

5 February 2014

Thomas Wood Esq
Inquiry Manager
Competition Commission
Victoria House
Southampton Row
LONDON WC1B 4AD

Dear Mr Wood

Private Healthcare Market Investigation

The Private Patients' Forum (PPF) works to place the views, needs and concerns of patients first. We ask that our oft made point about the omission of insurers from the Commission's investigation receives a response. Is there any possibility of extending the investigation in the way which we have suggested in our previous submissions?

Insurers have a very significant role in the market and are the only part of the sector about whom PPF has received complaints from patients. Further, PPF believes that the major market share (>65%) held between two PMIs is disadvantageous to insured patients. *Inter alia*, the bargaining strength of the major PMIs places smaller insurers and new entrants at a significant disadvantage. Policyholder benefit would arise from wider choice and new thinking in the provision of private healthcare cover. PPF also notes that when a large proportion of patients of any hospital are 'low margin' because of the negotiating strength of those large PMIs, self-pay patients and policyholders using smaller insurers are charged at unfairly higher rates to improve the providers' overall profit margin.

PPF welcomes the Commission's requirement (2.468) that all policyholders are referred by their PMI to a 'suitable information organisation' (e.g. PHIN) as a source of quality information so that their decisions will be based on independent, transparent information rather than the PMIs' proprietary and confidential data. Ever-increasing numbers of the insured are in employee-funded schemes restricted to 'open referral' meaning, as normally practised, that the PMI confines the choice of consultant/hospital to those selected by the PMI using their own selection criteria. This practice should be unacceptable and is a patient detriment. Most of these potential patients are unaware of this restriction until they use their insurance. Additionally, such 'open referral', which was introduced to reduce cost, might be in conflict with the Hippocratic duty of the General Practitioner or other doctor complicit in allowing it.

PPF considers that the Commission's requirement could lead to the elimination of 'open referral' as currently operated. That, in our view, would be an excellent outcome.

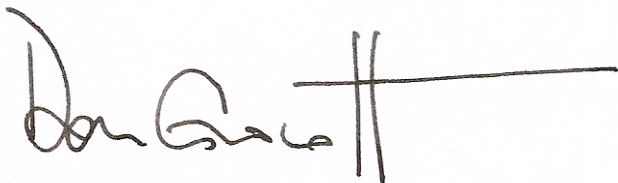
We note that the Commission decided not to include clinics specialising in cosmetic procedures in Remedy 5 (footnote to para 2.465) but simply to encourage the Information Organisation to seek their performance information. PPF believes that compulsion would result in greater patient benefit.

PPF believes that the Modified Remedy 6 will allow patients to 'top-up' fees (2.531) when the performance information is readily available. PPF welcomes this as it removes a restriction in choice.

We could not find any remedy for those insured who are unable to change their insurer because of restrictions associated with pre-existing conditions. Again a wider investigation that included PMIs might have dealt with that problem which causes many older people to abandon private healthcare entirely. This is both a patient detriment and the cause of an additional burden on the taxpayer by increasing the use of the NHS.

Much of what the Commission has achieved has the welcome effect of patient benefit. It continues, however, to be PPF's view that this is a missed opportunity to make the private healthcare market in the UK even better for patients.

Yours sincerely



D J Grocott
Director
don.grocott@privatepatientsforum.org
www.privatepatientsforum.org/