

## Consultant 2

2 May 2012

Dear Sir/Madam,

I am responding to your forthcoming investigation into the private healthcare sector (following referral from the OFT), as I believe there are indeed several features within this market that prevent, restrict or distort competition.

As a practicing orthopaedic surgeon in both the NHS and private sector I have seen some significant changes even in the short time I have been a consultant (seven years now), and the majority of these changes are alarming for patients and clinicians alike.

My principal concerns are as follows:

- BUPA's significant market share means they seem to be able to impose restrictions on patients without due consultation with clinicians or their members, recent examples being:
  - \* restrictions on patients accessing knee and shoulder arthroscopies, based on tentative medical evidence - the very real consequences I have witnessed firsthand include insured patients having their claims rejected, and others having to go through significant loops in order to get their operations authorised
  - \* BUPA's ability to unilaterally make significant changes to their coding (at short notice and without consultation), in almost universally reducing payments to clinicians that have in real times not changed in 20 years (yet all our practices have increasing overheads with rises in overheads year on year)

- The introduction of managed care pathways by many insurers, which, inadvertently or intentionally, bypass the direct consultant/GP relationship as well as affecting the consultant/patient relationship, by removing patient and GP choice as regards referral. If the private medical insurance company becomes the gatekeeper then decisions cannot be assured to be impartial, as they inevitably become influenced by corporate profits

- Restrictions imposed on new consultants, with restrictive contracts different to current clinicians, with smaller payments made to this group and them having no choice but to sign up to these contracts. This is I believe a very real and unfair restriction of trade.

- the charges made by some private medical hospitals (particularly BMI) for outpatient procedures such as blood taking, pre-assessment clinics, and minor procedures such as joint injections, are totally out of keeping with what the hospitals claim these charges to be applied for. Furthermore it seems historically that these charges have been negotiated directly with the private insurers, and these charges are not easily quantifiable and in fact seem to differ depending on the particular policy a patient has rather than truly reflecting what service is provided. All clinicians agree that the size of these charges is totally out of keeping to market rates.

- private medical hospitals are now owned by a smaller and smaller number of companies and therefore they seem to be able to wield more power dictating charges to clinicians for room rental and the like. This is a particular problem in certain regions e.g. in the South East Midlands Region where BMI hospitals own/run four hospitals (in Northampton, Milton Keynes, Bedford and Coventry), with only one other provider locally in Kettering (Ramsay) providing any competition.

- those trying to set up in independent practice (small clinic runs by groups of clinicians) are having to receive less in procedural fees than the adjacent private hospitals even when a better quality service is very often provided by that provider (no choice is given as regards

these contracts either and the clear local differences demonstrate an anti competitive market place in operation)

These are some of the salient points which I see affecting all our practices on a daily basis, and it is a situation that seems to be getting worse with more and more restriction and distortion of competition. I would indeed urge you to look further into these matters in your investigation.