

## **APMS CONTRACTS: OPPORTUNITY OR POISONED CHALICE?**

GPs are being asked to enter into alternative provider medical services (APMS) contracts. In this article [Justin Cumberlege](#) considers whether they are an opportunity or a poisoned chalice.

The nationally negotiated GMS contract is very difficult to change at a local level while a locally negotiated PMS contract is for a fixed period (five years), with little opportunity for the PCT to change it during its term.

APMS contracting is open competition, except that, unlike a commercial contract, some of the terms are mandatory being prescribed by law.

Under an APMS contract, the GP practice or private sector company holding it is a management organisation. This shifts the contract's basis away from an underlying presumption that the contractor will personally provide patient services.

Entering into an APMS contract could be an excellent business move, but, if you get it wrong, you could be handing over your practice's fate to the PCT.

On the other hand, there may be a financial advantage in providing new services under an APMS contract, as you gain flexibility over what your practice can provide. If you take on an APMS contract, it is therefore advisable to consider whether it would be advantageous to retain your present GMS/PMS contract for the enhanced services and/or additional services you already provide.

If you are offered the opportunity to provide more services under an APMS contract, it is important to consider carefully how you could accommodate those services.

Would you need more space? While an extra service may not require you to increase your premises expenses, remember to check whether your premises reimbursement might be reduced.

What about other costs? Would your reception costs, record keeping, heating, electricity or phone bills increase by any noticeable amount? They almost certainly won't, if you are providing extra services at your existing surgery.

Staff costs are usually the biggest contributor to overhead costs so you will need to be certain the contract price will cover staff needed for a new service. Could you provide the service with existing staff? If you have people working part time who want to put in more hours, the additional expense should be fairly modest.

If it does not stack up financially, do not bid simply because you fear another provider coming on to your patch. You might gain from having another service provided in the locality.

However, with the advantages of premises, some staff and facilities in place, you should have the cost advantage in providing a new service to your and other practices' patients. Added to which, if it does not go to plan, you may be able to sell the service to someone else, if you hold the APMS contract in a structure to avoid the illegal sale of goodwill!

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As ever, we welcome your feedback. Please e-mail your comments to me,  
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