

Doctors feel the pinch as insurers strive for affordability

Consultants working at Britain's largest private hospital group could be paid less for their services as a result of cost containment measures being introduced by some medical insurers.

A proposed national radiologist fee structure being brought in by BMI Healthcare is thought to be the result of a "significant" drop in insurers' radiology reimbursement levels. According to BMI, some insurers are reducing the amount they are prepared to pay hospitals and consultants by as much as 50% if they want to be included in their provider list for subscribers.

Unlike other areas of private healthcare, radiology charges to patients and their insurers are made on an inclusive basis rather than consultant and hospital costs being charged separately. BMI said that since insurers are now prepared to pay less for non-interventional diagnostic procedures, it has been forced to make cuts in the amount of money it can pass on to consultants.

Some medical insurers have been setting up networks of approved MRI centres which have to meet strict criteria relating to quality and cost. Although insurers claim the strategy is designed to ensure private healthcare remains affordable and high quality, it has been criticised by some doctors who claim the approach is simply designed to push down their fees.

In a joint statement released to *Health Insurance*, Dr Phil Shorvon, chairman of the Association of Independent Radiologists and Geoffrey Glazer, chairman of the Federation of Independent Practitioner Organisations, said that previously, fee structures were agreed locally and reflected local conditions.

In the statement, the consultants' representatives said the tactic "serves as a warning to all consultants who value their independence" that any external body - be it hospital, insurer or broker - who sets their fees can profit from the situation.

They said: "All these schemes break the contract between the patient and the consultant which we consider paramount."

However, Guy Blomfield, group commercial director of General Healthcare Group, the parent company of BMI Healthcare, said that the entry of new healthcare providers into the market last year, in addition to the drop in insurers' reimbursement levels, had left it with little choice but to revise its fee schedule.

He said: "We had to take a long, hard look at each element of cost to maintain competitiveness for BMI's hospitals and the radiologists who work with us. We believe that, combined with our active support to generate even greater volumes of imaging work and our investment in technology to provide consultant radiologists with enhanced reporting resources, the new tariff that will result from this review forms an equitable solution."

Blomfield added that over the last six months, 23% of BMI's sites have already operated in line with the maximum tariff for all imaging modalities.

He said: "Existing fees paid to consultant radiologists are within the national maximums set in our new schedule. In our remaining hospitals, the average reduction in radiologist fees will be 15%."

Ray Stanbridge, director of Stanbridge Associates, a specialist organisation which offers a range of tax accountancy and financial advisory services to doctors, said it seems that hospital groups are trying to preserve their margins by passing the cost pressures from insurers straight through to consultants. However, he estimates that radiologist fees may reduce by 5-10% across the industry as a whole, which is below some of the "scaremongery" in the market.