CCSD The Clinical Coding & Schedule Development Group

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20th September 2013

Ms Christiane Kent
Inquiry Manager, Private Healthcare
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

Dear Christiane,

Response to Competition Commission's (CC) Remedies Notice published 28 August 2013

CCSD has not taken part in the consultation with Office of Fair Trading (OFT) and CC, and has not seen a need to do this given that all major medical insurers in the CCSD have been directly represented in the consultations.

The CCSD board members have individually followed the proposed remedies from the Competition Commission, especially the remedies around information in private healthcare. Transparent information and industry wide coding is the purpose of CCSD, and hence the board members have decided that it is appropriate to comment on behalf of CCSD as an organisation which has representation from the five largest medical insurers in the UK.

In our view, a cornerstone of increasing comparability and competition between private healthcare providers is to increase the standardisation of coding across the sector. A common language of codes will significantly improve benchmarking across providers e.g. the ability of funders (insurers and self paying consumers) to compare prices. It will also reduce the significant transaction costs that have to be incurred today to navigate the thicket of different codes from different providers. Standardisation will lower costs for customers.

The Clinical Coding and Schedule Development (CCSD) Group fully support the Commissions ambition to increase standardisation in the sector and we believe the commission should:

- set out very explicit remedies to achieve standardisation in coding
- commit the industry to a clear and measurable programme, with healthcare providers devoting sufficient resources to deliver this programme.

We believe that without the impetus from the Commission, industry-wide standardisation will be slow as it relies on insurers being able to persuade hospitals to move a new standard where, as the Commission has seen, many hospitals are in a strong position to resist change.

The CCSD Group

The CCSD Group was formed in 2006. It consists of the UK's five major private medical insurers: Aviva, AXA-PPP healthcare, Bupa, PruHealth and Simplyhealth. The CCSD Group's objective is to establish and maintain a common set of procedure codes and narratives that reflect current medical practice within the independent healthcare sector. These are published in the CCSD Schedule.

The CCSD code set for surgical procedures was first published in 2006 and is now the *de facto* industry standard. The code set was created to be fit-for-purpose as a commercial payment mechanism, which means:

- The codes are sufficiently granular that there is no overlap between codes in terms of activity;
- The activity covered by each code is clear and unambiguous to ensure transparency; and
- New codes are continuously added when medical practice evolves, and requests are received from consultants, hospitals and insurers.

The list of CCSD procedure code set is continuously maintained and updated monthly to reflect the needs of the sector, based on requests from providers as well as insurers.

However, this procedure code still only covers under 50% of insurer spend within the sector. Therefore, CCSD is actively working to expand the level of standardisation into other areas of spend.

CCSD's role in increasing standardised coding in PMI

CCSD has, since January 2013, worked to establish an industry standard for one of largest perceived problem area of coding: diagnostics tests. There is currently no consistency in the coding of diagnostic tests by providers, with approximately 30,000 different codes used by hospitals to charge for diagnostic tests. To establish a common set of codes for diagnostics, CCSD:

- reviewed all diagnostic codes used in PMI, and collated a comprehensive, mutually exclusive and collectively exhaustive list of codes for diagnostic tests. Where possible, this list was built from NHS codes to ensure comparability with the public sector.
- consulted widely with providers (more than 400 letters were sent to relevant parties inviting comments) and the NHS. Some good quality feedback was received and we made more than 1,000 changes based on the feedback.

This new code set will be published on CCSD website on 23rd September, with a media announcement planned for the same day. Insurers will individually seek to move towards these codes in future negotiations with hospitals (although successful transition, of course, depends on the hospital operator's willingness to use the codes). The codes will also be adopted by Healthcode,

which will map all currently used diagnostic test codes in to the new industry standard, and thereby enable a smooth transition across the industry.

The CCSD board has ambition to continue standardisation of all charge codes once the industry standard diagnostic tests are completed. The candidate areas to standardise next, pending board decision, are prostheses, drugs, hospital codes or therapies. The CCSD Board would welcome the Commission's support in achieving these ambitions.

NHS OPCS codes

Some parties have suggested to the Commission that the industry should be transitioned on to the OPCS coding system used in the NHS. We believe this would not serve the purpose of increased transparency, but rather create significant complexity and unintended consequences.

OPCS is not designed to be used for payments, only to inform payments. In the NHS payments are assembled by grouping diagnostic tests, procedures and impairments in to HRGs. Hence OPCS contains codes that are unnecessary from a commercial point as well as very vague codes (e.g. "unspecified").

OPCS is updated only once a year based on NHS activity, may not cover all activity in PMI, and is updated too infrequently to accommodate fair payment for emerging treatments. In contrast, CCSD is designed for PMI commercial use, updated monthly based on the introduction of new treatments into PMI, and enables separate payments to hospitals and healthcare professionals.

Hence, transitioning from CCSD to OPCS codes would also imply industry-wide adoption of HRGs , which would be a significant undertaking including but not restricted to:

(i) changing all existing contracts insurers have with all hospitals, consultants, therapists, involving renegotiation of all contracts and rates.

(ii) challenging the independence of consultants. HRG's include consultant fees, hence the fees for independent medical consultants would need to be fully or partly extracted from HRG's (thereby losing comparability with the NHS), or be included within hospital fees. This could erode the independence of more than 25,000 consultants, a significant and perhaps unintended change.

(iii) changing all insurers/provider systems (potentially running shadow systems on both coding structures until transition was achieved) which will require a significant amount of re-training.

(iv) In addition, the disequilibrium of this transition would create an extended period during which the standardisation that <u>does</u> exist in the sector – CCSD – would be lost.

We believe that a more effective approach is (i) to continue increasing the coverage of CCSD codes to all areas of insurer spend (diagnostics, prostheses, drugs, etc), and (ii) to increase the sophistication of coding maps (bridges) between CCSD codes with OPCS. Both activities are in progress.

Impairment codes

It is not in the scope of CCSD to manage or maintain impairment codes since there already is a world standard around ICD-10. The CCSD board members do however unanimously support transition to ICD-10, and all insurers already accept invoices in ICD-10 that are submitted electronically through Healthcode. We would welcome the Commission mandating an industry-wide transition to standardised impairment codes (ICD-10).

We hope this helps the Commission in shaping its remedies proposals, and welcome the opportunity to provide any further support. If you have any questions please contact Carolina Henning, Capita/ CCSD Services Ltd on 020 7202 0529 or by email at ccsd@capita.co.uk.

Many thanks,

On behalf of CCSD

Riko Scandelius
Chair, CCSD Board