

28 April 2016

Mr Roger Witcomb
Competition & Markets Authority
Victoria House
Southampton Row
London WC1B 4AD

Via post & email: private-healthcare@cma.gsi.gov.uk

Dear Mr Witcomb

Re : Private Healthcare Market Investigation

Throughout the private healthcare market investigation consultants have been somewhat surprised by the inordinate focus on their fees, which typically account for no more than a quarter of the costs of an acute hospital inpatient episode. The overwhelming cost of acute medical care goes in hospital charges and it has always been a matter of some surprise to us that the sums paid to hospitals for the care that we authorise is explicitly concealed from us by both PMIs and hospitals. The consequence of this is that we cannot direct patients to the cheapest provider because we do not know which is the cheapest and which is the most expensive of the many hospitals where we can refer and treat our patients. This inevitably makes acute private healthcare more expensive than it needs to be. I am sure you are familiar with Michael Porter's definition of "Value in Healthcare" from his famous New England Journal of Medicine article in 2010 where he described it in simple economic terms of 'Health outcomes achieved per dollar spent'. The United States is moving away from a fee for service based healthcare system towards what is described as value based medicine and we, of course, should be doing the same.

Your investigation has been focusing on the wrong things and it has been ignoring the 'elephant in the room' of transparency in total costs of care. By enforcing transparency on consultant charges, yet allowing opacity in hospital charges to continue, your investigation risks merely shuffling the deckchairs on the Titanic. If you have failed to consider the economically massive impact of hospital charges in your investigation, I would like to suggest that this is an unfortunately oversight. Before closing this investigation I urge you to take a step back and consider enforcing complete transparency on the total costs of care in which the majority component is the hospital charges.

With very kind regards.

Yours sincerely

Consultant