

## Laboratory 1

22 September 2013

Dear Sirs

### Private Healthcare Market Enquiry

I have been following the progress of your enquiry with interest. I have read your most recent preliminary report on the private healthcare market.

Regretfully, I believe that the role of insurance companies and private hospitals in restricting access to Independent specialist histopathology laboratories and the adoption of practices that fix prices between them, with adverse effects on patient care has not been addressed.

Our CQC registered, CPA-accredited histopathology laboratory receives samples from various private hospitals and also from private clinics using our own courier. We provide a patient-focused histopathology service. We attend Multi Disciplinary Team Meetings at the private hospitals to discuss Cancer patients, and we are available for clinical discussions or advice 24/7/365.

We have come across restrictive and unfair practices from both the Insurance companies ([X]) and the private hospitals. These restrictive practices prevent access to the services of our laboratory and similar size laboratories. Even some large private laboratories such as the [X] are promoting the use of "emotional" and "non-emotional" pathology concept to indicate that the clinical links are purely "emotional" and that they should be "non-emotional" where the Histopathologist role is replaced by a piece of paper and a name, thus destroying what the Royal College of Pathologists has been working on for so long to improve the involvement of Histopathologists in patient care as an integral member of the Clinical Team!

1. All Insurance Companies had entered into agreements with the private hospitals fixing histopathology fees (without consent from the Histopathologists who are not employed by either), as a result of which the private hospitals make their choice of histopathology provider based on fee and not based on standard of care provided by histopathology providers. As a matter of normal course, many [X] hospitals try to influence the choice of histopathologists by the Clinical Consultants. (I am aware of two instances of such an example in a [X] Hospital in [X].) As a result, both private hospitals and some independent histopathology providers are using the services of moonlighting NHS pathologists who are not accessible during the day for MDT / clinical meetings or for discussion of cancer cases during the day, therefore offering a reduced standard of care. The NHS pathologists are not able to attend the MDT meetings in the private sector during the day; this practice appears to be allowed to continue by the private hospitals and seemingly the blessing of the insurance companies!
2. A large proportion of the private hospitals in many of the big private hospital groups have not invested in their own laboratories and yet they charge an overhead that ranges between 250-400% realising a huge profit margin for no investment whatsoever; even the laboratory consumables are provided by the laboratories. When a patient challenges a pathology invoice, the private hospitals of [X], produce itemised invoicing with fictitious numbers against all the component of the process to indicate falsely how expensive everything is, disguising their own hefty profit margin! Moreover, they attribute this to the pathology providers! I have experienced this myself, as a patient and also as a provider dealing with invoices queries from patients (via their doctors) calling to question their charges produced by the hospital only to discover that our fees are about a quarter (25%) of what has been charged by

the private hospitals. The drive down to reduce the fees of the Histopathologists and the histopathology laboratories, which needs to make a fair return on their investment, is only matched by an increase in the profitability of the test for the private hospitals and the cost to the Insurance companies! This eventually translates into higher annual insurance premium for the Consumer.

3. The insurance companies such as [X] do not accept invoices directly from the histopathologist or the private histopathology laboratory, and yet they are happy to receive higher invoices from the private hospitals. I personally have questioned this practice years ago, and offered to pass our invoices directly to the Insurance company which represents on average a 45-60% reduction on hospital invoices, but this was blankly refused. The private hospitals have agreements in place with these insurance companies which do not allow the histopathologists to invoice the insurance companies directly.
4. [X] insurance company has been forcing private clinics to charge for services outside their expertise such as Histopathology, and more recently blood and microbiology tests. I am aware of three such examples – 2 clinics in Harley Street and a third in North London.
5. While [X] has been reducing the fees for hospitals and Doctors, this has not translated into reduced fees for the Consumer. My own private health insurance which is with [X], has been increasing steadily rather than declining or staying standstill! Another [X] company has increased its charge to our laboratory staff health insurance policy by about 22%. One can only question the purpose of their exercise!

#### **Possible solutions could include**

1. If the Histopathology Consultant and the Histopathology laboratories (NHS and private) bill for their fees direct to the Insurance Companies, this would cancel the hefty markup by [X] and would result in a reduction of the cost to both the Insurance Company and the Consumer – the patient.
2. CQC must check the commercial brochures of private histopathology laboratories during the annual inspection to ensure that all laboratories are offering similar standard of care, and that these are charged for fairly. This must also be backed by record of attendance at the MDTs which are conducted at the private hospitals and NOT the NHS hospitals. Every hospital must have its own cancer cases discussed in its grounds, and must be able to produce the records for this!
3. The Insurance Company must check that private hospitals are indeed undertaking MDT meetings and not just making it a "tick box" exercise, otherwise they are a willing partner in this sub standard practice.
4. Private hospitals must explain what administration / overhead charge they are adding to the fees of the histopathologists or/and the histopathology laboratories rather than attributing it all to the providers!

All of these factors prevent a level playing field in the healthcare market; these need to be addressed and solutions such as proposed earlier need to be considered.