

An Explanation about Medical Fees in the Private Sector

FIPO, The Federation of Independent Practitioner Organisations, is a medical organisation of professional bodies whose objective is to maintain the highest possible standards of care in the private medical sector, and the independence and freedom of choice for patient and doctor. It defends the right of consultants to treat patients according to their clinical needs and to the best professional standards without external interference.

FIPO does not set medical fees nor does it support or defend unreasonable or high charges. Any specific questions on fee levels should be directed to your consultant. Patients should note that FIPO does not accept responsibility for any of the actions of individual consultants. However, there are certain principles that govern your fee arrangements and this document explains how patients and your consultants interact. FIPO has also published a Charter which lays down the principles of independent practice and this has been endorsed by the major Royal Colleges, the various Surgical Specialty Associations, the GMC and the Patients Association (<http://www.fipo.org.uk/docs/patientcharter.htm>).

Medical Fees – is there a contract between the patient and consultant?

Any patient who consults or is treated by a consultant in the private medical sector will be personally responsible for the payment of all their consultant's fees and a financial contract exists between them. In many instances patients have private medical insurance that will fully reimburse them for their medical fees. However there are often exclusions within these policies (i.e. specific medical conditions, outpatient allowances or payment by the patients of an initial excess amount). Sometimes there may be shortfalls in the insurance reimbursement that the patient receives for the consultant's fees. In the event that there is a shortfall it is borne by the patient who is personally liable to the consultant for his/her fees. Many consultants are not prepared to enter into direct billing arrangements with insurance companies, as they are concerned that this will eventually affect their independence and will not be in the best clinical interests of their patients and thus they may bill the patient directly and ask the patient to claim the reimbursement from the insurer.

How to choose a consultant and get preauthorisation by an insurance company

Most patients are referred to a consultant on the recommendation of their General Practitioner (GP). This is the traditional route. The GP will know the specialist interests and abilities of all the consultants to whom he/she refers patients. Some patients will have knowledge of a particular consultant and are entitled to ask to see that specialist. A GP referral letter is usual and at this stage most insurance companies ask patients to contact them for pre-authorisation. At this stage the patient may be given a specific authorisation number for this clinical event and this is usually a straightforward process.

Sometimes at pre-authorisation the insurance company raises queries about the expected level of fees or may even suggest referral to another (cheaper) consultant. In such circumstances we strongly suggest that the patient should always contact the consultant recommended by their GP. This recommendation and referral was made on the basis of the medical judgement of the medical practitioner who knows the patient best and was not influenced by any financial motives or dictated by an insurer.

Can I get an estimate of fees before treatment?

It is perfectly reasonable and desirable to ask your consultant to give you an estimate of his/her fees prior to treatment. This can often be furnished for a standard operation (i.e. hernia, hip replacement, hysterectomy etc.). In these cases the consultant should do his/her best to tell you about other potential professional charges, such as the anaesthetist's likely fee. It is possible that you will also have professional care from other consultants who are entitled to submit accounts. Your consultant may not be able to state exactly what these colleagues will charge but might assist you in obtaining some information on what these are likely to be.

In some instances, however, a very precise fee estimate is difficult to make because your diagnosis and treatment is unclear. Frequently, other consultants may be called to see you and these doctors are usually chosen by your primary consultant with your agreement. Sometimes, in an acute clinical emergency neither you nor your relatives may be able to exercise influence over these decisions. In these circumstances patients should realise that all doctors work in specialist teams and that this reflects best clinical practice.

The fees for your hospital charges are normally fully covered by your insurance company, who will have negotiated these set prices. However, there may be some restrictions, i.e. cover for a double as opposed to a single room, and this is a matter for you to resolve with the insurer and the hospital. You normally will be given this information by the hospital prior to or during admission.

If your insurer asks for a Claims Form to be completed then either your consultant or GP will do this. It is important that all parts are filled in accurately. You are advised to keep a photocopy of all such forms.

Who pays the consultant's fees?

Your consultant(s) will submit their fees to you (and sometimes directly to your insurer) for their services. These fees should be laid out so as to illustrate clearly the services rendered and appropriate codes for any procedures. Normally an operative fee will include routine post-operative care in the hospital. Separate fees are charged for follow-up consultations after surgery. Some (but not all) insurers refuse to pay for an initial follow-up consultation if this takes place within a certain time after surgery or discharge from hospital.

You should note that the insurance companies do not pay consultant fees; they reimburse patients for consultant fees. Insurers give benefits; consultants charge fees. These benefits or levels of reimbursements vary between different companies for the same procedure. If there are shortfalls then the patient is responsible for this amount, which should be paid directly to the consultant within a reasonable time.

Why are there fee shortfalls?

Some patients question why they may have to sometimes pay shortfalls and the answer is really based on the economics of private practice. The average patient's insurance premiums have risen by over 7% per annum for the last 10 years. Hospital prices have risen in line with this, but there has been no similar movement to assist patients for their consultant fees. In fact the insurance reimbursement to patients for consultant fees by the major insurers has not altered significantly over 15 years and some insurers may actually be reducing their benefits. Moreover the costs of running a medical practice have risen dramatically and these costs are higher in certain parts of the country such as in London.

Most insurers will state what their actual reimbursements will be for various operations or treatments. However some companies (AXA PPP) will not actually state the precise fee reimbursement for any given procedure but will only pay what it considers "usual and customary". This can create difficulties for consultants and patients.

Some other specific and common patient questions

- ***Why doesn't my insurer settle all my accounts in full?***

The answer lies in your insurance contract, which limits benefits. In an increasing number of cases the patient elects to make some co-payment towards their treatment in return for lowered annual premiums.

- ***Are there any national guidelines or set tariffs for consultant charges?***

The original guidelines on medical fees published by the British Medical Association were ruled illegal by the Monopolies and Mergers Commission in 1994. Since that time there has been no "official" or other tariff of fees. Furthermore the Competition Act means that any group of doctors who publish such a list would be in breach of the Act.

- ***What does "fixed price" or "package" surgery actually involve?***

The terms and conditions of these so called "package prices" do vary. In some instances the consultant's fees are included in the price; sometimes they are separate. Patients should always ask what the downside is for these deals, in particular whether the hospital and consultants will include the costs of any complications and delayed discharges from hospital in the fixed price.

- ***What do I do if I am unable to get satisfactory service from my insurer?***

Consultants are not FSA regulated and cannot offer "business advice". If you have a complaint against your insurer that cannot be resolved you should seek legal advice or ask your broker or HR Director for Corporate policies. In many cases patients have complained to the Financial Ombudsman and this is becoming a preferred route for such matters.

Patients should always insist on seeing the consultant of their choice
Patients should get an estimate of fees whenever time allows before treatment
Patients are responsible for their own fees irrespective of their insurance cover
Patients are entitled to clinical treatment decided by their consultant not their insurer