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FIPO
federation of independent practitioner organisations

NEWSLETTER

CURRENT ISSUES IN INDEPENDENT PRACTICE

SEPTEMBER 2008

This Newsletter contains information about the following

- Car Tax Allowances by Her Majesty's Revenue and Customs
- A dramatic change In AXA PPP's approach to consultants
- Ongoing pressure in ophthalmology from major insurers
- Orthopaedic package pricing by BUPA
- Norwich Union affecting patient choice via brokers and an MRI tender
- A questionnaire for consultants

CAR TAX ALLOWANCES BY HMRC

Car allowances by the consultants for tax purposes have recently been challenged by HMRC. Consultations are taking place at the moment and FIPO, the HCSA and certain accountants are closely involved (see http://www.fipo.org.uk/docs/hmrc/index.htm).

RECENT PRIVATE MEDICAL INSURANCE INITIATIVES

AXA PPP

- PPP has produced a Fee Schedule to which newly appointed consultants must adhere, failing which PPP will not recognise their rights to treat any PPP subscribers. This is the first time consultant recognition by an insurer has been linked to a fixed Fee Schedule.

- This Fee Schedule will also apply to some established consultants (oncologists and intensive e care specialists) and quite possibly others.

- PPP is also attempting to promote restrictive networks in ophthalmology and oral surgery.

- PPP, along with several other insurers, has set up a counter fraud group with a centralised database. This in itself is not a major issue but PPP is taking a particularly aggressive approach to any consultant suspected of any billing irregularities.

BUPA

- BUPA tried, but failed, to introduce a preferred provider system with package pricing in ophthalmology. This has been rejected by ophthalmologists.

- BUPA is now targeting orthopaedics in a progressive manner at local level with low budget package price deals that will impact on patient care.

Norwich Union

- Norwich Union is attempting to divert patients to intermediaries such as Alliance Surgical who engage consultants to work at low prices by offering various forms of partnership agreements. These will affect patient choice.

- Norwich Union is about to embark on an MRI tender which, if it follows BUPA's model, could lead to restrictive networks, patient inconvenience and reduced choice.

THE BACKGROUND TO THE INSURANCE CHANGES

The Managed Care initiatives by some insurers are aimed at breaking the established consultant/patient contract and moving away from a "fee for service" to various types of insurance controlled packaged deals. These insurers are also intent on developing restrictive (preferred provider) networks and introducing insurance led clinical care plans. Some background to independent practice can be seen here on the FIPO website at http://www.fipo.org.uk/docs/axappp_terms.htm .

The principles of practice which the profession advocate have been laid down in the FIPO Charter which has the support of major Royal Colleges, Specialist Associations, the GMC and the Patients Association (http://www.fipo.org.uk/docs/patientcharter.htm).

The Charter emphasises that patient choice, guided by the GP, is of paramount importance. Some of the other points in the FIPO Charter concern the importance of the consultant /patient relationship. The need for financial transparency and a clear and reasonable approach to billing procedures is emphasised.

PPP in particular has been acting against consultants who are alleged to be behaving fraudulently or who may have suspect billing procedures. Details about this and also the insurer's new counter fraud group can be seen on the FIPO website at http://www.fipo.org.uk/docs/fraud.htm.

AXA PPP New Schedule of Fees and Terms and Conditions

In July 2008 PPP announced its decision to enforce a Schedule of Fees and new Terms and Conditions on newly appointed consultants (and many established consultants) with the sanction of withdrawing recognition if these consultants fail to comply. Thus all new consultants (and possibly some established consultants) will be obliged to adhere to PPP's new Terms and Conditions and Fee Schedule. This is the first time that PPP has published a Fee Schedule but the level of these (albeit low) fees are not the prime consideration as the issue is about the principle and the details within the new Terms and Conditions.

This PPP initiative should not be confused with the old BUPA Consultant Partnership which was something that many objected to but which was at least a voluntary agreement by consultants to maintain their fees at BUPA rates in return for a small bonus on operative fees at the end of the year. The new PPP fee schedule is quite different as it is a compulsory agreement with the sanction of non recognition by PPP if a consultant does not comply.

The details of PPP's new Terms and Conditions may be seen on their website at
http://www.axapphealthcare.co.uk/pdf/specialists/terms_of_recognition.pdf
and the Schedule of Fees may be seen at .
http://www.axapphealthcare.co.uk/pdf/specialists/schedule_of_pub_fees.pdf

In response to our enquiries PPP has said that this new Schedule is applicable only to newly appointed consultants applying for recognition for the first time (at the moment). They say that this policy may change in the future.

In essence the new PPP Terms and Conditions mean

- ***All newly appointed consultants applying for PPP recognition must adhere to these fees and cannot charge the patient shortfalls. Failure to comply could result in de-recognition by PPP.***
- ***If a PPP subscriber is treated by a non-recognised PPP consultant then none of the other providers (hospitals or consultants) will be reimbursed by PPP for that episode (which is a new stringent term).***
- ***Although PPP say this is not directed at established consultants there is some confusion over whether or not they have actually included intensive care specialists and oncologists at this time***
- ***Consultants who have been delisted for some reason by PPP may regain recognition but under PPP's current Terms and Conditions (presumably meaning these new ones)***
- ***It is possible, though uncertain, that consultants who have had their fees disputed by PPP will also be put onto this schedule. PPP has a flagging system for certain consultants who they allege are charging more than their definition of "usual and customary" and many consultants have been "capped" by PPP or have been asked to negotiate their fees directly with the company. This new Schedule would give PPP the simple option of imposing a Fee Schedule on those consultants.***

Thus there could be a steady pressure to recognise consultants under the new PPP Terms and as this gains momentum there could well be direction of patients at preauthorisation towards "approved" consultants which would remove patient choice and enhance the process of enforced recognition on more consultants under these new Terms and Schedules.

BUPA – Restrictive Networks in Ophthalmology

Two years ago BUPA Insurance started an attempt to impose "specialty carve outs". This began with ophthalmology and BUPA envisaged that after some form of "quality assessment", various units would compete on price to provide ophthalmic services. This concept of a package price (to include both hospital and consultants) was a method of breaking the consultant/patient contract. It was clearly seen as a financial rather than a quality exercise by the profession and would inevitably have led to a preferred provider system with some consultants and hospitals being excluded and more importantly a reduction in patient choice and continuity of care.

This BUPA initiative was rejected at a national level by ophthalmologists (who independently made their own decisions) and who clearly found the concept of a preferred provider ophthalmology network to be unacceptable. Mostly the private hospitals were also against this type of arrangement.

BUPA - Package Pricing for Orthopaedics

BUPA Insurance is now trying a different approach in orthopaedics although the objectives are the same. BUPA Insurance is attempting a slower more subtle approach by offering various groups of orthopaedic surgeons a package-price for orthopaedic procedures. BUPA has admitted that some consultants may perceive a loss of autonomy (and that cannot be denied) but they insist that this will in some way enhance practice.

In package priced orthopaedics a fixed sum of money is given to the surgeon and with this he/she is expected to encompass the operation fees (anaesthetic and surgical) and all the post-operative consultations and physiotherapy for a period of nine months from operation. Hospitals are not involved in this initiative and will continue to work to their current contracts with BUPA.

FIPO has seen the actual BUPA package prices offered to a group of London orthopaedic surgeons (and rejected). We have analysed some common operations and calculated the funds available for post-operative care assuming the operative fees are at BUPA rates; it is evident that there would be a variable but limited amount of funding available. As an example, in a hip replacement, just £40 would be available for all the post-operative consultations and physiotherapy treatments for nine months assuming that the orthopaedic surgeon and anaesthetist charged at the current BUPA rates. Effectively, therefore, this is a severe cutback in reimbursement which would induce conflicts between surgeons and anaesthetists. More importantly the quality of care could suffer as post-operative visits and treatments might be reduced.

Surgeons should consider the implications carefully before committing themselves to these arrangements. FIPO does not engage in any fee setting or fee negotiations but the implications for patients are of major concern.

This BUPA orthopaedic initiative is similar to the failed ophthalmology initiative and is simply a financial exercise which if accepted would affect patient care. It would impact on consultant autonomy as consultants would lose the right to charge independently and would forever be locked in to a contract with the insurer with no guarantee of uplifts and almost certainly increasing clinical restrictions (on prostheses and lengths of stay).

AXA PPP – Ophthalmology Networks

Following on BUPA's failure to persuade ophthalmologists to engage with them over package pricing, PPP approached ophthalmology in a more direct manner. PPP has simply been changing the contract for its subscribers as they come up for their annual renewal. This means that for cataract surgery the patient is simply directed to a PPP networked hospital and thus may have their choice of consultant and hospital removed. Just a few private hospitals have agreed to this around the UK and in London there are very few outlets for cataract surgery.

This PPP strategy is thus threatening and moving slowly but is based on their earlier strategy for oral surgery in which three procedures were similarly (and successfully) processed.

Norwich Union – Brokers Deals and MRI Tenders

Norwich Union has followed BUPA and is about to launch an MRI tender. This could result in restrictive networks and affect patient choice and the relationship between clinicians and radiologists. The precise details of this manoeuvre are unclear at the present.

What is clear is that Norwich Union is encouraging deals with brokers such as Alliance Surgical. This group (AS) has a small number of consultants committed as founder and some as associate members and they agree to work at reduced fees in a package priced arrangement. These consultants often have to pay a considerable amount of money up front for this privilege. Alliance Surgical appears to be trying to arrange deals with private hospitals (most of who will not cooperate with third parties). It is unclear what overall fee percentage AS will take from each patient's treatment but what is clear is that patients are losing their choice.

Each consultant must make their own decision about joining these types of financial arrangements and should consult their advisers over the financial wisdom of such a decision. However, overriding this are the principles governing independent practice which are clearly breached by these types of arrangements.

SUMMARY

There are many implications to these new insurance strategies. Consultants forced into these packaged deals by whatever route will have lost their independence. The vital contract with the patient will be broken and there will be a reduction of patient choice. If the new PPP strategy is successfully implemented to the bulk of the consultant body there is no doubt that other insurers would follow suit. This would be the end of independent practice as we currently understand it.

The trainee organisations are most concerned about the implications for their members as they come up to consultancy. Newly appointed consultants are generally not well informed about private practice issues and should seek advice before engaging with PPP.

Established consultants in intensive care and oncology and others in different specialties who may also be threatened should consult with their colleagues to decide if they wish to treat PPP subscribers under these conditions. There is of course considerable an anxiety amongst all groups of doctors and our best advice is not to act too hastily but to consult with your colleagues locally. This advice is of particular relevance to oncologists and intensive care specialists and anaesthetists.

Our general response will also depend on the views of the profession and we attach a short questionnaire which we would ask you to complete and return no matter what your specialty. This is entirely confidential to FIPO and will only be divulged in an aggregate format.

The FIPO Board

On behalf of the FIPO supporting Associations:-

Association of Anaesthetists of Great Britain and Ireland
Association of Coloproctology of Great Britain and Ireland
Association of Independent Radiologists
Association of Ophthalmologists
Association of Surgeons of Great Britain and Ireland
British Association of Plastic, Reconstructive and Aesthetic Surgeons
British Association for Surgery of the Knee
British Association of Urological Surgeons
British Elbow and Shoulder Society
British Hip Society
British Orthopaedic Association
British Orthopaedic Trainees Association
ENT-UK
FIPO CGAC (Clinical Governance Advisory Committee)
FIPO-Nat-MAC (National Medical Advisory Committee)
Group of Anaesthetists in Training
Hospital Consultants and Specialists Association
London Consultants' Association
Society of British Neurological Surgeons
Sussex Association of Consultants
Young Consultants Otolaryngologists Head and Neck Surgeons.