	$597.8	1.0%	(31.1%)	461	Cash	434	50	21	41.5%	Cash	8.7x	20.9x	2.4x
Medica Group	Diagnostics	MGP.L	LSE	210 GBp	233 GBP	86.8%	15.1%	233	22	255	29	9	32.3%	2.4x	9.0x	27.8x	70.7x
Mediclinic International	Hospitals	MDC.L	LSE	736 GBp	5,426 GBP	65.5%	(8.4%)	5,426	756	6,182	2,749	499	18.2%	1.5x	2.2x	12.4x	23.7x
Medicover AB	Hospitals	MCOV-B.ST	STO	64.8 kr	3,333 kr	89.9%	0.4%	315	188	502	268	24	9.1%	7.7x	1.9x	20.5x	45.7x
NMC Health	Hospitals	NMC.L	LSE	2,135 GBp	4362 GBP	89.4%	36.4%	4,362	163	4,525	871	162	18.6%	Cash	5.2x	27.9x	50.0x
Ramsay Health Care	Hospitals	RHC.AX	ASX	$72.3	$14,606.4	86.0%	2.6%	8,847	1,844	10,692	5,349	750	14.0%	2.5x	2.0x	14.3x	31.2x
Rhoen-Klinikum	Hospitals	RHK.SG	STU	€ 26.7	€ 1,785.8	96.4%	2.6%	1,620	Cash	1,384	1,166	66	5.7%	Cash	1.2x	20.8x	124.0x
Spire Healthcare Group	Hospitals	SPI.L	LSE	330 GBp	1,325 GBP	80.4%	7.2%	1,325	432	1,757	927	161	17.4%	2.7x	1.9x	10.9x	24.6x
UDG Healthcare	Pharma Services	UDG.L	LSE	822 GBp	2,040 GBP	92.7%	(25.0%)	2,040	Cash	1,975	952	122	12.8%	Cash	2.1x	16.2x	33.1x
Dedicare AB	Staffing	DEDI.ST	STO	130.5 kr	919 kr	79.3%	77.3%	87	Cash	82	72	9	12.4%	Cash	1.1x	9.2x	13.9x
GHP Specialty Care AB	Hospitals	GHP.ST	STO	9.3 kr	635.0 kr	55.0%	(12.5%)	60	13	73	92	4	4.4%	3.1x	0.8x	18.1x	82.4x
Pihlajalinna Oyj	Hospitals	PIHLIS.HE	HEL	€ 16.9	€ 347.9	89.5%	0.8%	316	Cash	285	370	28	7.5%	Cash	0.8x	10.3x	37.8x
Luz Saúde	Hospitals	LUZ.LS	LIS	€ 3.2	€ 301.0	100.0%	27.5%	273	Cash	255	408	47	11.6%	Cash	0.6x	5.4x	17.2x
Feelgood Svenska AB	Occupational Health	FEEL.ST	STO	3.1 kr	322 kr	63.5%	24.9%	30	Cash	30	61	3	5.3%	Cash	0.5x	9.2x	1.3x
Median						85.5%	0.9%	522	277	560	389	44	14.4%	0.3x	1.9x	14.4x	31.3x
Mean						78.6%	5.2%	4,154	1,549	5,055	2,981	524	16.4%	2.9x	2.8x	15.9x	36.4x
OTHER																	
Assura	Primary Care Real Estate	AGR.L	LSE	63 GBp	1,044 GBP	97.1%	13.0%	1,044	13	1,057	71	-22	(30.9%)	Cash	14.8x	(48.0x)	10.9x
CVS Group	Vet	CVSG.L	LSE	1,288 GBp	823 GBP	89.2%	(10.8%)	823	68	891	247	37	15.0%	1.8x	3.6x	24.1x	82.3x
Dignity	Funeral Services	DTY.L	LSE	2,362 GBp	1,179 GBP	80.3%	13.5%	1,179	523	1,703	314	113	36.2%	4.6x	5.4x	15.0x	20.6x
Health Italia	Financial Services	HI.MI	MIL	€ 4.3	€ 244.6	81.1%	16.2%	222	Cash	221	17	4	23.1%	Cash	13.4x	58.0x	135.9x
Primary Health Properties	Primary Care Real Estate	PHP.L	LSE	118 GBp	703 GBP	99.6%	7.8%	703	692	1,395	67	59	87.8%	11.7x	20.7x	23.6x	16.1x
Median						89.2%	13.0%	823	296	1,057	71	37	23.1%	4.6x	13.4x	23.6x	20.6x
Mean						89.5%	7.9%	794	324	1,053	143	38	26.2%	6.0x	11.6x	14.5x	53.2x
MARKET INDEX																	
FTSE 250		^FTmc	FGI	19,483.7		97.0%											
FTSE 100		^FTSE	FSI	7,300.6		96.1%											

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 (DATA CORRECT AS OF 11 AUGUST 2017)

Health and Care returns against FTSE



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(DATA CORRECT AS OF 11 AUGUST 2017)

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Bupa buoyant despite challenges

Bupa has reported a 7% drop in revenue for its UK business in the first half of 2017 following the sale of its home healthcare business to Celesio last year.

Announcing group results for the six months ended 30 June 2017, Bupa said UK revenue had fallen to £1.37bn from £1.48bn for the same period last year. However, the global healthcare giant maintained the business had delivered good performance, with underlying revenue growth of 11%.

The UK business - which includes Bupa's UK insurance, care services, health and dental clinics, and hospital divisions – was also buoyed by the acquisition of Oasis Dental Care in February, which helped boost underlying profit by 17% to £84.6m.

The acquisition is also expected to drive revenue growth going forward and Bupa said it would soon announce the new brand for its dental business.

Despite continued challenges in the PMI market, compounded by recent increases in insurance premium tax, insurance remains Bupa's largest UK business, generating 56% of revenues in the half year. Bupa said insurance revenue remained steady but was driven by a 'resilient' SME and corporate market while the individual paid segment continued to decline.

However, it said improved care pathways and better claims performance had helped maintain costs while its focus on digital enhancements such as online booking tools, had delivered 'encouraging results'.

In terms of Group performance, Bupa reported a 4% increase in revenue at constant exchange rates to £6.1bn for the first six months of the year. As a Group, underlying profit growth strengthened, rising 11% to £330.9m. Pre-tax profit was up 66% to £231.3m – although the previous year's figure was impacted by the planned early redemption of a £235m legacy securitisation.

Chief executive Evelyn Bourke described the overall results as good 'given challenging market conditions'.

'Our largest Market Units - Australia and New Zealand, the UK and Europe and Latin America - have delivered good revenue and profit growth,' she said. 'In the first half of 2017, we continued to invest in customer service, digital capability and in the strength and depth of our key market positions. In the UK, our purchase of Oasis Dental Care completed in February, in June, we increased our stake in Bupa Arabia associate business by 8% to 34.25%. As a result of these investments, our Solvency II capital coverage stands at 160% and our balance sheet remains strong.


Bupa CEO Evelyn Bourke

'Looking to the second half of the year, we believe market conditions will remain testing with volatile political and economic environments in our key markets. We are committed to ensuring we deliver sustainable business performance and operational excellence, through focus and financial discipline.'

PHP reports 'active start' to 2017

Healthcare REIT Primary Health Properties (PHP) has reported an 8.1% jump in net rental income to £34.8m for the first half of 2017.

The company, which now has over 300 properties in its £1.27bn portfolio, said it had been an 'active and successful' start to a year in which it has already achieved significant milestones.

Pre-tax profit leaped 74% to £44.3m following an increase in its property revaluation surplus to £29.9m (2016: £15.5m).

The company also benefited from an average annualised uplift of 1.6% on rent reviews agreed in the period, resulting in an annualised uplift in rent of £0.4m. As at 30 June 2017, the portfolio was 99.7% let with an average unexpired lease term of 13.3 years.

Four properties were acquired during the half-year, including two developments currently on site, for an aggregate consideration of £18.6m, increasing the Group's annualised rent roll by £1.1m to £69.3m. Subsequent to the period-end, PHP acquired three further properties for £35.5m – boosting the contracted rent roll by a further £1.7m to £71m.

The company uses the European Public Sector Real Estate Association (EPRA) financial reporting best practices recommendations, now used by the majority of large listed property companies, to benchmark against key performance indicators. EPRA earnings increased by 22.2% to £15.4m (2016: £12.6m) while EPRA earnings per share increased by 8.3% to 2.6p.

PHP managing director Harry Hyman said: 'Notwithstanding the uncertainties in the current political and economic landscapes, the demand for modern, purpose built accommodation in primary care is undoubted. The delivery of the *NHS Five Year Forward View* depends upon many things but investment in primary care is essential for their success. We are committed to investing in growing our portfolio to support the modernisation agenda.'

Tetbury still challenged

Tetbury Hospital Trust has reported another challenging year in 2017. Total income fell by 2% to £2.6m. Donations and legacies helped the Trust achieve a surplus of £111,600 against £251,800 in 2016.

Major transactions in UK health and social care

Significant transactions since February 2016, deal value £5m and above

Date	Target	Acquirer	Enterprise Value £m	Exit Multiple/Enterprise Value/EBITDA
Aug 17	Lighthouse Healthcare	Elysium	N/A	N/A
July 17	Adelphi Care Services	Regard Group	N/A	N/A
June 17	35 residential care homes from Embrace Group	Sanctuary Group	N/A	N/A
June 17	Selborne Care	CareTech Holdings	16.9	N/A
April 17	Badby Park	Elysium	N/A	N/A
April 17	Prestige Nursing + Care	Sodexo	N/A	N/A
April 17	11 homecare branches operated by Housing & Care 21	Ark Healthcare	N/A	N/A
March 17	Freeholds of Minster Group's care home portfolio	Impact Healthcare REIT	160	Net initial yield of 7.7%
March 17	18 homes with 683 beds operated by CLS Care Group	Minster Care Group	25 (guide price)	N/A
March 17	MITIE healthcare division (Enara Group Ltd and Complete Care Holdings)	Apposite Capital	(9.45)	MITIE paid Apposite a 'dowry' of £9.45m, as a contribution to the funding of trading losses and the cost of the turnaround plan
Feb 17	LRH Homes	St Cloud Care, backed by Golden House (Israel) and Ravad (Israel)	70	14 times latest historic EBITDAR of £5.01 million for year ending July 2015 (Note: only 11 times EBITDAR of 6.39 million for year ending July 2013)
Jan 17	Six supported living services and an ABI unit from Embrace Group	Tracscare	N/A	N/A
Jan 17	Helen McArdle Care (1,343 care home beds)	HC-One	N/A	N/A
Dec-16	Adult Services Business of Cambian Group	UHS (Cygnet Health Care)	377	15.6 times historic EBITDA for year ending December 2015
Nov 16	Oasis Dental Care	Bupa	835	13.9 times reported EBITDA run rate of £60m
Nov 16	Alliance Medical Group	Life Healthcare Group Holdings	760 - 800	12.7-13.3 times EBITDA of £60m for the year ending March 2016 (depends on value of performance based deferred consideration)
Oct 16	New Bridges	Tracscare	N/A	N/A
Oct 16	22 Priory hospitals (approximately 1,000 beds)	BC Partners	320	10.5 times EBITDA of £30.4m
Sept 16	Exemplar Health Care	Agilitas Private Equity	N/A	N/A
Aug 16	Akari Care	Carlyle Group	N/A	N/A
Aug 16	Acorn Care	National Fostering Agency Group	N/A	N/A
April 16	Prime Care Holdings	Apex Companions	N/A	N/A
March 16	Options Group	Outcomes First Group	N/A	N/A
March 16	Oakleaf Care (Hartwell)	CareTech Holdings PLC	20.3	8.8 times EBITDA of £2.3m for the year ending December 2014
Feb 16	Independent Community Care Management (ICCM)	City & County Healthcare	N/A	N/A
Feb 16	41 CareTech Properties	Alpha Real Capital LLP	30	Net initial yield of 3.4%
Feb 16	Priory Group	Acadia Healthcare	1,510	11.5 times annualised EBITDAR for the first three quarters of 2015

NOTES **EBITDAR** EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION OF GOOD WILL AND RENT OF LEASED ASSETS
EBITDA EARNINGS BEFORE INTEREST, TAX, DEPRECIATION,AND AMORTIZATION OF GOOD WILL
SOURCE LAINGBUISSON DATABASE

MedicX raises £27.5m

MedicX Fund has raised £27.5m through the private placement of loan notes to an unnamed investor.

The loans are secured against certain properties at a fixed interest rate of 3% and are due to mature on 30 September 2028 with the principle value repayable on maturity.

Together with the Bank of Ireland development loan put in place in March 2017, the new facility reduces the Fund's average rate of debt to 4.27% with an average unexpired term of 12.7 years. Assuming the funds were fully drawn immediately with the proceeds invested in the completion of existing properties under construction or the purchase of new properties, adjusted gearing would be expected to be approximately 53.7%.

MedicX chairman David Staples: said 'We are delighted to announce our third private placement issue of loan notes at the lowest rate to date. The terms of the loan notes are competitive with facilities currently available from bank lenders. This additional debt by a new lender further diversifies our lender base and enables the Fund to commit to new investments in our pipeline of acquisition opportunities whilst being locked into low fixed interest rates for the long term, consistent with our ongoing funding strategy.'

IDCM Limited acted as arranger to the transaction.

Foscote income falls

Banbury-based charitable hospital Foscote Court has announced a 9% drop in incoming resources to £2.6m for the year ended 30 September 2016.

Total resources expended climbed from £3.2m to at £3.3m, leading to a net deficit of £676,000 against £288,000 the previous year. Fund balances at the year end were down to £1.3m from £2m in 2015.

The trustees, who resumed responsibility for managing the hospital after BMI Healthcare terminated its long-standing management contract with the facility in 2014, said the hospital continued to suffer the effects of the CQCs 'inadequate' rating in 2015.

Advanced Oncotherapy refinances

Advanced Oncotherapy has renegotiated the terms of its finance agreement with Dubai-based investment firm Bracknor after securing a new £3.9m loan from a consortium formed by AB Segulah and a group of Swedish investors, including AFMS Radgivning Och Invest AB, Peter Gyllenhammar AB, Mijesi AB and Emendum AB.

The new loan will have a two-year maturity and a 12% per annum rolled up interest rate. The Segulah consortium will be issued 15.6 million warrants with a strike price of 25p exercisable at any time over the next five years. Part or all of the loan can be redeemed at any time at 105% of par value. The loan can also be converted into equity at 25p per share if an equity finance is carried out at or above that amount before the end of the calendar year.

The Bracknor financing, agreed in February, comprised up to £26m unsecured convertible notes issued in 20 tranches over two years, with a requirement that a minimum of ten tranches of £1.3m be drawn down. However, Advanced Oncotherapy, which plans to open a next-generation proton beam therapy centre in London in 2020, said Bracknor had agreed to waive the requirement.

Instead, it will receive commitment fees at a rate of 2.5% on the Segulah loan, which is equivalent to three tranches, and seven million warrants exercisable at 25p at any time over the next five years.

Chief executive Nicolas Serandour said: 'The Bracknor financing has been valuable to the company. I would like to thank them for their flexibility in renegotiating its terms. I am particularly pleased to welcome the support shown by our highly valued Swedish investors and in particular the role that Segulah has played in arranging this new facility. Segulah was our first institutional investor and has participated in every financing since that date. The company has benefited not only from their financial support but also from advice grounded in their extensive international Med-Tech expertise.'

Assura continues to make 'good progress'

UK Reit and primary care property investor Assura Group said it continued to make 'good progress' in the first quarter despite the uncertain political landscape.

The company, which raised £98m in an equity placing in June, completed the acquisition of 24 medical centres for a total of £48.9m in the first three months of the year, taking its portfolio to 422 medical centres with an annualised rent roll of £76.9m (31 March 2017: £74.4m).

Acquisition has been the main driver of growth in the financial year to date and this looks set to continue with a further pipeline of individual asset acquisitions and developments currently in solicitors' hands worth approximately £146m, of which £76m represent acquisitions.

Growth in rental income was more subdued. The weighted average annual rent increase was 2.07% based on 36 reviews settled in the three months to 30 June 2017, of which the average annual rent increase derived from open market rent reviews was 1.25%.

Following June's equity issuance, the company had undrawn facilities of £160m while the pro forma net loan to value ratio was 33%.

Chief executive Jonathan Murphy said: 'We were pleased with the investor support for our recent equity issue, which was significantly oversubscribed, and this allows us to build on our leading position in the sector by taking advantage of the opportunities in the market while also maintaining a strong balance sheet.'

Rising staffing costs hit Care Fertility

Increased staffing costs associated with investment in new IT systems and governance structures have impacted EBITDA at nationwide IVF provider Care Fertility.

The company, which is owned by Bowmark Capital, reported a £1.7m drop in EBITDA, including joint venture and exceptional charges, to £7.3m for the year ended 31 August 2016. However, stripping out non-recurring charges, it said underlying EBITDA came in at £8.5m against £9.1m in 2015.

Nevertheless, revenue dipped to £31.3m from £31.6m a year earlier. Total costs increased from £27.1m to £29.3 including staffing costs of £11.9m, leaving operating profit of £1.9m against £4.5m in 2014.

Interest and other charges amounted to £9.3m compared to £8.5m the previous year, leaving a pre-tax loss of £7.3m (2015: loss £4m).

In terms of debt, amounts falling due within one year were up almost 4% to £27.8m whilst long term debt stood, which primarily consists of loan notes, stood at £67.4m (2015: £65.3m). At the year end, the company had net liabilities of £23.6m (2015: £15.1m).

Subsequent to the year end, the company, which was sold by General Healthcare Group for £60m in 2012, completed its acquisition of Zita West Assisted Fertility Ltd in Marylebone, London. Following the investment, the company refinanced in May 2017.

Marcol Health acquires Medical Solutions with backing from Santander

Marcol Health, the specialist healthcare arm of investment house Marcol, has acquired virtual GP provider Medical Solutions for an undisclosed sum.

Bracknell-based Medical Solutions provides 24/7 telephone and online GP consultations to major insurers and cash plan providers. Established in 1998, it has developed an increasing presence in the virtual GP market, via video links and its GP surgery app and currently has over 3 million customers in the UK.

A spokesman for Marcol Health said: 'Remote GP services are playing an increasingly vital role in the healthcare sector as they help alleviate pressure on the NHS. With people working long hours, there is a greater need for accessing information and services beyond the 9-5 and this is where digital providers like Medical Solutions play a significant role. The UK's digital healthcare market is expected to grow from £2bn to £3bn over the next two years alone and we are excited about working with the team at Medical Solutions to be a key part of that growth.'

Funding for the transaction was provided by Santander Corporate & Commercial and includes a growth capital loan. These are targeted at businesses with an annual turnover of up to £50m which have a demonstrated history of high year-on-year growth in turnover, profit or employment.

"Remote GP services are playing an increasingly vital role in the healthcare sector"

Director of growth capital at Santander Corporate & Commercial Paul O'Reilly said: 'Employers are more aware than ever before of the link between health and productivity and recognise that investing in their staff's healthcare is likely to have a positive impact on their bottom line. Companies like Medical Solutions which provide that cover and do so beyond the models of traditional healthcare providers are likely to see significant growth over the coming years.'

Marcol Health focuses on healthcare businesses in the UK, US and Europe, where growth potential can be maximised domestically and internationally. The company's largest transaction to date has been German rehabilitation provider Median Kliniken, which it acquired in 2009 in partnership with Advent and sold to private equity firm Waterland in 2014.

Marcol aims to create a €1bn-plus company within the next five years.

Revenue up at BHSF

Employee benefits, insurance and HR provider BHSF Group said a strengthening UK economy had helped boost revenue by 6.6% to £39.6m in the year ended 31 December 2016.

The company, which in recent years has moved beyond its core cash plan proposition into employee benefits services, HR support and most recently occupational health, said growth in the number of new insurance applications and new annual premiums had both hit new records – up 12% and 10% respectively.

Claims costs were virtually unchanged on 2015 at £24.7m (2015: £24.9m). However, net operating expenses rose to £9.5m from £8.7m the previous year, leaving the balance on the technical account down 40% on the previous year at £831m (2015: £1.4m).

However, the performance of the non-technical account helped boost the final figures. Investment income dipped to £687,000 from £692,000 in 2015 but unrealised gains on investment came in at £1.6m against a loss of £11,000 the previous year. Together with other charges, this pushed the company's pre-tax surplus to £637,000 against £509,000 the previous year.

Chief executive Peter Maskell, who is due to step down this summer, said: 'Despite the uncertainty in the UK economy, fuelled by the Brexit decision, BHSF has produced satisfactory trading results and we believe this is because our wide range of health and wellbeing products and services is appealing to customers, both individual purchasers and corporate clients.'

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Healthcare intelligence

Company results round up

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

Organisation	Year end	Revenue £m	%Δ	EBITDAR £000s	%Δ	EBITDAR Margin (%)	PBT £000s	%Δ	Net Debt[1] £000s
Amcare	2016	36.3	7%	(1,640)	(99%)	(5%)	4,942	(265%)	3,975
Assura	2017	71.1	17%	62,300	15%	88%	95,200	231%	(496,600)
AXA PPP Healthcare	2016	1,390.2	9%	N/A	N/A	N/A	94,600	25%	3,300
BHSF Group	2016	35.1	0%	N/A	N/A	N/A	637	25%	6,458
Care Fertility Holdings	2016	31.3	(1%)	8128	17%	26%	(7,335)	(81%)	(78)
Care UK Health & Social Care Holdings	2016	597.2	(13%)	71,300	11%	12%	(72,500)	(52%)	(771,200)
Concordia Health Holdings	2016	18.8	36%	(138)	116%	(1%)	(284)	139%	116
Denplan	2016	38.1	4%	6,252	1%	16%	7,026	21%	8,742
East Coast Community Healthcare C.I.C.	2016	37.0	(2%)	2,377	15%	6%	464	25%	3,189
Foscote Court (Banbury) Trust	2016	2.5	(12%)	(623)	(1,033%)	(25%)	(676)	(135%)	38
Glenside Care Group	2017	13.7	10%	1,587	51%	12%	(2,722)	(49%)	(30,624)
Guy Pilkington Memorial Home	2016	12.8	6%	805	39%	6%	439	71%	(1)
Health & Protection Solutions	2016	21.6	5%	(292)	204%	(1%)	813	240%	1,579
Health Management	2016	48.2	4%	(1,388)	(71%)	(3%)	(10,352)	(139%)	996
Inhealth UK Holdings	2016	121.3	(6%)	17,603	17%	15%	5,747	34%	6,475
Integrated Pathology Partnerships	2016	7.2	(10%)	2,064	1,060%	29%	1,624	(419%)	0
Interact Medical	2016	43.3	0%	1,583	21%	4%	1,396	21%	(1)
London Women's Clinic	2016	11.0	16%	1,626	6%	15%	1,461	14%	(1)
Lorena Investments	2016	105.0	(8%)	18,825	104%	18%	373	(103%)	0
Marie Stopes International	2016	282.7	9%	19,353	0%	7%	11,502	6%	64,064
Mastercall Healthcare	2016	11.5	4%	637	142%	6%	342	74%	1,040
Medacs Healthcare	2016	114.6	(20%)	5,536	17%	5%	4,304	19%	(4,722)
Medicash Health Benefits	2016	24.3	6%	N/A	N/A	N/A	2,772	(925%)	2,947
Mya Cosmetic Surgery	2016	19.0	(1%)	1,784	6%	9%	930	31%	(3)
Nuffield Health	2016	839.5	9%	134,100	10%	16%	2,600	(167%)	(1,114)
Shuropody	2016	16.8	(14%)	1,241	47%	7%	(2,061)	(18%)	(2,308)
Simplyhealth Group	2016	247.8	(25%)	N/A	N/A	N/A	800	95%	55,300
Spire Healthcare Group	2016	926.4	5%	233,500	0%	25%	73,200	1%	(707)
Tetbury Hospital Trust	2017	2.4	(2%)	51	69%	2%	195	13%	914
The Oasis Healthcare Group	2017	321.1	17%	53,506	10%	17%	(48,969)	(91%)	14,719
Welsh Hospitals & Health Services Association	2016	3.2	(6%)	N/A	N/A	N/A	649	1,040%	1,071

NOTES 1 NET DEBT (BANK LOANS + FINANCIAL LEASES - CASH). FIGURES IN BLACK DENOTE CASH, FIGURES IN ( ) DENOTE DEBT
SOURCE LAINGBUISSON DATABASE

Contract re-pricing and fall in volumes hits EBITDA at Care UK

Care UK's revenues rose by 1.6% from £585.1m to £594.2m in the year ended 30 September 2016.

Revenue for the healthcare division decreased by £16.8m to £324.2m due to an anticipated re-pricing of Wave Two contracts and a reduction in elective procedures, which were down by over 4,100 to 79,939.

In June this year, managing director of healthcare at Care UK Jim Easton told HM that faced with financial challenges, many of the company's NHS customers were coming under increasing pressure to ration electives.

Although volume reduction was partly offset by solid performance from the company's prisons contracts, which brought in £29.2m, the impact was that EBITDA halved to £12.3m (2015: £24.9m). However, excluding Wave Two re-pricing and one-off contract benefits, EBITDA was reported as in line with the prior year.

"Care UK anticipates further opportunities, albeit within a tough overall NHS environment"

It was a different story for Care UK's care services division, where revenue increased by £25.9m to £270m, largely as a result of 16 new homes opening in the past four years, together with a positive contribution from Suffolk homes as they mature. Improved occupancy rates and increased fees were also factors in the uplift.

Cost of sales stood at £529.9m (2015: £521.4m), predominantly due to staff costs, which as a percentage of revenue increased by 0.7%. While this was largely in its healthcare division, Care UK reported that the use of agency staff was proving difficult to eliminate in its care homes.

Administrative expenses were £73.3m (2015: £117.7m, which included a £21.1m impairment of tangible fixed assets and £26.7m in non-recurring items arising from onerous lease provision), leaving the health and care provider with an operating loss of £9m, significantly down on the previous year's loss of £54m.

The directors, however, reported an adjusted EBITDA figure of £31.6m, down on the £37.1m recorded the previous year, due to the reduction in revenues in its healthcare division.

Financial expenses fell to £63.5m (2015: £100.9m) leaving Care UK with a £72.5m pre-tax profit compared to £154.9m the previous year. At the year end the group operated around 190 facilities with total property, plant and equipment assets (before applying IFRIC 12) of £219.2m.

The directors said: 'During the year ended 30 September 2015 Care UK's Health Care division initiated an efficiency programme across all of its treatment centres. The programme focuses on optimising operating theatre usage whilst also maximising patient satisfaction through the delivery of a high quality end-to-end procedure service and experience.

'The programme has incurred implementation costs of £2.7m in the year ended 30 September 2016 and has delivered efficiency savings that correlate with the level of activity and volume of procedures achieved in the treatment centre, albeit at a lower level than anticipated due to financial constraints within the NHS. However, as a result of the programme the units are well placed to deliver a more efficient throughput of procedures when volumes increase again as expected.'


Care UK managing director of Healthcare Jim Easton

Elysium buys Lighthouse

Elysium Healthcare has acquired specialist learning disability and mental health provider Lighthouse Healthcare for an undisclosed sum, taking its portfolio to 40 sites.

Founded in 2007 via the merger of Healthlinc Individual Care, Acorn Care and Growing Old with Learning Disability, Lighthouse operates six mental health hospitals with 132 beds alongside six community based residential care services.

BC Partners-owned Elysium has made four acquisitions since it was established in November last year. And, according to chief executive Joy Chamberlain, the latest will provide it with a 'true network of specialist services' across England and Wales.

Lighthouse chief executive Julian Ball said: 'We are delighted that Lighthouse is becoming part of Elysium and believe that this presents a real opportunity to continue to develop and invest in our services within this forward thinking healthcare group.'

LaingBuisson
Healthcare intelligence

Major hospital operators

Major acute/surgical hospital operators ranked by beds

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Operator	Hospitals	Beds	Operating theatres	Year End	Revenue £m
BMI Healthcare[1]	56	2,609	157	30 Sept 16	895.5
Spire Healthcare Group	39	1,867	131	31 Dec 16	926.4
Nuffield Health[2]	32	1,216	98	31 Dec 16	839.5
Ramsay Health Care UK	30	898	78	30 June 16	429.6
HCA Hospitals[3]	11	769	61	31 Dec 15	689.7
Aspen Healthcare	5	214	17	31 Dec 16	133
Trustees of the London Clinic	1	186	9	31 Dec 15	141.8
Care UK (Acute Revenues Only)	8	178	31	30 Sept 16	215
Medical Services International	1	116	5	31 Dec 15	105.7
Imperial Private Healthcare	5	97	30	-	-
Hospital of St John & St Elizabeth	1	80	5	31 Dec 15	55.6
KIMS Hospital Holdings	1	79	5	30 April 16	Exemption
Circle Health	3	71	23	31 Dec 16	133.5
Ulster Independent Clinic	1	70	7	30 April 16	26.3
Horder Healthcare	2	65	6	30 June 16	30.0
Frimley Health NHS Foundation Trust	2	56	20	31 March 17	9.8
Royal Free London NHS Foundation Trust	1	52	1	31 March 17	21.5
Royal Marsden Private Care	4	52	23	31 March 17	91.8
The Healthcare Management Trust	2	49	4	31 Dec 15	30.0
Great Ormond Street Hospital for Children NHS Foundation Trust	1	43	12	31 March 17	55.1
Royal Brompton & Harefield NHS Foundation Trust	2	40	11	31 Dec 16	23.5[4]
King Edward VII's Hospital Sister Agnes	1	40	3	31 March 16	23
The Christie NHS Foundation Trust	1	34	6	-	-
Guy Pilkington Memorial Home	1	32	2	31 Dec 16	12.8
Chelsea & Westminster Hospital NHS Foundation Trust	1	30	20	31 March 16	17.4
The Victoria Foundation	1	27	3	31 March 16	14.9
Spencer Private Hospitals	2	26	16	31 March 16	10.3
Maidstone & Tunbridge Wells NHS Trust	1	26	10	31 March 16	6.9
Western Sussex Hospitals NHS Foundation Trust	1	26	10	31 March 17	6.5
Vale Healthcare Ltd	2	25	4	-	-
Royal National Orthopaedic Hospital NHS Trust	1	22	10	31 March 16	6.4
Hampshire Hospitals NHS Foundation Trust	1	22		31 March 16	4.8
Guy's & St Thomas' Private Healthcare	3	21	14	-	-

NOTES 1 REVENUES STATED NET OF CONSULTANTS' FEES **2** COMBINED REVENUES FOR HOSPITAL AND WELLNESS BUSINESSES **3** AGGREGATE RESULTS FOR HCA INTERNATIONAL, HARLEY STREET CANCER CLINIC AND ST MARTIN'S HEALTHCARE **4** NINE MONTH PERIOD
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Jill Watts to exit BMI later this year

BMI Healthcare chief executive Jill Watts has announced that she will step down at the end of this year to return to Australia for family reasons.

Watts, who headed up Ramsay Health Care's UK business before joining BMI in 2014, will remain in post until the end of the financial year and will continue to support the business until the end of 2017.

She will be succeeded by Karen Prins, who is due to take over at the beginning of October A medical doctor with an MBA, Prins has 20 years of senior management experience within the Netcare Group in South Africa, including management of several large and complex hospitals.

'This has not been an easy decision to reach and it is with a real sense of regret that I have resigned from my position,' said Watts. 'Unfortunately, due to a serious family accident earlier this year and my mother's deteriorating health, I have decided to return to Australia at the end of the year. It has been a real privilege to lead the team at BMI during what has been a very turbulent period in the UK healthcare environment and I wish BMI and Karen all the very best of success in the future. I originally came to the UK from Australia in early 2008 for what was meant to be a three-year period and I will have been in the UK for close to ten years on my return.'

BMI Healthcare CEO Jill Watts will return to Australia at the end of this year

Assura CFO

Jayne Cottam has joined Assura as chief financial officer. Currently finance director for operations at a large housing developer, she is expected to take up the role in October. Jonathan Murphy has fulfilled the role of CFO since his appointment as CEO earlier this year.

HCA appoints CMO

HCA Healthcare UK has appointed Dr Cliff Bucknall as chief medical officer.

A cardiac consultant, Dr Bucknall has worked with leading NHS institutions and teaching hospitals, including Kings College Hospital, Guy's and St Thomas', and HCA's London Bridge Hospital. He was previously HCA's cardiac medical director, leading the development of cardiac care across HCA's UK facilities.

In addition, he has been a Royal College of Physicians representative on BSI Standards Committee, cardiology advisor to the Metropolitan Police and specialist advisor to NICE Interventional Procedures Programme.

HCA Healthcare UK chief executive Mike Neeb said: 'Dr Bucknall is a huge asset to HCA Healthcare UK, he has been instrumental in driving excellence in our cardiac services. I know he will bring the same dedication to delivering high quality patient-centred care to his role as chief medical officer and I am delighted to announce his appointment.'

Dr Chris Bucknall takes over as HCA CMO

Dr Bucknall succeeds Dr Chris Streather, who has taken up the post of chief executive at The Royal Free Hospital.

DH commercial officer

The Department of Health (DH) has appointed Steve Oldfield as chief commercial officer – a new role created to help streamline costs in the health and pharmaceutical sector.

Oldfield will take up the post in October when his immediate focus will be on developing the commercial strategy which will underpin upcoming negotiations with pharmaceutical suppliers.

Reporting to the DH's Permanent Secretary, Chris Wormald, he will be employed centrally as one of the new cohort of senior commercial managers tasked with improving the delivery and cost performance of supply chain, and will be responsible for ensuring the DH plays a leading role in the wider government commercial function.

Oldfield has over 25 years' experience in the healthcare industry and is currently chief operating officer for PGT, a consumer health joint venture between Procter & Gamble and Teva, based in Geneva. He has also served on the Board of the ABPI and co-chaired committees looking at the introduction and adoption of new medicines.

Commenting on his appointment, Mr Wormald said: 'We face a number of commercial challenges across the health family, not least putting in place the next generation of the medicines pricing scheme, but we see huge opportunities for better delivery for patients and better value for money for the taxpayers from improved commercial skills and experience.'

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