

Member of the public 14

1 November 2012

Dear Mr Witcomb

I am writing to inquire at what point in the OFT investigation into the UK Private Healthcare market the scope of your study will focus on the contributory factors and inflationary costs Private Medical Insurers ultimately pass onto employers and individual consumers.

1. It is quite clear to me through personal and professional experiences that the practices of the largest four healthcare insurers inflate employer and employees "cost", in its' broadest sense, from anywhere between 15% to 25% currently in the United Kingdom. A significant element of that "cost" is hidden in lost productivity, failure and duplicative processes, the slow speed of returning to full health, and cost-shifting tactics. Yes an additional 15p to 25p of every pound spent on frictional costs facilitating, assembling the healthcare resources and delivering those resources to the consumer.
2. The failing of those insurers' business models and their leadership are the direct cause of an adversarial not collegial approach to private healthcare between ALL key stakeholders in the UK (a breakdown of "trust" throughout the value chain, each stakeholder looking out for themselves, a dull uncompetitive market, employing people with little or no incentive to innovation or ingenuity).
3. Undoubtedly ALL stakeholders in the private healthcare value chain are contributing to an anti-competitive and inflated marketplace. [✂]
4. The "default" culture in those medical insurers is one of compliance not commitment. Their marketing materials espouse a set of "beliefs" (commitment to patient care, non-interference, ease of access and so forth), yet in practice from the leadership to the frontline staff at each interaction with the consumer it is about protecting their bottom line, compliance with their policies and procedures, and doing so by coercion, frequent and regulator use of their big stick (denial of claim reimbursements or service charges). The "effects" you are seeing with opaque charging structures, private healthcare chains using their buying power, hidden incentives and so forth are directly related to the environment created by those insurers. Where in the world do you buy a product or service and the seller has the right to
 - Immediately assume you are a criminal cheating the system and treat you as such until they are satisfied that is not the case (pre-authorisation)
 - Arbitrarily determine whether the circumstances dictate that they live up to their side of the bargain (pay a claim)
 - Heavily influence and incentivise who and for how long you are best served to receive that benefit (open referrals)
 - Heavily influence what that service provider can charge for the value they provide to the consumer
 - Choose when, and on what date without penalty the customer will receive reimbursement

5. The leadership in those PMI firms so accept the prevailing culture as the “norm” that they don’t wish to debate it, tackle it or take the tough decisions to make changes. Rather they spend their energies “circling the wagons” and lobbying grenades in the direction of healthcare providers, doctors, insurance intermediaries, employers and individual consumers. No business or industry sector can survive long-term in that mode.
6. A comprehensive review of the Private Healthcare “Value Chain” cannot be credible without an investigation of ALL the components including the Private Medical insurance segment.
7. It is self-evident that rapid steps need to be taken to spure a cultural change amongst ALL stakeholders. That must start with
 - An honest assessment by the leaders of each key stakeholder of the *right* set of “beliefs” that should govern their attitudes to private healthcare in the UK and manifest themselves in the *right* set of behaviours.
 - Acceptance that [✂], blaming others and a failure to lead is simply a path to a hostile US-style private healthcare environment that destroys public trust and each organisation’s brand. No one wins ultimately.
 - Appeal to the self-interests of each stakeholder, not normative or coercive pressure for change.
 - Recognition that the PMI sector cannot self-exclude themselves, nor should your investigation all that to happen if you are to address the causes not just the effects of market distortions.

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