



For Immediate release – 11<sup>th</sup> January 2017

## **MedCo cashing in on medical reporting organisations claims Confederation of Medical Agencies**

The chairman of the Confederation of Medical Agencies has today criticised the Medco board of directors for the new annual charges to be levied on its members as bureaucracy out of control. He also criticises the MOJ for failing in its duty of oversight in allowing Medco to impose disproportionate charges on its members.

The confederation of medical agencies has today announced that it is to seek urgent meetings with MedCo and the Ministry of Justice on behalf of its members following the announcement by Medco, a government appointed not for profit organisation that administers the instruction of medical experts in whiplash claims that it is to increase the fees it charges member organisations by up to 100%.

Medco has written to users giving notice of the huge fee increase to come into effect in April. The notice from Medco states

*“You are hereby given notice that the annual renewal fees for April 2018 - March 2019 inclusive have been increased.*

*MedCo is a not for profit organisation and its usual policy has been to abate fees using surplus funds from previous years. However, if there is significant risk of financial calls on the surplus this policy cannot be maintained.*

*The Board has concluded that there is a significant ongoing risk of litigation resulting from the Audit programme to implement the MoJ Qualifying Criteria. This, combined with uncertainty relating to the proposed personal injury reforms as well as increased operating costs, has made it necessary to increase fees in April 2018.*

*MedCo will review the charging and fees abatement policy at the end of the current financial year in December 2018.*

*The annual subscription fee for High Volume National MROs will be £150,000.00 plus VAT and for Regional Based MROs will be £20,000.00 plus VAT.”*

The CMA chairman Ben Elsom has responded by saying “These fee increases cannot be justified at any level. Medco announced in its annual results in December that it had nearly 5 million pounds in surplus cash. To announce that due to the risk of litigation it needs to increase the fees to our members by up to 100% is absurd and incapable of justification.

Whilst we are aware that some litigation has taken place it should not be the responsibility of our members to foot the legal bill for the mismanagement of Medco by the current board of directors.

The membership fees that Medco passes on to our members is already in the CMA’s opinion flawed in its design, possibly in breach of the competition act 1998 and places an unfair burden on the small businesses that we represent.

The fees to be charged from April now equate to Tier 1 companies having to undertake 833 cases and Tier 2 111 cases per annum just to cover the fees Medco charges.



The fees charged to Tier 2 regional based MRO's represent 66% of the fees charged to Medical Reporting organisations whereby HVN Tier 1 providers only pay 34% of the fees. This cannot on any analysis be fair when it is estimated that the larger HVN medical reporting organisations receive approximately 70% of all instructions through the Medco portal against 30% for regional based MRO'S.

Our Tier 2 members on average receive 1000 instructions per annum so effectively will be charged the equivalent of 11% per instruction they receive, whereas, Tier 1 HVN providers receive 40,000 instructions per year and will pay the equivalent of 2.08% per instruction. This clearly puts our Tier 2 regional based members at a competitive disadvantage and should be addressed by the board of Medco immediately.

Other organisations set up by government, such as the Claims Management Regulator, which, is a self-funded body, charge fees based on the preceding years income of the company. which appears on the face of it a more fair and balanced method of recovering the costs of managing the service.

On behalf of the CMA membership we call on the new Secretary of State for Justice to review the MedCo operation and government policy in this area as a matter of urgency.

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## **NOTES FOR EDITORS**

### **Confederation of Medical Agencies**

The Confederation of Medical Agencies is a not for profit company limited by guarantee and the inaugural members of the Council are company directors registered at Companies House.

The Confederation was established in January 2017 to become an impartial representative trade body for medical reporting organisations by standing up for its' members rights, promoting good practice, implementing agreed codes of practice and supporting its' membership in marketing themselves to the legal, consumer and insurance sectors.

The CMA provides a service to Medical Reporting Organisations (MROs) by helping to establish a favourable operating environment, by providing an arena to voice concerns about government policy, Medco, a forum for discussion on non-competitive issues, and by providing information to assist MROs in their business.

The Confederation currently represents 35 Medco registered organisations.

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### **MedCo Registration Solutions Ltd**

MedCo is a non-profit making organisation with a Board comprised of representatives with cross industry interests and an independent Chair.

### **MedCo Objects**

To provide an independent assessment of individuals or bodies corporate who wish to be Accredited Suppliers, by acting as an assessor and accreditation agency for those applying to become Accredited Suppliers, in assessing the suitability of individuals or bodies corporate to become Accredited Suppliers and, where MEDCO thinks fit, grant accreditation to an individual or body corporate to become an Accredited Supplier by assessing, reviewing, monitoring and auditing prospective Accredited Suppliers pursuant to the Rules.

To provide an independent assessment of those applying to become reaccredited as Accredited Suppliers and where MEDCO thinks fit grant reaccreditation to Accredited Suppliers by reviewing, monitoring and auditing Accredited Suppliers pursuant to the Rules.

To maintain an electronic system capable of generating details of Accredited Suppliers as the only Accredited Suppliers who may be instructed in connection with a particular low value soft tissue injury motor accident claim, in response to a User's request.

To develop, operate and manage systems and processes capable of recording and capturing on a database such details of Accredited Suppliers and reports from Accredited Suppliers as the Board may determine necessary from time to time and ultimately which are likely to contribute or assist with the delivery of independent medical reports in support of soft tissue injuries through the process of accreditation.

The Board of Directors is made up

MedCo Registration Solutions – Board of Directors		
Position:	Representative Organisation	Individual
Chair	Independent	Mr Martin Heskins
Director	Association of British Insurers	Mr Stuart Fielding
Director	Association of Medical Reporting Organisations	Mr Simon Margolis
Director	Association of Personal Injury Lawyers	Mr David Bott
Director	British Medical Association	Surendra Kumar
Director	Chartered Society of Physiotherapy	Mr Brian Simpson
Director	Forum of Insurance Lawyers	Mr Nigel Teasdale
Director	The Law Society	Mr Robert Khan
Director	Motor Accident Solicitors Society	Mrs Susan Brown
Director	Motor Insurers Bureau	Mr Mark Waughman