

Healthcare competition saves lives

July 29 2010



English NHS hospitals located in areas where patients have more choice had lower death rates and shorter patient stays than hospitals in less competitive areas. And hospitals in competitive markets were able to make gains without increasing their operating costs and without shedding staff.

In a report released by Bristol University's Centre for Market and Public Organisation (CMPO) - 'Death by Market Power: Reform, Competition and Patient Outcomes in the National Health Service' - researchers suggest that the policy of choice and competition could present an effective money saving measure.

"The current 'choose and book' and fixed price regime in the NHS appears to create clear incentives for hospitals to become more

efficient,” said Professor Carol Propper, one of the study’s authors, adding that given the current focus on spending cuts, government policy should focus on promoting successful competition in healthcare.

“If competition is to work, the Secretary of State must retain price regulation in the NHS. A free-for-all in prices would mean a return to the 'internal market' of the 1990s. We know that these arrangements led to poorer quality in competitive areas, as hospitals competed vigorously on [waiting times](#) and ignored aspects of quality that are more difficult to measure.”

Prof Propper added that the Department of Health should review its tendency of merging hospitals, as this could limit the extent of competition and stifle improvement in patient outcomes.

Analysing NHS data from 2003 to 2007, a team of researchers from Bristol, Carnegie Mellon University and Imperial College London, based their analysis on a widely used measure of [hospital](#) quality - the improvement in death rates following [hospital admissions](#). Fewer deaths were found in hospitals in more competitive areas.

Adopting the £30,000 benchmark that is often used to cost NHS interventions, researchers found that the beneficial effects of the pro-competition reforms amounted to around £115 million.

Patients were found to choose hospitals with shorter waiting lists, indicating a positive public response to greater choice. These hospitals also drew patients from a wider range of neighbourhoods.

The drop in the length of stay for all admissions was further interpreted to mean that hospitals in competitive areas used resources more effectively.

Provided by University of Bristol

Citation: Healthcare competition saves lives (2010, July 29) retrieved 19 April 2024 from <https://medicalxpress.com/news/2010-07-healthcare-competition.html>

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