INDEPENDENT DOCTORS FEDERATION
Promoting Excellence in the Independent Medical Sector

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Independent Doctors Federation (IDF) response to the Competition Commission's Statement of Issues relating to privately-funded healthcare services in the UK

Further to our initial submission we were pleased to receive the Competition Commission's statement of issues dated 22nd June 2012. We note that the matters raised in the document are intended as topics for investigation and do not represent any views or findings of the Competition Commission at this stage.

We agree that the four largest private medical insurers account for approximately 87% of premium revenue and agree that the insurers have influence on the selection and delivery of services through factors such as: approving hospital consultants, restrictions in insurance products, limiting access to particular services and consultants and setting financial caps for individual treatments and/or involvement in the selection of treatment.

We note the Competition Commission will investigate seven theories of harm identified to date and we do not wish to add to these.

The IDF are opposed to "open referral", which we believe is in itself a misleading term, deliberately designed to obfuscate. As a system of referral, it is poor medicine and one which may lead to insurers referring patients inappropriately to the wrong specialty or sub-specialty (we can provide evidence of this). GPs provide the relevant information, past history and present medication, all of which is unlikely to be available to the PMI and which may well be vital to the specialist. The insurer may claim that their referral is made on issues such as quality rather than cost, but all agree that quality is not easy to measure and that the hidden motive is selection by cost – as profit is surely a motivating factor in corporate policy. The GP, however, is in a good position to judge patient reported outcome as well as monitoring any complications. Where an insurer refers a patient to a specialist who is "recognised" by that insurer and for treatment within a hospital owned by the insurer there appears to be a conflict of interest. Not only should there be a declaration to the patient by the insurer, but surely, the patient should be offered an alternative specialist in a non–aligned hospital. Patients referred for physiotherapy are being told by one PMI that they should go to one of their own centres. Does this constitute an Adverse Effect on Competition (AEC), when one body acts as insurer,

regulator and provider ?

The IDF believes that caps on the reimbursement of fees restrict a free market. Such caps are used by insurers to limit fees charged by consultants and insurers may possess buyer power in relation to consultants which are anti-competitive and which could lead to a reduction in the quality of service provided and affect incentives to innovate.

The caps on reimbursement of fees applied to newer, junior consultants combined with the increase in costs, such as professional indemnity, secretarial fees, consulting room charges, CQC registration, etc may well result in a shortage of consultants willing to practise in the independent sector in the future, which in turn will be anti-competitive. We believe that insurers are also limiting new consultants' access to an open competitive market, restricting their right to operate freely – which in turn restricts patient access to consultants who will not "comply". It is entirely possible that many of the best consultants are deterred by this policy which in some cases places profit before quality.

The IDF is opposed to the concept of specialists being "delisted" or "not recognised" where this is purely on the basis of cost. Cost is a factor and may be an important one for many patients. We agree that patients should be informed in advance of all costs and shortfalls. However, for PMIs to inform patients that a specialist is not "recognised" or has been "delisted" may well give the false impression that a doctor is no longer recognised or has been delisted by the GMC (struck off the register). The doctor may, for example, have decided that they are not prepared to accept 50% of the reimbursement fee for a procedure which had been agreed with that PMI 20 years before and feel that it is unreasonable to be asked to do so. This could lead to that doctor's patients being informed that they are no longer "recognised" which can have a significantly damaging effect on the doctor's practice. Where capping results in patients being informed by their PMI that there may be a shortfall, that is not unreasonable, what does appear to be an AEC, is where the patient is informed that their PMI will pay nothing towards their costs, as the doctor is no longer recognized. The PMI may then proceed to interfere with the referral pathway by referring them on to an alternative doctor without any reference to the referring GP. This would certainly appear to be anti-competitive.

The IDF is committed to a free, open and transparent provision of independent medical services of the highest quality where patients can make informed choices aided, where appropriate, by their GP.

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Chairman