What is the evidence that patients benefit from choice over hospital care?

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Department of Management

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Making sense of evidence?

- US hospital report cards?
- UK’s 4 NHSs
  - Policy changes & ‘natural experiment’?
  - Two NHS markets in England
    - Econometric studies?
    - Pluralism in supply ➔ regulation of quality of care?
Trust & Altruism (T&A)
Choice & Competition (C&C)

- Aware of differences
- Knowledge about performance
- Consumers able to choose
- Exercise choice
- Change in Market share

Performance Reporting
- Knowledge about process & results
- Management & Professionals
- Implement change

Adapted from Berwick et al. 2003
September 2004: Coronary Artery Bypass Graft (CABG)

- Sudden onset of chest pains & shortness of breath
  - small hospital near home
  - cardiologists @ Westchester Medical Center
  - quadruple bypass @ Columbia-Presbyterian

- Choice by New York Cardiac Surgery Reporting System (CSRS)?

Source:
Source: http://www.health.state.ny.us/statistics/diseases/diseases/cardiovascular/
US hospital report cards: systematic reviews

- Few rigorous evaluations
  - CSRS & 6 other US systems
- No evidence providers respond to threat of patients using information as consumers

- Information ➔ Quality: Other models of governance?
- If C&C ineffective in US ➔ effective in England?

## Four models of governance

<table>
<thead>
<tr>
<th>Model</th>
<th>Knights / Knaves</th>
<th>Econs / Humans</th>
<th>Prospect theory: Failure?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust &amp; Altruism (\textbf{T&amp;A})</td>
<td>Knights</td>
<td>Humans</td>
<td>Rewards?</td>
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<tr>
<td>Choice &amp; Competition (\textbf{C&amp;C})</td>
<td>Knights &amp; Knaves</td>
<td>Econs</td>
<td>Exit?</td>
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<tr>
<td>Transparent Public Ranking (\textbf{TPR})</td>
<td>Knights</td>
<td>Humans</td>
<td>Reputational damage</td>
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<tr>
<td>Hierarchy &amp; Targets (\textbf{H&amp;T})</td>
<td>Knights &amp; Knaves</td>
<td>Econs</td>
<td>Sanctions</td>
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</tbody>
</table>
Controlled experiment in Wisconsin

Summary indices adverse events (TPR)
- Deaths & complications
- General: surgery / nonsurgery
- Specific: cardiac, maternity, & hip/knee

<table>
<thead>
<tr>
<th>Report</th>
<th>T&amp;A</th>
<th>C&amp;C</th>
<th>TPR</th>
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<tbody>
<tr>
<td>Public</td>
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<tr>
<td>Private</td>
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<td>None</td>
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Source: Hibbard et al. (2003, 2005)
Wisconsin: **T&A, C&C, TPR**

- **T&A**: Private report
  - *little* effort to improve quality

- **C&C**: Public report
  - *no* anticipated changes in market share
  - *no* actual changes in market share

- **TPR**: Public report
  - *significantly greater efforts* to improve quality because of concerns over threats to reputational damage

Source: Hibbard et al. (2003, 2005)
Paradoxes

- Information *not* used by patients to switch from poor to good hospitals
- Managers of poor hospitals respond to repair perceived damage to public reputation *not* market share
- *Effective but disliked* by those who are ‘named & shamed’

Sources: Hibbard et al. (2003, 2005)
Where & why did CSRS produce better quality?

- **T&A**
  - poor performance but not outlier: failed to use rich performance data

- **C&C**
  - outliers with good / poor performance: no changes in market share

- **Reputation**
  - outliers with poor performance: galvanised to improve

Source: Chassin (2002)
Making sense of evidence?

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    - Pluralism in supply ➔ regulation of quality of care?
## Models of governance since 1991

### England & Devolved countries

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<tr>
<td><strong>England</strong></td>
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<tr>
<td>• C&amp;C</td>
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### C&C: Internal market (1991-97)

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<tr>
<td><strong>Resources</strong></td>
<td>Little growth</td>
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<tr>
<td><strong>Competition</strong></td>
<td>Price &amp; quality</td>
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<tr>
<td><strong>Demand side</strong></td>
<td>Selective contracting</td>
</tr>
<tr>
<td></td>
<td>No patient choice</td>
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<tr>
<td><strong>Supply side</strong></td>
<td>Limited flexibility</td>
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<tr>
<td><strong>Quality regulation</strong></td>
<td>No system</td>
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</tbody>
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Bevan & Skellern (2011)
C&C: Internal market (1991-97)
Structures & processes?

- Le Grand (1999)
  - Little evidence of change
  - *Incentives too weak & constraints too strong*

- Tuohy (1999)
  - *Contradicts NHS logic*
    - Ministerial accountability
    - Collegial decision making
    - Poor information on prices & quality

* Le Grand (1999) Competition, cooperation, or control? *Health Affairs*
England: **C&C → T&A (3rd way)**  
1997 manifesto pledge \rightarrow waiting lists

Numbers waiting elective admissions (England) (‘000s)

![Bar chart showing numbers waiting elective admissions in England from 1997 to 2005. The chart indicates the number of waiting lists for different time periods: >6 months, >9 months, >12 months.](image)
20 January 2000: Most expensive breakfast in British history?

We’ve decided to raise NHS spend to European average

NHS spend (% GDP)


2.5 5 7.5 10
England only: T&A $\rightarrow$ H&T + TPR

Star ratings (2000-05)

9 Key targets

'balanced scorecard'
- patient surveys
- clinical outcomes
- capability & capacity

Clinical Governance
England: $T&A \rightarrow H&T + TPR$

Numbers waiting elective admissions (England) ('000s)

Star ratings published


- Blue: >6 months
- Green: >12 months (2003)
England: **H&T + TPR**
Devolved countries: **T&A**

% patients waiting for hospital admission > 12 months

Source: National Health Service hospital waiting lists by region: Regional Trends 35, 36, 37 & 38
England: **H&T + TPR**

Devolved countries: **T&A**

% patients waiting for GP referral > 3 months

Source: National Health Service hospital waiting lists by region: Regional Trends 35, 36, 37 & 38
T&A → H&T + TPR → markets

- Awful → adequate
  - T&A → H&T & TPR
    - public not satisfied
    - keep flogging system
- Adequate → good / great
  - C&C
    - innovation from self-sustaining systems

Sources: Barber (2007) and LeGrand (2003)
## C&C: Internal market (1991-97)

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<thead>
<tr>
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<th>2006-10</th>
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<tbody>
<tr>
<td>Resources</td>
<td>Little growth</td>
<td>Generous growth</td>
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<tr>
<td>Competition</td>
<td>Price &amp; quality</td>
<td>Quality only (standard tariffs)</td>
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<td>Demand side</td>
<td>Selective</td>
<td>Selective contracting</td>
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<td>Supply side</td>
<td>Limited flexibility</td>
<td>Greater pluralism</td>
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<td>Quality regulation</td>
<td>No system</td>
<td>‘Light touch’</td>
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C&C: Patient choice (2006-10)

Structure & processes

- Failure to create functioning market
  - political interference
  - weak purchasers
  - barriers to exit & entry
  - changing policies
  - reorganisations

Making sense of evidence?

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Econometric studies: C&C in England

1. C&C on price & quality + little real growth
   - ↑ elective admissions & ↓ waiting lists
   - ↓ “quality”

2. C&C on quality only + generous real growth
   - Patients switched
   - ↑ “quality”

Econometricians assume AMI mortality good proxy for quality throughout hospital: ‘canary in the coalmine’

Econometricians take this very seriously. Reverse causality: better hospitals appear to be subject to greater competition.
HSMR vs PROMs scores for Hips & Hernias
Making sense of evidence?

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  - Two NHS markets in England
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    - Pluralism in supply → regulation of quality of care?
1990s: C&C on price & quality, resource constraints, no system for quality regulation

Horror stories of medical incompetence, arrogance & libidinousness filled newspapers … united in condemnation of profession unable to regulate itself except when it's too late

Source: Abbasi (1998) Butchers & Gropers, BMJ
2000-05: **H&T + TPR**, resource growth, NHS inspections of clinical governance

- **Rolling programme of visits to each hospital**
- **Peer review & patient representatives**
- **Mid-Staffordshire (2003)**
  - Staff shortages
  - Poor quality of clinical data
  - Weaknesses in handling informal complaints & involving patients
  - Improving financial position & performance on waiting times at expense of focus on quality of patient care

Source: Bevan (2011)
2006-10: **C&C** Supply-side flexibility ➔ ‘light touch’ regulation

- **Level playing field**
  - NHS & independent providers
- **Inspections** **targeted & proportionate**
  - using routinely-collected data

- **HC reports quality in Annual Health Check (AHC)**
  - routinely-collected data
  - self assurance

**Mid-Staffordshire**

- 2005-06 & 2006-07 ‘fair’
  - 2006-07 one of four ‘most improved acute & specialist trusts’
- 2007-08 ‘good’
  - but under investigation for excess deaths

Source: Bevan (2011)
Supply side flexibility ➔ light touch regulation?

Investigation
Investigation into Mid Staffordshire NHS Foundation Trust
March 2009

- 2005 to 2008
  - Problems echo those of CHI’s report of 2003
  - 400 to 1,200 excess deaths
  - Hospital patients left "sobbing & humiliated" by uncaring staff

- HCC’s investigation report little impact on market share

Sources: http://news.bbc.co.uk/1/hi/health/8531441.stm
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References on TPR

References on C&C

References on Regulation


