

## **Consultant 191**

18 December 2012

Dear Mr Witcomb

I am the managing partner of an anaesthetic group in [redacted]. Having completed the questionnaire you sent me I'd like to make a couple of further comments.

### **Making the patient a better informed market participant.**

Despite the relatively recent Competition Commission review of the Private Medical Insurance market a further review is important because the most important participant in the market, the patient, remains ill informed about the nature of the market they are entering.

For the patient to be a better informed participant he or she needs information on the quality of the service and the pricing of the services received. This product that is bought, insurance, is different from the service received which is healthcare. The information flow for both insurance customers and for those insurance customers who become patients is poorly developed. Improvements in both aspects of this information flow is key to improving the experience of insurance customers and patients.

As a potential insurance customer I have found it difficult to obtain clear comparative information on the products being offered. Information on healthcare services is still difficult for patients to obtain. Patients need a trustworthy advocate in this process. Insurance may not be the best people to offer advice on healthcare services because they have an interest in minimising costs which may limit the scope of the service they advise. This information is best obtained before making an initial approach to a Consultant. GPs are probably best placed to do this. They know who does what well locally, either by their own experience of referring patients and they can analyse local or regional outcomes information to make an informed choice for their patients. If GPs were put in a stronger position with regard to directing insured patients there would be a clear incentive for PMI providing surgeons, anaesthetists, hospitals, to get pricing information to them. To date many GPs have shown little interest in PMI healthcare, if a patient requests a private referral they are often asked "who would you like to see?" leaving the patient to use word-of-mouth reputation rather than harder information that should be available. Happily the changes to GP funding will provide an incentive for GPs to send their insured patients to PMI providers rather than to the NHS. However, less helpfully PMI providers have removed whatever decision making GPs did have by interposing insurer client advisers between the GP and referral, directing patients to PMI preferred providers. For this to work in the patient's interests the GP needs information to guide his or her decision. We encourage the CC to consider what information this might include and how this might be disseminated.

### **Clarity about the product the insurance client is buying.**

It is understandable that insurers seek to exert pressure on the costs of the service that their insured clients receive. Continued pressure on costs is an important part of their business which we as doctors, providers of the services the insurers have undertaken to fund for their insured clients, understand only too well from both our NHS and PMI practice. However the limits on the insurance model are not made clear to patients when they buy their insurance. The imposition of benefit maxima by insurers and passing the blame for the mess this leaves a patient after they have received a healthcare service and are left with a shortfall between what the insurer will pay and what they have been billed by the doctor is a disingenuous fudge by the insurer. In our experience many patients who have suffered shortfalls like this have moved from the insured model to the self pay model for services. This has many

advantages for the patient. There is an up front quote for the fees for the service, there is typically an undertaking from the hospital surgeon and anaesthetist not to charge for any further procedures or operations which may result from any complications from the primary procedure. For PMI to work for patients so as to leave the shortfall discussion purely between the insurer and the doctor the insurer needs to be open to communication. In our experience some insurers are much more open to discussion than others. I would highlight Prudential, WPA and Exeter Healthcare as examples of insurers with whom we can communicate well. This is in the patient's interests, it is also in the interests of other market participants. The fact that some larger participants feel able to distance themselves from this sort of communication perhaps indicates the strength of the position they feel themselves to be in.

As a group of doctors we would welcome the opportunity to work with insurers to provide a service for their clients which would take the risk away from patients. In some ways this is what one large insurer has sought to do however the terms have been by imposition. It has been able to do this because of the large volume of business it commands. If the terms of business are solely by imposition, without an element of negotiation, it is a command economy, not a market. Furthermore for there to be a sustainable PMI market for patients to use the terms of business need to be sufficiently attractive for doctors to want to participate. We think it is notable that we were last able to recruit a partner to our group practice in 2009. This is despite the fact that our NHS department has recruited ten new Consultants in that time. These new colleagues have looked at PMI work, and the rewards associated with it, and decided they'd rather not participate.

If the market can be made to work well for the customers who bring the business to the market in the first place, the patients, all participants will benefit. The market will work well for the patient when he is clearly and openly informed about a health insurance product when buying health insurance and later when converting that insurance into service when he knows about the quality of the services he can choose from.

We look forward to the outcome of your review.