

Consultant 48

14 June 2012

Dear Sir

Further to your general enquiry and request for submissions I should like to submit the following observations please. I am in independent private practice, and a Fellow of the Royal College of Surgeons of England and of Edinburgh, answerable to the General Medical Council who authorize my competence to practice medicine, and to my specialist society, as the British Orthopaedic Association confirm my competence to practice in the orthopaedic specialty. No other organization has responsibility for my appraisal, competence, or privilege to practice medicine.

I am very concerned about the reorientation and bias being brought into the private medical insurance market. The private medical insurance market has a clear leader, which insures approximately 40 per cent of the market, closely followed by another, which insures another 18-20% of the market. The second uses the fee schedule produced by and adhered to by the former, thus it could be said that two companies representing 60% of the market determine the fee structure for that market. That would, in any definition of the term, be described as a monopoly position. The fee structure dictated by the first has not changed in almost 16 years, therefore the value of the fee for service that independent practitioners charge has decreased in real terms over that period. At the same time costs, including important medical indemnity insurance costs have increased way beyond the rate of inflation. This means that it is almost impossible for practitioners, newly qualified as consultants to enter the private medical market. Therefore by the very existence of a near-monopoly in fee structure driven by two companies competition that might be afforded by new entrants into the medical profession is prevented. Were the fee structures to be market driven, i.e. competition be allowed to exist, new entrants would be persuaded that it is possible to practice in the private medical environment and better competition would be permitted. The way the two larger companies in the medical insurance world are addressing this is to persuade new entrants, as providers, to adhere to a fee structure at the end of which they are given a reward, in effect a bribe for sticking to a fee structure which limits earnings in an artificial way.

Therefore, far from the medical profession being of concern in terms of competition and the market I would ask you to address those that profess to provide medical insurance, which is now prejudicing that market in a very real way.

A further concern is how those medical insurers treat those whom they profess to insure. Many patients are now finding the inclusion and exclusion criteria so stringent that conditions that they may develop within an overall umbrella of disease, such as arthritis, are no longer insured by those medical insurance companies. Patients cannot transfer their insurance to another company who might be willing to take them on, for fear of very exorbitant medical insurance fees, and therefore, once again, the private medical insurance companies are skewing the market against patient choice.

Finally, there are instances where private medical insurance staff have coerced patients and limited choice for patients in achieving their aspirations for wellbeing, and in particular those who seek second opinions or those who are referred by other consultants for a tertiary opinion may not achieve that through the monopolistic pressure brought to bear by the largest provider of medical insurance in the country. This, at a time when this provider is expanding its investment in the overseas market of healthcare insurance. That insurer is spending an enormous amount of money on that expansion and of course on its headquarters in London, and claims to be a non-profit making organisation without

shareholders. Of course it is a different form of association but patients are paying increasing premiums and those who provide services are under increasing limitation by a company that is aggressively expanding in the overseas market.

I would have thought that that was ample food for thought for your commission.