

AT Medics transfer of holdings to Operose Health Ltd
Inner north east London JHOSC, 23 June 2021

Introduction

AT Medics Ltd (ATML) holds 34 Alternative Provider of Medical Services (APMS) contracts and a small number of NHS Standard Contracts across London. In North East London (NEL) it holds eight APMS contracts which are for:

- Trowbridge Surgery (City and Hackney)
- Albert Road and E16 Surgery (Newham CCG)
- Carpenters Practice (Stratford/Manor Park/Canning Town branches (Newham CCG)
- Lucas Avenue Practice (Newham CCG)
- Whitechapel Health Centre (Tower Hamlets CCG)
- East One Health (Tower Hamlets CCG)
- Loxford Practice (Redbridge CCG)
- Temporary caretaking contract for Victoria Medical Centre (Barking and Dagenham CCG).

Change of control of ATML has transferred from the directors of ATML to Operose Health Ltd – a company that holds a number of GP contracts and other health service contracts across London and in other parts of the country.

All GP practices work under contract to the NHS and whether owned by GPs or other organisations can bid for contracts across the country. However they must be able to meet strict standards and regulations that apply to all NHS providers.

AT Medics had to ask permission of the NHS (the CCGs that commission the relevant services) for the change in control. This is allowed under the terms of the GP contract. In this case, the transfer was approved as there was no legal or contractual basis for the CCG to reject the transfer of control and it will not alter the service that is required under the contract.

The change in control was approved by each NEL Primary Care Commissioning Committee (PCCC) via Chair's action in December 2020 as there were no such committees in December due to the focus on managing the pandemic. The NEL Primary Care Commissioning Committee in common for ratified the decision on 4 February 2021.

As a commissioner of health services, CCGs' role is to ensure the provision of high quality, safe services for local people. In addition, all health service providers are regulated and inspected by the Care Quality Commission to ensure they meet fundamental standards of quality and safety.

As part of a due diligence process undertaken prior to considering the change in control we sought assurance that our patients and their care would not be affected. AT Medics advised us that they will continue to run the GP practices as they do now and patients will continue to see the same doctors and nurses although over time there may be some natural changes in staff as people choose to move to new jobs. Care remains free at the point of delivery.

Our commissioning practices in relation to AT Medics have followed the same rules and guidance as we apply to all our GP contracts and any decisions taken were informed by legal and national guidance. In this case, there was no legal or contractual basis for the CCG to reject the transfer of control of AT Medics Ltd, and doing so would have posed a risk to continuity of high quality of care for local residents.

When existing contracts are up for renewal, AT Medics, along with all other appropriate providers, will be able to bid for the contracts and as part of this will need to demonstrate their performance on a range of different parameters such as service quality, access, workforce and patient engagement.

Further background

All GP practices are private businesses that are either owned by GPs or other organisations such as Operose Health and are contracted to provide services to the NHS. As a provider of NHS services, care remains free at the point of delivery

AT Medics Ltd (ATML) holds 34 APMS contracts and a small number of NHS Standard Contracts across London. In North East London (NEL) it holds eight APMS contracts.

ATML was wholly owned by AT Medics Holdings LLP (ATMLL) and shares in ATMLL were held by directors of ATML.

The companies proposed that ownership of ATMLL should transfer from the directors of ATML to Operose Health Ltd – a company which already holds a number of GP contracts and other health service contracts across London and in other parts of the country.

Operose Health Ltd is itself owned by MH Services (UK) Ltd. which is then owned by MH Holdings International (UK) inc. The ultimate beneficial owner of OHL's holding companies is Centene Corporation.

The terms of the standard APMS contract require contractors to seek prior authorisation for any such change and ATML has requested that authorisation. The contract allows for the commissioner to make authorisation of change subject to conditions where these are considered necessary.

NHS Standard Contracts require only that the contractor inform the commissioner of a change of control within five operational days of the change taking place.

ATML state that the new collaboration between AT Medics and Operose Health will combine the strengths of both organisations and that the benefits of this collaboration will include enhanced organisational resilience and accelerated technological capabilities leading to excellent patient access and high-quality clinical outcomes. ATML also says that the new collaboration will bring together significant combined expertise in population health management.

Officers have collaborated in carrying out due diligence in respect of the request across the affected London CCGs, which has included requesting legal advice on specified matters on a once for London basis.

Officers' recommendation for the granting of consent without conditions for the proposed change in control was endorsed by Chairs Action by NEL PCCC Chairs in December 2020. (The PCCC Chair were also lay members of the CCGs).

This process has been managed centrally by NHSE/I and Regionally led by South East London CCG (SEL CCG).

Key points to note:

- o that AT Medics Ltd (ATML) holds eight APMS contracts in NEL.
- o that the terms of the standard APMS contract required the contractor to seek prior authorisation from commissioners prior to implementing any change in control of the contractor and that ATML requested such authorisation.
- o that the proposed change in control affects contracts held by 13 London CCGs.
- o that officers have collaborated in carrying out due diligence in respect of the request across the affected London CCGs, which has included requesting legal advice on specified matters on a once for London basis.
- o that papers mirroring this paper were presented during December 2020 to all 13 London PCCCs having an interest in this proposed change or, where no suitable PCCC was scheduled, presented with a request for Chair's action.
- o that officers' recommendation for the granting of consent without conditions for the proposed change in control was endorsed by Chair's Action by NEL PCCC Chairs in December 2020 subject to the single outstanding due diligence report not raising any concerns.
- o that officers' having provided confirmation that the outstanding report did not raise concerns, consent to the change in control is endorsed.
- o that the due diligence and process on which the decision to endorse the recommendation was based, are set out below.

Due Diligence

Since the proposal was relevant to 13 London CCGs, it was agreed that the due diligence process would be led by SEL CCG on behalf of all affected CCGs.

Given the potential financial and service provision risk which might arise as a result of e.g. any failure in one of the companies involved, or as a result of significant changes to management of staffing of the practices run by ATML, commissioners agreed it was essential to carry out due diligence in respect of the proposals and to seek various assurances.

In its application for authorisation ATML gave assurances that:

- o ATML would continue to be responsible for providing the primary care services
- o There would be no change to the personnel involved in providing care under the contracts as a result of the change
- o The current directors of ATML would remain actively involved in the organisation.

SEL CCG therefore sought and received legal advice that:

- o Authorisation for the change in control should take place via the relevant PCCCs
- o The proposed change did not constitute a change in contract holders and therefore was not a novation.

- o For the above reason the change was not likely to be subject to challenge under the Public Contract Regulations.

Legal advice as to appropriate assurances regarding company and financial stability was also requested and solicitors drafted a set of questions which were sent to ATML for a response.

Solicitors also carried out searches on financial stability and Good Standing to provide further assurance to commissioners in respect of Operose Health Ltd, Operose Health Group, MH Services International and MH Services International Holdings. No concerns arose as a result of these searches and the responses to the questions asked of ATML which were judged to provide assurance as to the financial and organisational stability of the companies involved.

Process

For commercial reasons ATML and Operose wished to conclude the change in control as soon as achievable within the relevant CCG's governance arrangements and ideally by the end of December 2020¹. In order for ATML and Operose to enact the proposed change in control, all of the relevant PCCCs must agree the recommendation.

Because of the Covid pandemic, some PCCCs were not currently meeting in public and some not meeting at all in December and it was therefore proposed that Chair's action be taken in the latter case and in either of these cases, the relevant CCG would ensure that the Part 1 paper were shared in the next PCCC meeting in public for transparency.

¹ SEL CCG, on behalf of the relevant London CCGs, provided confirmation to ATML/Operose that those CCGs had consented to the change of control referenced in this paper. That confirmation was provided on 14th January 2021. Operose subsequently confirmed that the change in control had taken place with effect from 10th February 2021.