I have been a consultant in private orthopaedic practice for the past [35] years. I am pleased that the CC is looking at the private healthcare market. In my view there are two cartels in operation here; BUPA and the private hospitals.

BUPA has a powerful 40% market share of PMI patients in the UK. They are attempting to handcuff consultants into working for fixed fees by actively persuading patients not to see consultants of their choice but rather to see surgeons working for the lower ‘fee-assured’ rates. These consultants are usually more inexperienced or less reputable than consultants wishing to work at market rates. BUPA is only able to do this because they have such a large market share and are, in effect, working as a monopoly. Hence BUPA, and to a lesser extent AXA/PPP are now forgoing quality of care in favour of costs.

The private hospitals usually have little competition in their local areas from other private hospitals and are thus able to act as local monopolies because patients do not wish to travel and because the majority of local consultants have to ply their trades at the available local private hospitals.

The insurance companies and the private hospitals are large corporations with bargaining power, legal representation, publicity machines etc. On the contrary the surgeons operating in private practice have none of these powers and are hence vulnerable to the two monopolies. Inevitably it is now the doctors that are being forced to absorb substantial reductions in their fees whilst the two monopolies are able to maintain their premiums and fees. If fair competition was at work the private hospitals would now be seeing similar reductions in their fees to the doctors from BUPA. This has not happened. For example the fee to the surgeon for a knee arthroscopy has been reduced by 50%. The fee to the hospital for this procedure has been reduced little if at all.