

Investigation of competition under fixed prices

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Aim

Examine how competition affects patient care and draw out the implications for the regulation of this market.

- Analyse the conditions determining the extent of competition pre-reform and how they change over time (including service entry, exit and mergers)
- Analyse the differences in the extent of competition between local areas and services, examining how and why differences evolve
- Examine the robustness of the system to anti-competitive behaviour and simulate the impact of mergers and other anti-competitive behaviour on the extent of competition
- Develop tools that allow assessment of the impact of regulatory interventions (e.g. changes in the regulated price, establishment of additional hospital facilities, centralisation of services)

Research methods

Analysis of quantitative data informed by qualitative findings

- Matching of variety of sources using GIS techniques
- Data sources include: HES, trust financial returns, trust staffing data, health care commission data on performance, ITC data, ONS data on local areas, LFS and other labour force data, MINAP data + anything else we can get our hands on that is relevant!

Analytical tools

- Descriptive e.g. mapping of patient flows, analysis of these
- Estimation of demand and supply models
- Simulation of impact of mergers, reconfigurations

Research plan

Part 1: Empirical investigations of the extent to which the pre-conditions for effective price competition are present in various parts of the country over time (5A of research brief).

- Short run – based on administrative boundaries (e.g. PCTs)
- Medium term analysis: indices of competition based on patient flows
- Long term: estimates of responsiveness of demand to quality.

Part 2: Examine the extent of competition in relation to different services and how it develops over time (5B)

- Variety of services

Part 3: The outcomes of competition in terms of its impact on clinical quality (5C)

Part 4: Examination of anti-competitive behaviour (5D and contribution to objective 6)

- Use the LOCI method (Gaynor and Vogt (2006)), to simulate the effect of mergers, collusion, entry and exit in the market.