

PRIVATE HEALTHCARE MARKET INVESTIGATION

Healthcare at Home (HaH) is in the market of providing choice for patients about where they can receive their treatment for cancer. In the majority of cases HaH will treat the patient with chemotherapy and supportive medicines at home, but on occasions we also supply specialist nurses to hospital. HaH have a compounding unit and generally will supply medications for patients that they are treating from this facility.

HaH will also treat and care for patients on IV antibiotics, anti-fungals and those needing blood transfusions.

HaH are funded by private medical insurance companies for the treatment they provide and manage a small number of self pay referrals.

Please refer to website for a more expansive explanation

<http://www.hah.co.uk/home>

Theory of harm 1: market power of hospital operators in certain local areas;

HaH anticipates that within the oncology market certain hospitals will become dominant within their locality. This is true for the provision of surgical oncology as well as medical oncology (chemotherapy treatment). This domination will lead to specialisation which in turn can lead to a higher quality of clinical service as the body of expertise is developed.

The number of hospitals that provide private oncology services is increasing as bed utilisation from other specialities drops and hospitals turn to use the space for 'high income' activity.

The recent trend is for more centres to set up private radiotherapy facilities.

HaH believes the principal danger to competition arises from the potential of private hospitals to skew the market towards hospital based care.

Theory of harm 2: market power of individual consultants and/or consultant groups in certain local areas;

The service provided by HaH and other homecare providers affords the privately funded patient with increased choice of venue for administration of their therapy for cancer. Being treated at home often makes a significant difference to patient's well-being and means they do not have to face travelling into hospital when they are unwell and then have a further wait in a hospital. Certain pre and post treatment tests are also managed at home, thus saving further journeys to and from a facility.

The market power of the Consultant dominates the homecare market; whether a patient has access to a homecare service is reliant on the Consultant offering the patient the choice. HaH's data shows that where patients are truly given the choice of homecare or hospital care, 60-70% will choose to be treated at home; yet in many cases the choices are not discussed and the patient continues to receive their hospital based therapy.

Consultants' willingness to discuss the treatment options with the patient is often linked to the power that hospitals exert. Hospitals are influencing the Consultants to keep their patients within the hospital; if they do not keep activity with the hospital the supply of referrals to Consultants from surgeons may go to another Consultant Oncologist. Such pressure is also exerted in various 'softer' ways such as the availability of free or subsidised room space in clinic or the provision of secretarial support. These softer ways of applying pressure are aimed at increasing hospital revenue and keeping therapy all under one roof. The effect of this is that patient choice is reduced.

The outcome of the lack of information being given to patients about true choice leads in the majority of cases to the patient's treatment being given in a private hospital environment. Approximately 5-8% of cancer treatments for private patients are given at home. In our experience where true discussion and choice is given the % for homecare is much higher (circa 60%).

Theory of harm 3: market power of hospital operators during national negotiations with insurers;

No comment

Theory of harm 4: buyer power of insurers in respect of individual consultants;

No Comment

Theory of harm 5: barriers to entry at different levels;

The private medical insurers often establish national hospital networks whereby an insurer can only send patients into certain hospitals. This is a barrier to entry for any new provider.

The barriers to entry caused from the relationship between hospital operators and Consultants is the chief cause of Adverse Effect on Competition as between hospital care and homecare. The patient is left not knowing about the full range of choices open to them. In many cases the private medical insurer will inform the patient that they can receive homecare but the attitude of the Consultant and their explanation to the patient will often deter the patient from exercising this option.

BUPA Insurance has provided robust documentation showing that homecare was at least as clinically safe as hospital care and wrote to all Oncologists informing them of the 'choice' their members had access to during chemotherapy treatment. BUPA mentioned both their own provider (BUPA Home Healthcare) and HaH in this document. However this did not increase the number of Consultants offering this service. We suggest this is because the link between hospital and Consultant is so strong and that Consultants perceive that taking business to the home may mean fewer referrals.

Theory of harm 6: limited information availability;

No comment

Theory of harm 7: vertical effects.

BUPA Home Healthcare (a subsidiary of the BUPA Group) has offered a Consultant based 'private patient grant scheme' to oncologists with a private practice.

The operation of such a scheme deters proper competition and illustrates that the market is overly influenced by the perceived need to incentivise Consultants.