

## PRIVATE HEALTHCARE MARKET INVESTIGATION

### Summary of hearing with The London Clinic held on 31 October 2013

#### Introduction

1. The London Clinic (TLC) is the largest independent hospital in the UK. It undertakes a wide range of complex tertiary work. TLC was proud to be a charity and welcomed competition and the chance to compete on a fair and open basis on price and quality. TLC believed that HCA had a dominant hold on the central London market and it also felt that consultant incentives had prevented fair competition in that market.
2. TLC was in favour of an increase in the amount of patient outcome data being made publicly available, so that patients could make informed choices without damaging the commercial sensitivities of working as a relatively small player in a market dominated by one other player.

#### Divestment in central London

3. TLC told us that if the CC were to break up HCA there would need to be the ability for another competitor to enter into the market. Any divestments in central London should be structured as a package to ensure that any new entrant could be an effective competitor.
4. TLC also had specific concerns about oncology and cardiac surgery, which were specialties within which HCA had particular dominance in the central London market. It would be possible to build other services around these two services in order to gain a presence as a large player in any other market, but if a competitor was not able to compete with those specialties, it would be difficult to be a large player in the London market.
5. To combat this there should be some control of the referral system, which in some areas was currently driven by incentives and not by the interests of the patients.
6. TLC was in favour of consultancies and clinics remaining independent of any hospital group.
7. There was a good range of parties that might be interested in entering the central London market. There was interest from foreign investment. In the past American organizations had been keen to enter the London market and there had been recent interest from the Far East and Middle East.
8. Oncology would be a special focus for a number of potential investors, because of its potential growth it was a complex area and attracted many international patients.

#### PPUs and general practitioners

9. Some of HCA's PPUs should be part of the divestment package. Although it made sense for a private hospital to have NHS links so that it could provide greater depth of service, allowing HCA to try and secure all of the PPUs in such a dominant way was clearly wrong. A small limit should be set on the number of PPUs any one party could manage or run in central London and this would help encourage competition.

10. TLC believed it should be able to compete on a basis of quality of what it delivered, and allowing a provider to secure some sort of an interest in a GP practice that allowed it to influence where referrals were directed was wrong. Such facilities should be run independently so that GPs and consultants could make choices on a rational objective and informed basis, referring patients to the best facility, based on quality of care and price of care.

### **Tying and bundling**

11. There should not be any tying and bundling, and each individual hospital should base pricing on its quality and its offer. With HCA currently dominating the central London market, it was desirable for an insurer to recognize HCA's hospitals and maintain contracts with them. With more evenly balanced players in the market, an insurer would have more options.
12. If an effective divestment remedy were implemented on HCA, TLC felt that the tying and bundling concern would be reduced but would not go away. If pricing were to relate to individual hospitals insurers could have the ability to play between the two hospitals and this could lead to a fair market place.

### **Clinician incentives**

13. TLC was, without exception, in favour of a complete ban on all consultant incentives. Consultants should pay a fair market rate for the use of consulting rooms and all other facilities.
14. The General Medical Council (GMC) was best placed to monitor this remedy, and it already had probity rules in place. If the probity form could be disclosed, this would provide a policing mechanism for the industry. TLC believed this would be preferable to setting up a new regulator, since consultants already had a great respect for the GMC.
15. The consultant incentives schemes should be unwound within a timescale of six months and once complete this would make the market function more in the interests of the patients.
16. Equity incentive schemes, which involved hospital operators, should also be unwound and again within a timescale of about six months. If an investor had an incentive to refer patients to a hospital, there was a motive and profit which should not be allowed.

### **Information—consultants' fees**

17. TLC were supportive of a remedy that would require consultants to inform patients in writing ahead of treatment as to what their fees were and what the cost of diagnostic tests would be. It would support any remedy which allowed patients to make an informed choice.
18. TLC would be prepared to monitor whether this type of remedy was being followed by consultants employed at its hospital. Although TLC currently monitored whether consultants who worked at their hospital complied with GMC rules, for example checking that they were registered with the GMC and that each consultant had no issues showing with the GMC in terms of investigations, there was certain information that was not available to them. Consultants could sign confidentiality clauses which forbade the GMC from disclosing certain information, for example the

consultants' fees to third parties. TLC felt that more transparency and openness was required.

19. Ultimately a hospital should attract consultants through offering good patient care, which would help enhance a consultant's reputation, and ensure patients would be less likely to have a clinical governance concern.

### **Information—hospital performance**

20. TLC was keen to become involved with PHIN. The data PHIN currently collected from patients was quite crude, for example collecting statistics on how many visits to theatre a patient had and were there any complications. TLC was in favour of collecting data based on outcomes, which it also believed patients would prefer.
21. TLC already selected the consultants that it would like to work at its hospital. In an ideal world TLC would like to offer really good patient care, where consultants chose to come and work, on the basis of conducting the surgical part of the episode to the best of their ability, and continued to carry out the patient care for the duration of their stay. Such a partnership would ensure that patients would get a better outcome.