Competition and Integration in Health Care: Complementary or Conflicting?

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A brief history

- Debate on the role of markets has been unhelpfully polarised
- Competition in healthcare is neither entirely good or wholly bad
- Porter and Teisberg analyse the problems that arise with the ‘wrong kind of competition’ in the US: inequity, cost shifting, fragmentation etc
- The challenge is how to craft “well-designed” policies that promote the right kind of competition, while also encouraging collaboration and integration
Competition and Integration

- Choice and competition are most relevant to planned/elective care, primary care and some other services.
- Collaboration and integration are needed in relation to unplanned/urgent care, specialist care and for many forms of chronic care.
- The biggest challenges facing health systems are arguably those where collaboration and integration are critical.
Lessons from the US

- Kaiser Permanente ‘outperforms the NHS’, and is an integrated system operating in a competitive market
- Christensen and colleagues make the case for ‘disruptive competition’ between integrated systems
- Integration in the absence of competition may result in inefficiency and unresponsive monopolies
The policy challenge

› How to craft the right kind of disruptive competition
› How to migrate towards choice and competition between clinically led and integrated systems
› How to put in place the financial incentives and regulatory regime that will support movement in this direction
› How to address the challenges of competition in health care
The assessment of Peter Smith in an analysis for OECD

- “Competition in health care .... requires careful policy design”
- “On its own, competition cannot succeed in delivering policy objectives”
- “Competition should be implemented with care. Markets produce great instability, variations in performance, and inequalities”
The evidence on integration

Integration is not a panacea but there is sufficient evidence and experience to support it as a policy objective.

The benefits have been shown particularly for older people and those with complex needs.

The focus must be on clinical and service integration.

Integration can take many forms.
The wrong kind of integration

- Integrating organisations while leaving services and clinical teams unchanged
- Integration that creates monopoly providers with little stimulus to improve
- Small scale pilots as in recent English experience
- Integration focused mainly on specific diseases or conditions rather than populations
Where next for the NHS reforms?
The case for integrated care

Summary
This paper sets out the challenges facing the English NHS now and in the future and identifies the reforms we believe are needed to meet these challenges. It has been written as a contribution to the listening exercise initiated by the coalition government following the announcement at the beginning of April of a pause in the parliamentary passage of the Health and Social Care Bill. It builds on The King's Fund's response to the health White Paper published in July 2010 (Dixon and Ham 2010), our briefing for the second reading debate on the Bill in the House of Commons (The King's Fund 2011a), and our extensive programme of policy analysis and research.

The main argument of the paper is that reforms to the NHS must be clearly focused on, and proportionate to, the challenges it faces. One of the reasons the coalition government has run into difficulty is that it moved very rapidly to set out radical changes to the NHS without having first clarified the problems that these reforms were meant to address. The King's Fund is in no doubt that in some areas there is scope to improve performance and to move closer to the standards of care achieved in other countries, but we suggest that a clear diagnosis of the state of the NHS today is needed to inform the design of future reforms.

The NHS is faced with the major challenges of using resources more efficiently and of meeting the needs of an ageing population in which chronic medical conditions are increasingly prevalent. The key task is to implement a new model of care in which clinicians work together more closely to meet the needs of patients and to co-ordinate services. This model of integrated care would focus much more on preventing ill health, supporting self-care, enhancing primary care, providing care in people's homes and the community, and increasing co-ordination between primary care teams and specialists and between health and social care.

There are many barriers to the implementation of integrated care, including organisational complexity, divisions between GPs and specialists, perverse financial incentives, and the absence of a single electronic medical record available throughout the NHS. The coalition government's proposed reforms have the potential to help overcome some of these barriers but they could also make it more difficult to achieve closer integration of care unless they are modified in a number of areas. Our paper 'Unravelling the NHS: The right prescription in a cold climate?' proposed a series of modifications centred on the argument that well-designed reforms must strike a balance between collaboration in some areas of care and competition in others (Dixon and Ham 2010).

In this paper we offer suggestions for revisions to the current Bill and future policy development but we also lay out a more radical model that we believe holds the prospect of greater progress towards the vision of integrated care and a health system sustainable in the longer term.

A report to the Department of Health and the NHS Future Forum
Integrated care for patients and populations:
Improving outcomes by working together

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Key messages
This paper has been written as a contribution to the work of the NHS Future Forum and in support of the government's espoused aim of placing integrated care at the heart of the programme of NHS reform. Integrated care is essential to meet the needs of the ageing population, transform the way that care is provided for people with long-term conditions and enable people with complex needs to live healthy, fulfilling, independent lives. It can be delivered without further legislative change or structural upheaval. The aims of integrated care are widely supported by NHS staff as well as patient groups, and taking forward the proposals set out in this paper would therefore be welcomed by key stakeholders.

In the view of The King's Fund and the Nuffield Trust, these are the main priorities for the future.

- Setting a clear, ambitious and measurable goal to improve the experience of patients and service users
  Developing integrated care for people with complex needs must assume the same priority over the next decade as reducing waiting times had in the last. Government policy should be founded on a clear, ambitious and measurable goal to improve the experience of patients and service users and to be delivered by a defined date. This goal would serve a similar purpose to the aim of delivering a maximum waiting time of 18 weeks for patients receiving hospital care. To be effective, it needs to set a specific objective around which the NHS and local government co-ordinate their activities to improve outcomes for populations. Improving integrated care should be seen as a 'must do' priority to ensure it receives the attention needed.

- Offering guarantees to patients with complex needs
  Setting an ambitious goal to improve patient experience should be reinforced by guarantees to patients with complex needs. These guarantees would include an entitlement to an agreed care plan, a named case manager responsible for co-ordinating care, and access to telehealth and telecare and a personal health budget where appropriate. Many of these measures are already an established part of health and social care policy but they have not been implemented consistently. Making them happen is therefore less to do with extra spending and more related to variations in local policy and practice that need to be tackled as a matter of urgency.