

## Consultant 149

13<sup>th</sup> October 2012

My submission is from the perspective of a consultant ENT surgeon, in both NHS and private practice for over [X] years and as an executive director of a small independent healthcare provider.

The context of the undue influences some major PMI organisations on the delivery of private healthcare resonates closely with the current crisis in the wholesale and retail dairy market.

In short, the PMI companies are the supermarkets; the major hospital groups the wholesalers and the specialists/consultants the farmers.

Without delivering a treatise on the market as a whole, I submit some illustrative examples, alluded to by *The Times* within the last week. (October 11/12 2013 – main article and correspondence).

Since 1995, Bupa has pegged reimbursement to doctors producing an effective 50% reduction in reimbursement of fees. This is against the background of rising overheads, including administrative, secretarial and room rental costs, all of which have kept pace, and in some instances, exceeded inflation. Professional indemnity costs have also increased, and I know pay £18000 for compulsory indemnity.

During this time, most PMI companies have increased subscriptions their members, and from both patient reports and personal experience, these year-on-year rises exceed inflation.

Bupa exerts control on the delivery of private healthcare market by threatening to de-list both doctors and hospitals that do not agree to large reductions in reimbursements. They carry out these threats with individual doctors and allow new entrants to the market to register to treat Bupa patients only if they agree to lower than market fees. At the macro level, Bupa was recently involved with a well-publicised attempt to fix reimbursements at HCI by de-listing all BMI hospitals; this caused widespread distress to patients and confusion for medical providers.

Bupa and other insurers have now started targeted referral of patients, whereby the patient and their GP cannot select the specialist of their choice, but rather, the PMI company decides who the patient will see, based on agreement of fees reimbursed. This is to the disadvantage of the patient and fails to recognise the local intelligence their GP will have in advising on the specialist best suited to manage their condition.

Earlier this year, Bupa unilaterally reduced fees to doctors for some outpatient procedures, while maintaining fees to hospital providers. Some important investigations, such as hearing testing, were withdrawn from reimbursement, disallowing doctors who carry out audiology of adults and children with hearing loss to claim a fee for performing this test. This is a standard test that has always been reimbursed to the doctor for carrying out, interpreting and managing the test and its result and to the hospital provider for use, calibration and depreciation of the testing equipment.

AXA-PPP has limited their subscribers to one follow-up consultation after the initial consultation. The national NHS average for ENT based on HES data is about 1:1.5 new to follow appointments, so many patients will need more than one follow-up visit. As an example, NICE guidance for follow-up after grommet surgery states that a follow-up hearing test should be performed after the grommets have extruded; the AXA-PPP policy generally

precludes this, so these subscribers receive a less satisfactory, evidence-based level of care than NHS patients.

Aviva, AXA-PPP, Bupa, Pruhealth and Simplyhealth have formed what appears to be a cartel disguised as a development group, CCSD (The Clinical Coding & Schedule Development Group, [www.cssd.org.uk](http://www.cssd.org.uk)). This group of insurers have re-written the OPCS coding to exclude some operations, or to bundle them under one code with the effect of reducing reimbursement to doctors and providers. There is no clear mandate for this group to operate, and while they claim independence from one another in terms of fee levels, there is a transparent agenda to reduce reimbursement by bundling codes.

Taking Bupa and AXA-PPP together, as the supermarkets, they control about 60% of the PMI market in this country, delivered by a small group of less than half a dozen hospital provider companies. The supermarkets and wholesalers are controlling the market to the detriment of both the doctors and their patients.