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FIPO
federation of independent practitioner organisations

FIPO NEWSLETTER – EASTER 2013

To All Consultants

Dear Colleagues,

In this newsletter we bring you details of the Competition Commission Inquiry and an update on current Private Medical Insurer (PMI) issues and the responses of the profession to these matters. Whilst we are writing here largely about economic issues we should stress at the outset that it is the patients who are most affected. The changes now apparent in the independent sector eventually impact on patient care. This is, and will remain, our main concern.

We do have many case studies showing patient detriment or delay and we would like to have any other evidence from you about this. Please send any such details of patient detriment to our FIPO office by post or email and we will, of course, redact all identifying information to preserve confidentiality for both you and your patient.

If you are a newly appointed consultant and you are finding it difficult or impossible to start in private practice, or if you have no desire to do so, then please let us have your views on your predicament which again will be kept fully confidential. All information may be posted to our office or emailed to **info@fipo.org** .

COMPETITION COMMISSION INQUIRY

The Competition Commission (CC) has published an Annotated Issues Statement which raises many points. FIPO has been in contact with the Commission and we are due to meet them shortly. The CC statement can be seen here:

http://www.competition-commission.org.uk/assets/competitioncommission/docs/2012/private-healthcare-market-investigation/130228_final_ais.pdf

The Commission has taken detailed economic evidence from the PMIs and the private hospitals. This has included all economic and financial data going back for some years and was followed up by a series of visits to various sites. At the present time, the CC is conducting interviews with all the major hospital groups and insurers.

To date the influence of the profession has been less certain. FIPO has put in three major submissions to the CC and some other professional groups have also submitted their views, as have many consultants. These have clearly had some effect and the CC has stated in its Annotated Statement that they see nothing inherently wrong with top-up payments for consultant fees. This is a fundamental point but there are still many other issues to be resolved. In addition, the CC state:-

a) that it has not seen evidence that the Bupa's fee schedules are ***"leading to lowered quality of care, lowered incentives to innovate or dissuading consultants from entering private practice"*** (Para 107).

b) that it is unclear about consultant incomes over time and ***"whether consultant incomes today are more or less correct than at some point in the past"*** (Para 105).

c) that in addition ***"we have not carried out profitability analyses for we consider that this would be impractical" (***Para 41).

FIPO carried out an economic survey in January 2013 with almost 2,000 consultants completing some part of the survey. This was a detailed review of all aspects of practice, which is undergoing analysis now, and we will be presenting the results to the CC. Our thanks go to those who filled this in.

The thrust of our argument will be mainly about patient detriment but we will also review the economics of practice where we will argue that for many consultants private practice is becoming less and less sustainable. If private practice is not sustainable then consultants will exit the market with further detriment to patients and the market as a whole. Non-sustainability is due to falling income following cutbacks, rising malpractice indemnity and administrative costs. We are able to look forward and using our data we should be able to predict what will happen in the future as these changes take further effect, particularly if the other insurers should follow Bupa's example. They will do this, as has been made clear to us by other insurers and is also recorded in some of their statements on the CC website. For example, WPA, one of the more traditional PMIs, has stated that consultants who are Bupa "fee assured" will, if Bupa continues successfully with this matter, have to accept the same reduced benefits from WPA (without recourse to the patient for top-up fees). Aviva has recently cut benefits on a number of common procedures and AXA PPP, whilst not changing their benefits this year, has also said that ultimately they will adopt similar tactics to Bupa and reduce benefits if Bupa succeeds in its current strategy.

This means that within a couple of years the income of consultants from patients covered by insurance may fall by anything from 25% to 40% depending on specialty. The economics of private practice involves both malpractice insurance and general administrative costs and these are rising. Clearly this means that there will be a massive fall in the "profitability" of private practice if the "fee assured" strategy becomes standard throughout. This would be just the start and with inflation and the inevitability of rising costs the decline would increase. Of course a "fee assured" consultant cannot get any "top up" from the patient and all future fees are decided by the insurer.

PRIVATE MEDICAL INSURERS

Bupa continues with its unfortunate approach, namely, one of threatening to delist certain consultants who will not comply with their consultation charges; by moving the out patient investigational charges of certain consultants into the hospital framework, (particularly cardiology but other specialties also affected); and by its intrusion into the patient referral pathways. The "open referral" strategy is affecting patient care in some cases. It is also apparent that many consultants feel pressured into joining the "fee assured" group without realising perhaps the long term implication of this.

Bupa's recent document for one of its main policies ("Bupa for You") states that all musculoskeletal problems will now be referred directly to a physiotherapist who will decide on treatment and that the need for cataract surgery can be decided by an optometrist who may refer to Optical Express, a chain of high street stores which previously performed only refractive eye surgery. It is uncertain who the surgeons will be in that environment or what the quality of the lens will be.

There are thus serious questions being asked about the quality of care and this is reflected in some adverse publicity for Bupa. Unfortunately, this also affects the general perception of the independent sector. It has become apparent that patients do not find this satisfactory and Bupa has lost over 200,000 subscribers in the last year, which represents 6% of their clients. This cannot be attributed to the general economic decline because all the other insurers have gained at their expense and the overall market numbers remain static. This has been discussed in several press articles including recently the Times, the Mail and others and has also been noted in a recent Hi-Mag article: http://www.hi-mag.com/health-insurance/product-area/pmi/article418190.ece

The "fixed fee schedule" for newly appointed consultants is a burning issue, which affects everyone because, ultimately, all consultants will be on a fixed fee. Procedure fees are also low and given the costs of malpractice indemnity, particularly in certain high risk specialties, starting in private practice can be extremely difficult for many young consultants. This is particularly true in London where our survey has shown practice running costs are much higher than elsewhere. There is also evidence from various sources and from our surveys that there are fewer consultants going into private practice. We will present this information to the Competition Commission.

WHAT SHOULD CONSULTANTS DO?

We are constantly being asked by consultants from all over the country how they should react, in particular to the approaches by Bupa. In recent weeks Bupa have adopted a more "softly-softly" approach by meeting with consultants on an individual basis in order to persuade them to join the so-

called “Premier Partnership”. This is an odd term because it really locks the consultant into a system whereby they are at the future mercy of the PMI in terms of reimbursements as it excludes the patient entirely from the equation.

FIPO has written previous Newsletters and we have presented on its website various articles about this and the implications as shown by gaming theory: economic theory predicts that short term gain is followed by long term pain. We also have provided a patient leaflet that you may wish to use. These can all be seen here: http://www.fipo.org/docs/FIPO-Surveys.htm

It is, of course, up to each individual doctor to make his or her own decision about whether they wish to join the Bupa Partnership. FIPO cannot guide or suggest that consultants join or not join, beyond pointing out the possible effects should the other insurers follow BUPA’s lead, as described above. If the pressures on consultants to join are too great, it is possible that eventually private practice will become unsustainable for many specialties. Established consultants currently within a “partnership” agreement with Bupa are entitled to withdraw.

FIPO does not advocate high or unreasonable charges; we believe all patients should be given an estimate of charges in advance of treatment wherever possible and our survey shows that the vast majority of consultants do this.

Referral of your patients to another consultant by an insurer is a burden that many are facing who have not agreed to become “fee assured” or a Premier Partner with Bupa. Hopefully, this may be a short-term problem and it is possible that Bupa will eventually see that this type of strategy is, in fact, counter productive.

We will continue to keep you updated on our discussions with the Competition Commission. There is, of course, no guarantee that the CC will accept our views but we are, along with other professional groups, fighting for what we believe is most appropriate for our patients. It is, in fact, the patients that we must try to protect and whilst the CC says that they have no evidence that any insurer’s actions have led to a lowered quality of care we believe otherwise.

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From The Board of FIPO

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