



**STANDARD LIFE HEALTHCARE**

**The Impact of DTCs on PMI**

Caroline Southwood, Director of Corporate Affairs,

7<sup>th</sup> October 2003

# Potential Impact of DTCs on PMI

- **Rapidly changing healthcare market**
- **Potential scenarios for the future**
- **Insights into how we prepare for change**

# DTCs and PMI

- **Why do people take out PMI?**
  - **Access to prompt treatment**
  - **To chose when, where and by whom they are treated**

# What If... DTCs eliminate waiting lists?

## ➤ Mr Jones –



**“I bought PMI  
because I was worried  
about long waiting  
lists in the NHS”**

# PMI becomes a luxury product?

- **Mr Smith – “I want a really top quality knee, and I’ll pay whatever it takes, even if it’s made of diamonds”**
- **If DTCs are a success, will PMI become a niche market?**
  - **This is not a likely scenario**

# Demand always outstrips supply

- DTCs must provide a superb service for patients
- But... demand for the NHS has always grown faster than the rise in population
- Patients expect more
  - No more “mustn’t grumble”
  - Rise of the patient as consumer
- More cases will emerge as waiting lists fall
- Demand fuelled by new treatments
- Still a significant role for PMI

## **New developments to benefit all**

- **New procedures developed in DTCs will bring costs down, as has been the case in the USA**
- **Rise in day case treatment, reducing costly inpatient stays**
  - **Good for the patient, good for the healthcare provider**
- **National tariff will drive down costs**

# Perception

- **PMI will be affected by how people feel about the NHS**



**“I believe what I read  
in the papers”**

- **Improvements in the NHS may not be matched by public perception**

## Possibilities for the future

- Private customers currently unaffected by DTCs as they are only available to NHS patients
- Private hospitals and foreign investors will open up the “Third Market” by opening DTCs for private patients
- What effect will this have on private hospitals and current provision agreements?
- How will consultants respond?

# What does PMI need to do?

- We must respond positively to the changes that are ahead
- The ostrich has the wrong idea...
- We welcome the introduction of DTCs as a great thing for patients



# Legitimate concerns

- **Staffing is still an unknown**
- **Are DTCs best value for money?**
  - **Will they simply duplicate existing facilities?**
  - **Shouldn't we use existing capacity first?**
  - **Will training of new clinical staff be hampered by DTCs?**
- **How are DTCs to be funded in the long term?**

## Some conclusions

- **PMI must be prepared to adapt, perhaps introducing new products**
- **We welcome DTCs as a new and innovative response to problems of healthcare provision**
- **We must all work to respond to patient demand for choice**
- **Lots of unknowns, but we welcome this new attempt to harness the potential of the private sector**
- **We look forward to what lies ahead**



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