Member of the public 17

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BUPA and The Competition Commission

I wish to make a submission to the Competition Commission as part of the Patient Survey and for consideration within their current investigation into the Private Health Sector which was initiated in April 2012. My complaints arise from poor experiences with BUPA are made in the context of the following background.

This submission is in six sections:

1. The Private Health Industry position
2. BUPA's position
3. My position
4. Criticisms of BUPA
5. The Doctor-Patient relationship
6. Some key conclusions

1. The Private Health Industry Position: the Private Health Insurance Industry is a £multi-billion industry which runs in tandem with the NHW, complementing the NHS services. Without the private health market the NHS would not be sustainable and the latter's "change management" programme is struggling under government initiatives at the present time despite various improvements. The NHS sector accounts for some £100bn at 2008-9 levels. Private health facilities are generally provided by local hospitals, although some NHW hospitals have private "wings" or "wards", running in tandem with the local NHS hospitals. The medical consultants are employed by the NHS but within the private hospitals they operate as self –employed people. Patients are referred to consultants, as and when consultation and/or treatment is advised by their GP

2. BUPA's position: BUPA has a near-monopoly in the private health market and has annual revenues of the order of £8bn with over 52000 employees and a customer base directed at 80% of the FTSE firms. It is also arguable that if these firms did not have access to the private health industry their performance would be adversely affected which impacts on the nation's economy. It follows that individual policy holders have little or no say in "what goes on". To put this in context a corporate size comparison shows the BBC is less than half this size.

BUPA was set up as an amalgamation of provident associations in 1947, the year before the NHS, and as a corporate entity has no information available to the policy holders or public in the same way that FTSE firms do. It is not transparent to its customers nor accountable to shareholders because there aren't any. The background of the new CEO is the brewery and drinks industry.

3. My Position: I have been a subscriber/client of BUPA for many years both as a corporate client and as an individual policy holder. I speak from direct experience. I pay for an annual contract on a monthly direct debit, renewable at 1st May. Fees to BUPA have increased by about 80% over the past 10 years – a period when inflation has been low and during half this period the country has entered into a period of austerity.

4. Criticisms of BUPA:

1. I have not been informed by BUPA that they were making changes to their contracts with my local medical consultants. These contracts were renewed at a time when the CC was initiating this review so there is no excuse for lack of communication. Technically it is arguable that they are in breach of contract and not interested in keeping their customers/policy holders informed. Such unilateral action is unacceptable. They have moved the goal posts and the patient is not on a level playing field.
2. the changes have only become apparent during this year when a condition has been diagnosed and treatment has been advised by my GP. This comes as a shock to the patient when he/she is expecting treatment promptly and without extra costs over and above the premiums paid.
3. the consultants I have seen are currently approved, in principle, by BUPA but are not now "fee-approved" i.e. BUPA refuse to pay the fees the consultants charge leaving the patient 2 choices - either pay a top-up fee so that the consultant referred to by the GP, known for many years and trusted, can be paid according to his/her charge rates or alternatively wait to be seen by the NHS. The current waiting time target set by government is 18 weeks which is unacceptable in acute cases, as ours have been. It is worth noting here that these consultants have said they have not had an increase in their fees for between 18 and 25 years whereas the private hospitals do not appear, on checking, to have suffered similarly penalties imposed unilaterally by BUPA. Indeed BUPA have explained that it is because the consultants are self employed i.e. are practising discrimination against the consultants. When asked who set the new rates and on what basis they were unable to answer the question.
4. so far I have not been exposed to the point where young and inexperienced consultants are taking on private patients but the question arises as to the quality of the consultant's experience and qualifications. As an example, where surgery is required, the only acceptable qualification should be that of FRCS. How can a patient assess the doctor who is to provide treatment?
5. with regard to a particular issue regarding cataract surgery BUPA refuse to pay the fees that the consultant has been using, unchanged for over 20 years, requiring the patient to pay the difference between this rate and the rate which has been imposed on the consultant. The alternative choice for the patient is either to use the NHS, which negates all the benefits of having private health insurance, or using a "high street" provider, Optical Express [OE], to whom I have been directed by BUPA. OE do not need a referral from your GP, the consultation is free. On further enquiry BUPA will pay all their costs. The regrettable and unacceptable point here is that OE are 60-70 miles away, have no FRCS qualified surgeons, and clearly are not a dedicated part of the private health system. One is left with the inescapable conclusion that BUPA are now manipulating the market place to the point where they will even pay the patient a fee for using the NHS for this type of treatment. The patient has no practical choice and BUPA clearly have set up a business deal with OE which puts the patient [and the conventional consultants] at a deliberate disadvantage. I consider that my GP should lead the referral since I do not have the experience and am unable to take a qualified view as to how to use a high-street provide such as OE particularly when they have no UK qualified staff and there is no information on which a sensible decision can be made.
6. with regard to alternative providers I have spent some time making enquiries with two of BUPA's competitors – both recognised names in the industry.

They do not engage in the practices that BUPA are now promulgating, have a much reduced rate of subscription increase per annum - [BUPA's has increased by almost 80% in 10years] – and, unlike BUPA, have a cap on fees for elderly people at the age of 80. However they are both adamant that they will not cover pre-disclosed conditions i.e. those which have generated previous claims despite giving them a very detailed account which can be backed up by the enormous number of procedure codes that the industry uses to define treatments. This defines the nub of the problem for the patient which is this:

- once you have a private health provider you can not switch to another provider because you will not be accepted if you already have a claims history.
- there is no facility for a patient to be covered by one insurer for a pre-disclosed condition and another insurer to cover any future condition. BUPA had never even thought about this as a possibility.
- with the recent history of the banking sector it is not inconceivable that BUPA or one of its competitors goes "belly-up" i.e. into receivership or administration. In this event all patients insured with that provider would have no alternative but to resort to the NHS since they would not be accepted by anyone else. This would throw the health industry into chaos. This would be exacerbated if any of the private hospital were to go the same route?
- Conclusion: there is no competition and I suspect that there may even be some sort of cartel in operation. Certainly open-market-place conditions do not apply nor is there any perceptible governance

7. BUPA as an organisation: whilst I realise that this may be outside the remit of the CC it is worth noting that the administration system that BUPA use is poor bearing on incompetent. Each time cost/payment statements are provided they are full of errors and difficult to relate to the services provided by the consultant. I also consider these statements should include the total costs of the procedures including how much the hospitals are paid and their and BUPA profit margins. Furthermore if BUPA wish to attack their cost base, as they have set out to do with the private consultants, perhaps they should attack their overheads where it is inevitable swingeing cuts could be made - perhaps starting by asking their senior management and staff to be paid at the same rates as they were paid 18+ years ago.
8. the following extract from BUPA's 2012 half year accounts, states:

   > BHW is engaging with the Competition Commission (CC) to support its investigation into the market for the provision of private healthcare. BHW would like the CC to require structural changes in the market to ensure competition and efficiency among private hospitals and consultants. The investigation is likely to conclude in March 2014.

   There is no mention here about the patient's perspective: the word "require" indicates corporate arrogance by BUPA and some pressure being applied before the investigation begins. It is to be hoped that the CC will see this. Whether structural change is necessary or not the interests of the patients, particularly at an individual level, must come first. This concept is called customer service.

5. The Doctor-Patient relationship:

This is perhaps the most basic and important relationship we have in our lifetimes. Put quite simply it is based on trust and respect whether the provider is the NHS or

private. That trust has to be earned and can only be achieved by high quality diagnosis and treatment by the doctors with accompanying high ethical standards by the providers – the patient has to come first.

BUPA's dubious business strategy, that has promulgated this investigation, is not based on the best interest of the patient. They have forfeited the trust of their policy holders who are ill informed, confused, and caught between a rock and a hard-place.

If this investigation is not robust enough to resolve the current impasse it will have a knock-on effect against the medical profession which could well impact indirectly on the nation's best interest and the economy through increased pressures on the NHS. All patients will be adversely affected by poor service standards. I ask that the CC looks carefully at all the submissions and considers recommending open transparent competition so that patients have true choice of insurance provider based on properly established agreements between the Insurer and its consultants and surgeons instead of the dictatorial stance taken by BUPA at present. If BUPA can not meet these requirements they should exit the market instead of manipulating it.

6. Some Key Conclusions:

The situation appears complex but can be reduced to simple points

1. The main focus of the CC's investigation must be directed at patient welfare and not get bogged down with the business strategies of the PMI's. If BUPA want to control the market-place, other providers should be in a position to compete on a level playing field. It can not be done at the patients' expense.
2. From the patient's point of view – there is no competition available in the Private Healthcare sector since there is. Once committed to a provider there is no opportunity to switch providers after a claim has been made.
3. If a PMI or private hospital goes "belly-up" arrangements should be put in place so that patients are not adversely affected and their interests protected
4. the interaction between the patient and PMI, in this case BUPA, is non – existent, is top-down not bottom-up and amounts to a "bullying" culture.
5. The relationship between patient and GP and consultant is good – the referral process starts with the GP and there is no place for non-hospital based providers e g high street based facilities that are dependent on the trade relationship between BUPA and that provider
6. it should be recognised that there are big differences between corporate and individual clients. Both should be investigated thoroughly and have equal prominence so that the needs of individual clients are especially and properly recognised and met.
7. from an individual client's viewpoint BUPA are deliberately restricting, if not preventing, patient choice with specific regard to consultants and location of treatment
8. The annual subscription should be the sole financial basis for the contract between the PMI – BUPA - and the policy holder, transparent and clear without the dubious use of top- up fees and open-referrals that only come to light when treatment is advised. The same applies to non-fee assured doctors.
9. if BUPA and other PMI's are unable to accept these points they should be subject to an independent regulator. The sector is too large and important to be left to chance and at the whims of one provider

10. BUPA and PMI's should recognise that the self-employed consultants and private hospitals in the private sector have an integral part to play in the health of the nation and therefore the economy.
11. trust needs to be re-established between BUPA and it policy holders - they need to restore trust and respect, for the system to work effectively – stop acting like "bully- boys" as a start point
12. make information available to patients and to the public at large
13. investigate the structure of BUPA and especially its "provident association" status and clarify
14. finally remember this – the doctor-patient relationship is the key factor in the success of the private health sector: without a patient there is no doctor, no hospital, and no PMI-in other words the patient comes first – every time.