

Consultant 169

19 November 2012

Dear Christine

Subsequent to my previous letter to you I wanted to make 2 further points the competition commission may wish to look into with regards to restrictive practices and competition.

The first issue is with the CCSD coding principles and how the insurance companies have managed to manipulate CCSD to introduce unacceptable coding combinations then use the coding principles to control the healthcare market. CCSD has been working particularly with Aviva and Bupa (who are the 2 companies who have rigourously introduced this principle) to develop a list of unacceptable coding combinations. This list is extremely extensive and can be found on the CCSD website. Following development of unacceptable code combinations initially proposed by Aviva, Bupa has now also introduced the same principle. For example prior to the implementation of the new coding principles both Aviva and Bupa allowed charging of a diagnostic biopsy (S1500) and an excision biopsy of a second lesion (S0633) on the same patient on the same day, now they both state that this is an unacceptable coding combination. This has effectively allowed both companies to dramatically reduce prices of their suppliers. It seems self evident that the insurance companies have been working together to control to control prices charged indirectly by developing unacceptable coding combinations (in Bupa's case a 25% decrease and with Aviva a 50% decrease in acceptable prices charged when 2 procedures performed). If this is not a cartel I am not sure what is? I think it is important that the competition commission looks at the CCSD coding system as this has been hijacked by the insurance companies as a tool to control prices from their suppliers.

The second was about the situation in where the competition commission allowed BMI to take over the Nuffield hospital in North London the Kings Oak hospital was located very close to the North London Nuffield. This merger led to a significant decline in local competition and an immediate increase in prices for the provision of local healthcare as the prices charged by Nuffield were very significantly lower than the BMI hospital.