

Consultant 13

19 September 2013

Dear Competition Commission,

Response to Provisional Findings Report on private Healthcare

Whilst your report provides several positive suggestions to improve private healthcare in the UK, it seems to have ignored many points made by doctors and their representative bodies.

One of the key issues is that of the major PMI companies (who hold more than 50-60% of the market share) coercing doctors into their fee schedules. We all agree that patients deserve value for money and costs need to be controlled however PMIs attempting to ensure that all doctors charge the same is obviously anti-competitive. As you have heard new consultants need to charge the rates set by some major insurers, namely BUPA and AXA in order to be recognised. Any new consultant cannot reasonably be expected to establish a private practice without recognition by the major insurers. Once such a contract has been signed there is no escape and the PMIs can set rates which all doctors must follow. As older consultants retire more consultants become bound by fixed fee schedules. Furthermore many established consultants have been forced to set fees demanded by certain insurers with the threat of derecognition. Even when evidence is produced showing that fees set are not excessive and good reasons why they may be higher than "average", these are disregarded. By definition not everyone will charge average fees since there is a spread.

BUPA's procedure rates were unchanged for around 18 years and then most have been reduced over the past 18 months. Practice costs rise over time and are not immune to the effects of inflation.

There is no free market when all doctors have to charge the same despite varying practices, levels of experience, expertise and differing supply and demand. As you have stated PMIs must be more transparent with what level of cover they are providing. It makes sense that they are clear with how much they reimburse and if a patient wishes to pay more to see a particular consultant then it should be their choice. Consultants will then adjust their fees based on a free market economy. Hopefully you will stop PMIs from demanding that a consultant must adhere to their fee schedules to obtain recognition, in order for true competition and choice to exist. The PMIs can still reduce their costs and premiums as has been the case recently. The key point which you have emphasised is that patients have all the information necessary both in terms what their insurance policy covers and what charges they face.