

**NEWS RELEASE**

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**PRIVATE MEDICAL INSURANCE IN DISARRAY**

**Insurers and the profession agree that changes are inevitable if the private medical insurance market is to be sustained**

At a meeting of senior consultants from a wide range of specialties, hosted by the Federation of Independent Practitioner Organisations (FIPO) in London, most of the major private medical insurers suggested that the established model of private medical insurance may not be sustainable in the long term.

Senior figures from AXA PPP, BUPA Insurance, Norwich Union, Standard Life, WPA and Medisure (the medical benefits and health risk management provider) were asked about sustainability and what could be done to control costs without lowering standards for patients as subscribers.

Geoffrey Glazer, Chairman of FIPO observes:

“All the presenters agreed that both the absolute and incremental costs of private medical insurance are of concern for individual and corporate subscribers. However, some very different solutions for the future development of private medical insurance were proposed, reflecting to clinicians the full spectrum of options.”

The background to this meeting was the continuing debate between clinicians, hospitals and insurers on the issues of managed care, the planned introduction of restricted networks by some insurers and the threat these networks may pose to clinical independence and patient choice.

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Julian Stainton, Chief Executive of WPA, dismissed the concept of managed care and stated clearly that insurers should not be involved directly with clinical issues. He advanced the concept of patient co-payments and excesses, which, if used more widely could be a major part of the solution to rising premiums. Separating the user from the payer commonly leads to abuse and this co-payment approach has led to more restraint by subscribers in their spending. The audience roundly applauded this approach.

Laurence Pochat-Cottilloux from Standard Life saw no rationale in unilaterally restricting access to care. Instead, he presented Standard Life's Guided Option as a way to decrease bureaucracy and encourage more people to take out medical insurance. Subscribers to Guided Option choose to pay lower premiums but agree to see whichever consultant their hospital recommends. It was, for him, unlikely that Government would give the market a boost by encouraging a 'stakeholder type' approach to private medical insurance.

Medisure, a medical benefit and health risk management provider rather than an insurer, is taking a distinctly hands-off approach. By putting the responsibility on consultants and hospital providers to offer good clinical care and demonstrate value for money, John Picken, Chief Executive, claimed that there is no need to interfere in clinical decision-making.

Doctors at the meeting were largely supportive of some of these initiatives such as co-payment or "excess policies" but less so about those which interfere with the patient choice, as Geoffrey Glazer explains: "Those insurers that recognise and provide what their subscribers want will be the ones that succeed in a changing market. This means conceding that the best outcomes and value for money for all patients – including employers, who pay for something like 70% of total private medical insurance subscriptions – comes from personalised care, as recommended by qualified, experienced and professionally audited and regulated consultants. It is both a surprise and a concern to medical professionals that BUPA Insurance and AXA PPP, continue to push the managed care and restrictive access approach as their chosen way forward."

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Dr. Natalie J. Macdonald, Medical Director of BUPA Insurance introduced its proposed ophthalmic network, a scheme currently rejected by the medical profession because of the implications that they believe would ensue. Several of those at the meeting raised concerns about the implications for patients of the insurer using the network concept to control the referrals process by restricting the patient and GPs choice of consultants, hospitals or clinics to those from a network based on considerations of cost over care standards. It was also seen as a step towards the point where clinical freedom and the patient's interests would be at risk.

Richard Packard, Chairman of the Association of Ophthalmologists, spoke at the meeting on behalf of his speciality. He was very critical of the potential impact of BUPA Insurance's ophthalmology network on patient accessibility and continuity of care. .

On costs Packard now explains:

“Concerns have been raised about BUPA's low reimbursement levels. These will not necessarily lead to a lowering of premiums and hospital providers will be forced to recoup lost revenue from smaller insurers and self pay patients. We may also see restrictions in capital investment, which would compromise advancement of best practice and achievement of ever-better patient outcomes”

Dr Simon Peck of AXA PPP health insurance claimed benefit from its oral surgery network and stated that its ophthalmology network was on track for implementation by the end of 2007 without being more specific. He defended the concept, saying that restrictive networks would provide more choice for those people that could not afford products with higher premiums.

Norwich Union does not have immediate plans for managed care in any format, but, Director of Customer – Healthcare, Rob Brown, said that adapting to what the customer wants is the key. He said that more affordable private medical insurance might be achieved through implementing evidence-based methodology and direct referrals as well as improving administrative efficiencies.

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In the discussion that followed the insurers presentations consultants were critical of some of these initiatives. There was a clear general view that clinical quality, audit and governance are matters that should only be properly policed by the profession itself not insurance companies and that the regulation of the profession was already very strong

“We, as consultants, welcome the opportunity to work with insurers to achieve better value for money, but maintain that cost containment must not interfere with clinical decision making and the primacy of clinical advice”, says Geoffrey Glazer, Chairman of FIPO.

“Every healthcare professional is obliged to work to professionally set guidelines tailored always to the best interests of the patient. If the choice of treatments or prostheses available to patients in a network are reduced, or if consultants are only allowed a strictly limited time to treat a condition, then we will be in direct confrontation with that maxim. In effect not only would choice for the patient be affected but we would end up with different treatments for patients based on their network arrangements which would resemble the post-code lottery so often criticised in the NHS. This would mean a flight from PMI by dissatisfied patients. We are pleased that the majority of insurers have stated that their policies will allow conventional referral pathways and leave clinical management in the hands of the professionals”, concludes Glazer.

**ends**

### **Notes to Editors**

**The Federation of Independent Practitioner Organisations (FIPO)** represents professional independent medical organisations and specialist groups in Britain.

It provides guidance, policies and co-ordination to membership organisations, acting on behalf of the profession to advance the cause of independent health care.

FIPO promotes the highest standards of health care provision, achieved through robust clinical governance and audit, as well as expert, independent advice for best patient care and clinical outcomes.

FIPO CGAC (Clinical Governance Advisory Committee) has provided support and information to hospital Medical Advisory Committee Chairmen around the UK and has developed formal, professionally structured Guidelines to assist them in their role.

([www.fipo.org.uk](http://www.fipo.org.uk))