



VHI sued by hospital liquidator for alleged 'abuse of market dominance'

By Susan Mitchell

The VHI is being sued on competition grounds by the liquidator of the €90 million Cork Medical Centre (CMC), which closed last year after failing to secure cover from the country's dominant insurer. KPMG has taken the High Court action for creditors of the clinic, accusing the VHI of abusing a dominant market position.

CMC was the first private hospital to open in Cork for 95 years. It closed last March with the loss of 73 jobs, just five months after opening with the promise of creating up to 500 staff positions.

Creditors who stand to benefit from the High Court action include Siemens, John Cleary, the landlord of the Citygate premises where the centre was located, hospital consultants and employees.

Sheehan Medical, which was chaired by US-based surgeon Joe Sheehan, was the operator of CMC. Sheehan is a shareholder in the Blackrock and Galway Clinics, and is also one of the creditors of CMC.

With more than 57 per cent of the private health insurance market, the VHI can determine whether hospitals remain open or not.

Confidential correspondence which the VHI sent to local TDs in Cork suggested that the refusal to cover CMC was a cost-containment measure, and was largely related to concerns the VHI had about supplier-induced demand.

In the correspondence, the VHI stated that 850 additional beds had been added to the private hospital sector, partially because of the availability of capital allowances. It said that, "for each additional 100 new hospital beds, VHI Healthcare incurs extra costs of €50 million annually within a four-to-five-year period".

The legal action will be a blow to the Mater Private, which had reached agreement in principle with John Cleary to take over the Citygate centre.

The VHI has refused to cover it, but the Mater has been lobbying for political support to reopen and operate the hospital.

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Joe Sheehan, operator of the Cork Medical Centre



Consultants break private patient rules

■ Numbers of private patients treated in public hospitals well above levels agreed in new contract

Consultants broke rules

By Susan Mitchell

Hospital consultants are engaging in a widespread breach of private practice limits in public hospitals, new figures reveal. Almost 50 per cent of patients being treated in the Regional Orthopaedic Hospital in Limerick were classified as private patients, according to figures from the Health Service Executive (HSE).

Other hospitals, including Limerick Regional (37 per cent private), Tallaght (38 per cent private) and the Royal Victoria Eye and Ear (41 per cent private), also show serious breaches figures for 2011.

Health authorities have failed to clamp down on the practice, even though the ratio of public to private patients treated by doctors in public hospitals should range between 70:30 and 80:20, depending on the type of contract held by the doctor. Twelve out of the 50 hospitals measured showed considerable breaches of the public private ratio.

The 2008 hospital consultants' contract provided for extended working hours and restrictions in private practice in an effort to ensure private patients were not prioritised. In return, consultants received pay increases for their public hospital work.

Salary rises due to consultants in different categories under the new contract

agreement ranged from around €25,000 to nearly €95,000. Although the pay rises promised to consultants were not delivered in full, salaries now range between €150,000 and €220,000 per annum, with an additional €50,000 a year entitlement for clinical directors.

While the HSE has threatened to sanction consultants for abusing their public private ratios, it has met stiff resistance from the Irish Hospital Consultants Association (IHCA).

The IHCA has argued that the measurement system used by the HSE is flawed. This has been disputed by the HSE.

The IHCA also argued that, as half the population had health insurance, it was impossible to abide by those ratios, particularly in areas such as Limerick, where there was little private capacity.

According to the HSE, the contract dictates that consultants must simply pay excess fees earned above the permitted threshold into a hospital fund. No consultant has paid any fine or returned earnings from treating additional private patients.

Consultants who persistently breach limits on private practice can have their private practice rights withdrawn. That has happened to just two consultants. Since the contract was introduced in 2008.

While the HSE and the

IHCA remain locked in a dispute about the measurement system used to monitor their public work, there is little evidence to suggest it is being prioritised.

The number of privately insured patients being treated at some public hospitals has increased since the 2008 contract was introduced.

Billy Kelleher, Fianna Fáil's health spokesman, said it was clear that the Minister for Health, had little appetite to ensure adherence to the contract. "He said he would reduce consultants' pay. He hasn't," said Kelleher. "The ability to pay continues to ensure preferential treatment in public hospitals."

Private practices

The percentage of consultants' inpatients who are private

Hospital	2007	2011 to end of Nov
Limerick Regional	43%	37%
Eye and Ear, Dublin	37%	41%
Holles Street, Dublin	43%	35%
Crumlin Children's, Dublin	35%	35%
Orthopaedic Limerick	55%	48%
Tallaght, Dublin	16%	38%
Mercy Hospital, Cork	36%	35%