

## Consultant 56

7 July 2012

Mr R Whitcomb,  
Chair, Competition Committee Private Healthcare Market Investigation.

Dear Mr Whitcomb,

I am writing to express a concern about the provision of private health care in the UK. My own interest is as a consultant surgeon who practices privately as well as in the NHS.

My professional colleagues have drawn attention to many issues which are relevant, particularly the restriction of services produced by the actions of monopoly suppliers of health insurance - the market is clearly distorted with regard to individual clinicians, where a few large companies dictate practices and fees.

However, I would like to emphasise another concern – the creation of barriers to new providers of health care by the artificial “recognition” of a hospital or hospital group by a PH insurer, where other providers in the same geographical area are not similarly “recognised” ie cannot treat patients covered by that insurer. This obviously makes it impossible for new providers to innovate in either quality or cost, since the attempt to do so is stifled at concept.

This issue was specifically highlighted in the OFT referral to the Competition Commission and has been ignored by the submissions of the large insurance firms. It is made worse by the lack of transparency of the arrangements made between insurance firms and hospitals/groups. It is generally impossible to find out any details of such arrangements, particularly where there is a suspicion that the fees and costs of one procedure have been agreed as part of a deal to offset the costs of another.

As a specific example of the restrictive effect of hospital and surgeon “recognition”, the private wing of my NHS hospital would like to provide a highly cost effective surgical procedure for private patients, but cannot do so because the local private hospital is already “recognised” by a major insurance provider, which will only recognise one unit per area. This is a clear distortion of the market by that provider, and is based only on commercial arrangements that are not available to public scrutiny. Quality (and in this case, even cost) issues do not appear to have been considered. In this instance, the attitude of the insurance firm may even approach abuse of a dominant market position.

I would be grateful if the Competition Commission could consider this issue.