

[So, does competition work in health care or not?](#) [1]

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Public payment and private provision

The changing landscape of health care in the 2000s

Research report
Number 10, November 2013, 14 pages, 14527 views
14 Nov 2013

We can all refer to theory about whether competition, markets, works in health care or not. There are still those who insist that competition and markets never work at all (yes, sadly, still some antediluvians out there) and even I will agree that there are areas of life where markets, pure and unadorned, are not the optimal solution. The question is though, well, do markets improve health care provision or not?

Fortunately, we've an answer. This is the final version of a paper that looks at what happened in NHS England a few years back, at a time when NHS Wales and Scotland did not take the same market opening path. We can thus compare and contrast what happened in England against the other two, further we can look at those areas where there was more competition in England and see what happened. [Interesting results](#) [3]:

The effect of competition on the quality of health care remains a contested issue. Most empirical estimates rely on inference from nonexperimental data. In contrast, this paper exploits a procompetitive policy reform to provide estimates of the impact of competition on hospital outcomes. The English government introduced a policy in 2006 to promote competition between hospitals. Using this policy to implement a difference-in-differences research design, we estimate the impact of the introduction of competition on not only clinical outcomes but also productivity and expenditure. We find that the effect of competition is to save lives without raising costs.

That seems pretty clear, doesn't it? Lives saved with no more money expended simply by bringing in a bit of market discipline?

We'd probably better have some more of that market discipline, hadn't we?

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