Competition in Health Care

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Competition in Health Care

Health care is regarded as a pre-requisite in the social mix of any decent society, provided to the citizens from a central authority or the government. The economies in the developed world and the industrialized nations in the west have integrated this vital element in their social and welfare contracts, and the United States has followed the due course. Mainly this is done in the pursuit of reflecting any government’s framework regarding its economic status and the proportionate allocation of funds and budget in the health sector. The government of the United States of America propagated the belief that the country's health status could only improve if market principles are put into practice for the allocation of resources. The recipient population in the health sector has always been outnumbering these resources.

The existing studies and literature time and again establish the fact that America does not have the financial capacity to cater to the health-related needs of every single citizen of its states, and it ought to make some tough decisions and choices (Upchurch, 2018).

## Different types of competition among health care organizations

Health care has many similarities with other commodities that can be purchased and sold. The service is designed and provided from a limited array of resources to accommodate the unlimited wants of the American population. For its distribution, the market approach is prevalent, and to ensure its success, a competition between the different providers of health care is necessary.

Competition as an economics 'buzzword' can be traced back to the classical economists, who viewed competition as a mechanism of change, working to avoid the market power getting concentrated in the hands of a few. The scholars of public economics also contemplated the need for a competition to avoid the monopolistic influence from the financially elite class of the society. The different types of competition among healthcare organizations are as follows:

1. Competition on the base of price
2. Customer choice of providers
3. Access
4. Style of care
5. Technical quality of care
6. Health plans
7. Cost-effectiveness
8. Transparency and accountability

## Benefits and pitfalls of competition in health care

There is a lot of debate on the appropriate role of competition among the healthcare industries (Glied, 2017). There are advocates present at both extreme ends of the spectrum, some regard it in a humanistic view that there should be no niche of competition in the arena of services which are targeted to serve the vulnerable population, but the others see it as the true solution to the inefficiencies in the healthcare markets.

The positive results of the competition in healthcare are increases in the improvement in access, quality of care, affordability, which are the strategies for the prosperity of the organizations in healthcare. Another most widely noted advantage of the competition in healthcare is the increased innovation and revolution in healthcare technology, for instance, centralized monitoring of the hospital patients and the usage of precision medicine.

Consumer autonomy and patient engagement in the management of their respective care plans also boosts a healthy competition and provides a room for the improvement of services of the providers of healthcare.

On the other hand, some unexpected difficulties are also faced by the organizations in healthcare when they strive to expand into new territories and highly optimistic projections in revenues and the number of patients as determined by the existing healthcare organizations, which often don't materialize. Underestimation of the local competition also tends to become a barrier in expanding the competitive organizations which enter a new region.

## Elements of successful competition

Some elements which can fully ensure a successful competition are as follows:

1. Taking innovative pathways

2. Expanding traditional brand marketing

3. Modeling the patient experience after the hotel industry feedback

4. Encouraging every employee of the organization to self-reflect from the perspective of patients

5. Pioneering the advertising of health services

In a nutshell, a few key areas should be focused upon chiefly to promote competition in the market place. These areas include size, customer proximity, referral base, and the organization’s ability to invest in capital and human resource.

## Use of competitive intelligence

Designing business strategies to plan future endeavors and targeting other businesses to help in the expansion of healthcare are the primary uses of healthcare. Competitive intelligence is a type of collection and analysis of data that highlights the businesses of other competitors for the sole purpose of improving the organizational strategies and daily financial operations.

The regular record-keeping of the market trends helps to track the demand and supply cycle of the goods and services provided by the organizations in healthcare.

## Influence of competition on the services offered by healthcare organizations

Evident from the existing literature, competition in hospitals is correlated with lower rates of mortality, specifically for the patients of myocardial infarction, pneumonia, and other pulmonary diseases.

## Availability of choice for the patients

The availability of a well-informed and effective choice regarding the kind of healthcare services has multi-faceted benefits (Vogenberg, 2018). A recent study conducted by the primary health care service in Finland demonstrated that 77% of the respondents deemed choice to be important, and 23% were extremely satisfied with information, which led them to make a choice relevant to their problems (Aalto, 2018). On the one hand, it provides the patients a sense of liberty and autonomy in choosing their preferred service, and in hindsight, the workforce in the healthcare organizations also strives hard to improve their facilities to engage the potential customers.

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