

Consultant 166

4 October 2012

Dear Roger Witcombe/Jane Almond/Tony Morris/Jeremy Pete & Jonathan Whitaker

Re: Private Healthcare Market Investigation

I write as a Consultant ENT Surgeon of [X] years standing and also a practitioner within the private healthcare market. I practice in a number of private hospitals around [X] specialising mostly in nose, ear and children's ear, nose and throat surgery.

I read from your terms of reference that you are mounting an investigation into the supply or acquisition of private healthcare in the UK. I also note that the Office of Fair Trading has grounds to suspect that a feature or a combination of features of the market or markets for the supply of acquisition or private healthcare prevents, restricts or distorts competition.

When I entered the private healthcare market some years ago there were a number of standard suppliers including BUPA, PPP, Norwich Union (now Aviva) and others. The situation was relatively simple that fees were charged and reimbursements made. At times there were excesses paid by the patients.

In my [X] years of practice the fees to the surgeon for private healthcare have not increased.

Despite this various insurance companies particularly BUPA, PPP, Aviva & PruHealth are trying to drive down the prices for Consultant's fees. Some fees such as grommet insertion have been reduced by 50%. No consultation has been attempted with the professional ENT body 'ENT UK'. It should be noted that some fees have been improved but these are for complex operations that very few surgeons perform.

In addition coding has been changed such that operations which were billed separately have now been lumped together under one code again effectively reducing the reimbursement. This has been done by the insurers acting in unison and without consultation.

Whilst an attempt to control costs can be understood, negotiation that previously occurred freely and reasonably has now stopped. It is also evident for myself and colleagues that Consultant Specialists who do not comply with reimbursement of schedules put forward by these insurance companies suffer in their practice. Essentially insurance companies are telling their clients that the individual surgeon is charging too much and they are moved towards a surgeon who charges more reasonable fees or basically insurance companies fees. BUPA particularly binds in Consultants with a contract that was established in my case 14 years ago but have recently said that they will change the prices for certain operations and have done this within the terms of the original contract. New Consultants entering the profession are also signed in to binding contracts that restrict the amounts they can charge.

A number of the insurance companies including BUPA, AXA, Aviva, PruHealth and others have joined together to form a committee for clinical coding. This is basically a device that is used to redefine existing codes so that reimbursements to specialists are reduced. For example a code that would have previously been for the operation of septoplasty now includes the operation of septoplasty and cautery of the nasal inferior turbinates. By binding the two operations under one code they have therefore reduced the reimbursement. This has been done solely between insurance groups without any discussion with this speciality and those performing the operations. It should be noted that in previous years BUPA always involved specialists when such matters became important.

I would like to submit the above to your committee to indicate that insurance companies are currently binding together to control the market, limit prices and limit who their client may see. This is stifling private practice medical practice and competition.

If you would like to discuss matters further I would be happy to talk further.