

19 July 2012

Julia Hawes  
Inquiry Coordinator  
Competition Commission  
Victoria House  
Southampton Row  
LONDON  
WC1B 4AD

Dear Ms Hawes

**Private Healthcare Market Investigation**

Thank you for your letter dated 22 June 2012. The Private Patients' Forum (PPF) is a very modestly resourced organisation set up to support users and potential users of private healthcare in the UK. It has an Advisory Council of patients supported by professionals with varied expertise from inside private healthcare. PPF made submissions to the OFT Market Study and participated in the two roundtables held by the OFT in September 2011.

PPF was concerned that several issues which it felt to be significant for patients were deemed outside the scope of the OFT Study. PPF also considered that some issues relevant to patients were not given sufficient weight in the OFT Study Report. PPF was therefore very supportive of the decision to refer to the Competition Commission despite the cost implications to the sector which will, eventually, be borne by patients.

PPF looks forward particularly to the Competition Commission's attention to the following which include the issues mentioned above:

1 Insurance (PMI) related:

- a non 'portability' of policies: when individual patients seek an alternative insurance provider they can either stay with the current PMI at any increased premium or lose cover for 'pre-existing conditions' even if these have not been the subject of any claim.

This can be especially problematic to those retiring from company schemes. It is accepted that the employing company also has some responsibility in this and for effective communication to the employee.

Insurers correctly assert that the insurance contract is annually renewable. This encouraged FSA to apply 'lighter touch regulation'. However, for many consumers, theirs is, in effect, a long term contract due to this pre-existing

*choice in the hands of patients*

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condition problem. For this group of consumers there is the disadvantage of lighter regulatory protection with the potential consumer detriment risk associated with a long term contract.

- b choice issues which are not clear at the point of purchase of PMI. For example, there are policies in which it is not clear that:
  - i the insurer chooses which consultant/hospital is to be used. Apart from taking away choice – a significant reason for many for using PH – this may lead to inappropriate referral to a generalist rather than to a specialist for cost saving reasons. This is most common in policies which an employer purchases for an employee. Again there may be an employer communication responsibility here.
  - ii there is a restriction on patient choice of practitioner because a shortfall may result that is unpredictable to the patient. In some cases the reimbursement for the patient's own choice of consultant may be at a lower level than would be paid for the insurers' approved consultant. Apart from fairness and choice issues, these restrictions may impede continuity of care and, possibly, result in less satisfactory medical outcomes.
  - iii that the insured is disallowed from accepting a shortfall. This removes a significant element of patient choice.
  - iv that 'delisting' excludes certain hospitals and consultants from being used by policyholders without the option for the patient to pay the shortfall for the delisted providers. The recent Bupa/BMI spat generated several such complaints to PPF.
  - v that there are 'small print issues' such as the exclusion of reimbursement for a procedure when diagnosis and treatment take place on the same day.
- c lack of transparency of incentivisation of brokers/intermediaries and how these incentives might influence advice to policy holders.
- d limited communication of details of cover to those insured in company schemes which, *inter alia*, can lead to patients using the NHS to the financial benefit of the insurer.

## 2 Doctor related:

- a the paucity of available outcome measures to inform patient choice which, it is acknowledged, is not easy to make meaningful. This problem also appears to hamper the traditional GP referral model.
- b the lack of transparency to the patient of any incentivisation of referral or selection of consultant or hospital.
- c opacity in some cases about fees to be charged for procedures and the omission of key elements from any estimate (e.g. of anaesthetist or diagnostic costs).

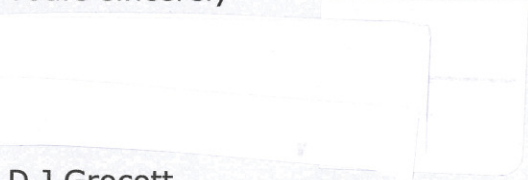




- 3 Provider (Hospital) related:
  - a outcome measures again as in 2a above.
  - b tied relationships between insurers and providers and between doctors and insurers which are opaque to patients and may limit patient choice.
- 4 General:
  - a there are problems arising from the mechanism by which the insurer pays the bills without the patient being aware of details. This simplifies administration but reduces transparency.

Should the Competition Commission wish for clarification or discussion on any of the points raised or of other patient-related matters, PPF will welcome the opportunity to help.

Yours sincerely

  
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