

# Survey on economic regulation and supervision of health services

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**ERS**

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# Outline

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**1. Economic regulation of health services**

**2. Motivation and goals of survey**

**3. Overview of survey**

**4. Results**

**5. Conclusions**

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## **1. Economic regulation of health services**

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# 1. Economic regulation of health services

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## ▪ **Economic dimensions of health care that deserve regulatory attention:**

### ✓ **Markets for health care services**

- Market variables (price and quantity)
- Competition

### ✓ **Business relationships**

- Patient / provider (consumer protection)
- Third-party payer / provider (business conduct)

### ✓ **Efficiency in resource allocation and utilization**

- Costs vs outcomes

# 1. Economic regulation of health services

<b>Economic dimension</b>	<b>Regulatory problems (not exhaustive list)</b>
Market variables	<ul style="list-style-type: none"><li>- high prices</li><li>- insufficient quantity (large waiting times or lack of access)</li></ul>
Market competition	<ul style="list-style-type: none"><li>- high concentration in markets</li><li>- unlevel playing field (not same set of rules for all)</li><li>- anti-competitive behaviour</li></ul>
Consumer protection	<ul style="list-style-type: none"><li>- informational asymmetries</li><li>- switching and search costs</li></ul>
Business conduct	<ul style="list-style-type: none"><li>- informational asymmetries</li><li>- principal-agent relationship</li></ul>
Efficiency	<ul style="list-style-type: none"><li>- escalating health care costs</li><li>- cost-effectiveness of innovation</li><li>- financial failure</li></ul>

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## 2. Motivation and goals of survey

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### **Motivation:**

- Increasing relevance of problems in the health care sector with economic roots
- EPSO is privileged ground for benchmarking and best practice exchange
- Not much attention from EPSO to the regulation and supervision of economic aspects of health care
- Discussion may be generalized for health care and also social care

## 2. Motivation and goals of survey

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### Goals:

- To provide an overview of what role are health care regulators and supervisors playing regarding the economic dimensions of the health care sector
- To inform the EPSO network about issues regarding economic regulation that may be useful to discuss
- To ascertain if there is interest in setting up a working group within EPSO on this topic



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# 3. Overview of survey

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## ▪ **Questionnaire focus:**

- ✓ What responsibilities health care regulators and supervisors have regarding the business relationships that occur between the several actors involved in health care markets (service users, public and private health care providers, third-party payers, public and private funders).

## ▪ **Three groups of questions:**

- A – Missions and responsibilities of regulators and supervisors
- B – Main economic problems of the health sector
- C – Regulatory and supervisory powers and approaches

### 3. Overview of survey – structure of questionnaire

#### **A – Missions and responsibilities**

*Q: Does your organization (or any other organisation in your country) has any responsibilities regarding the following issues?*

*A: Check items and/or indicate name of other organisations.*

<b>Economic dimension</b>	<b>Number of items</b>
Market variables	3
Consumer protection	5
Market competition	2
Efficiency (financial and organizational)	3
Business conduct	2
Overall	15

### 3. Overview of survey – structure of questionnaire

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#### **B – Main economic problems of the health sector**

*Q: The following table lists some of the problems that can arise in a given health system which can be addressed by authorities with duties of economic regulation.*

*A: For each line, respondents are asked to score the described situation within a scale from 1 (situation might occur but is not a major concern) to 5 (situation is a major concern for the society in general and authorities in particular). This score can be based in the professional experience of respondents, academic knowledge or mere observation as health sector experts.*

➤ Respondents were confronted with 9 potential problems

### 3. Overview of survey – structure of questionnaire

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#### **C – Regulatory and supervisory powers and approaches**

*Q: Regarding the responsibilities listed in Q1 which are attributed to your organization, what are the associated regulatory and supervisory powers and approaches?*

*A: Mark with X in first column if a given power or approach applies to at least one of the responsibilities, and indicate in the second column to which responsibilities it does apply.*

- Respondents were confronted with 10 possible powers or approaches

### 3. Overview of survey

- **Target population**

- ✓ All EPSO members and/or other organisations with known responsibilities in economic regulation of the health sector

- **Period**

- ✓ Questionnaire sent to all EPSO network in 18.Jan.2014
- ✓ Answers received until 5.Mar.2014

- **Who responded**

- ✓ Nine countries sent complete answers



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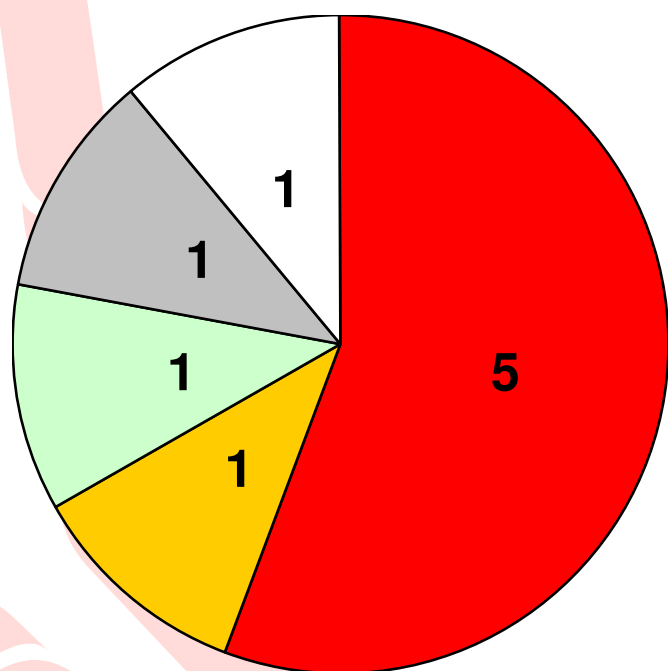
**4. Results**

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# 4. Results – Missions and responsibilities

## Market variables

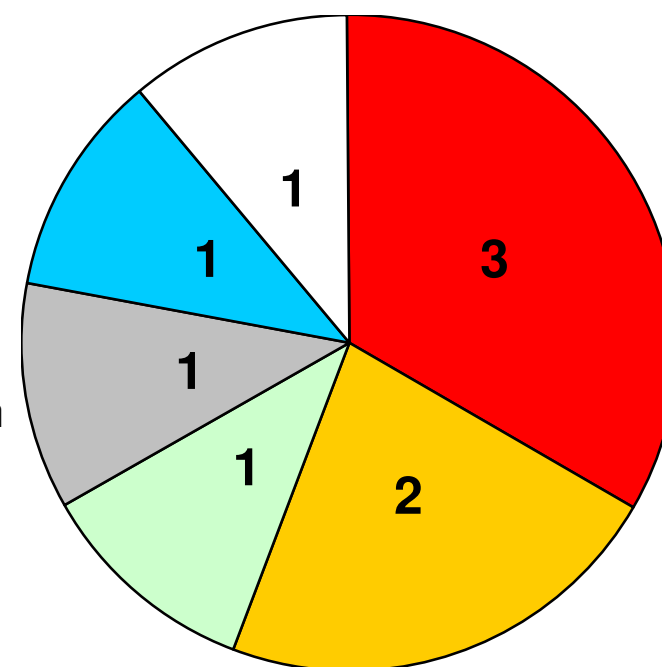
Q1 - a) Setting prices for health care services



<b>EPSO</b>	<b>2</b>
Non EPSO	7

Q1 - c) Setting quantities or other measures to ensure availability and continuity of services.

- Ministry of Health
- Compulsory health insurance funds
- Regional authorities
- Regulator dedicated to health care markets
- Health regulator
- n.d.



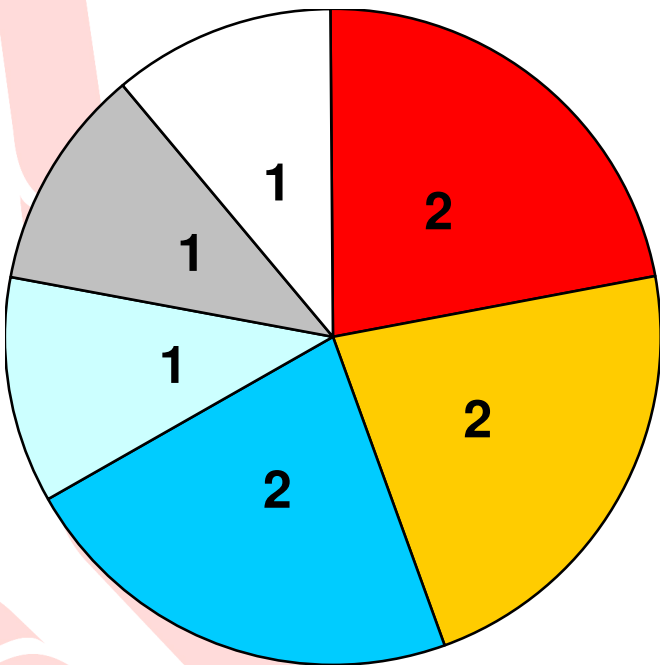
<b>EPSO</b>	<b>3</b>
Non EPSO	6



# 4. Results – Missions and responsibilities

## Consumer protection

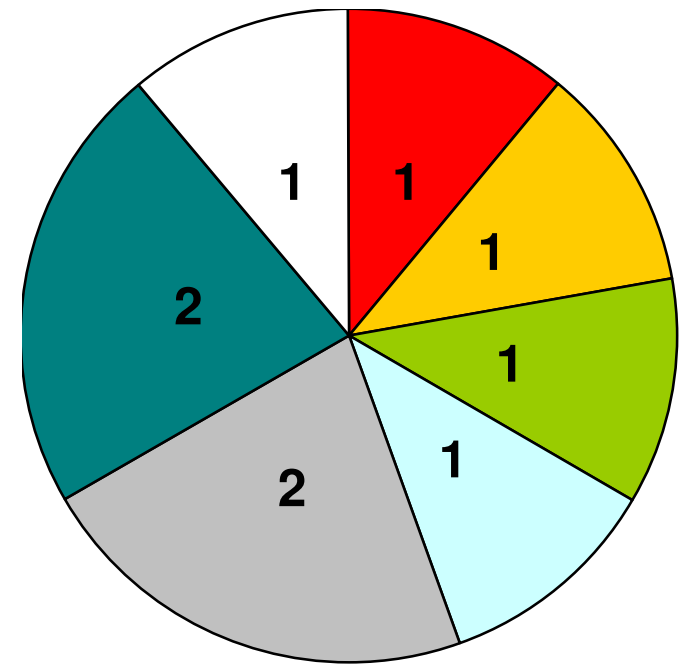
Q1 - f) Regulating and supervising the conduct on pricing and billing of services



<b>EPSO</b>	<b>4</b>
Non EPSO	5

Q1 - h) Regulating and supervising the health insurance market.

- Compulsory health insurance funds
- Regional authorities
- Health regulator
- Regulator dedicated to insurance market
- Regulator dedicated to health care markets
- Ministry of Health
- Financial regulator
- n.d.

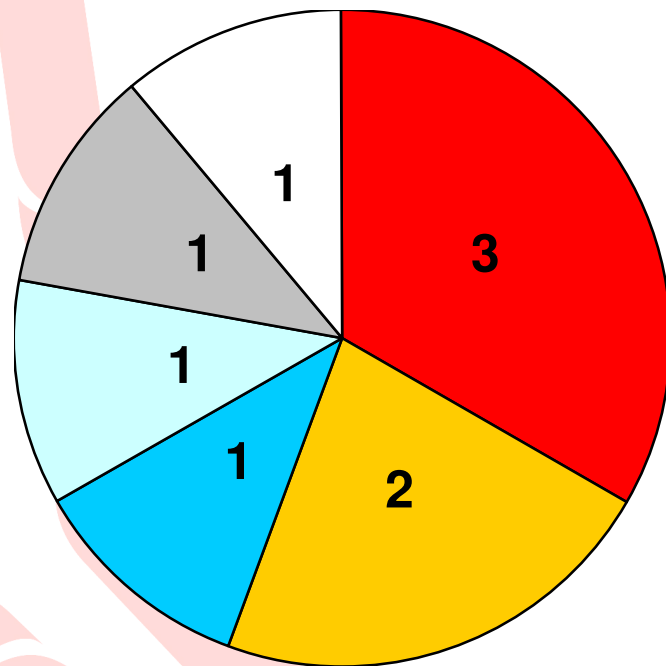


<b>EPSO</b>	<b>1</b>
Non EPSO	8

# 4. Results – Missions and responsibilities

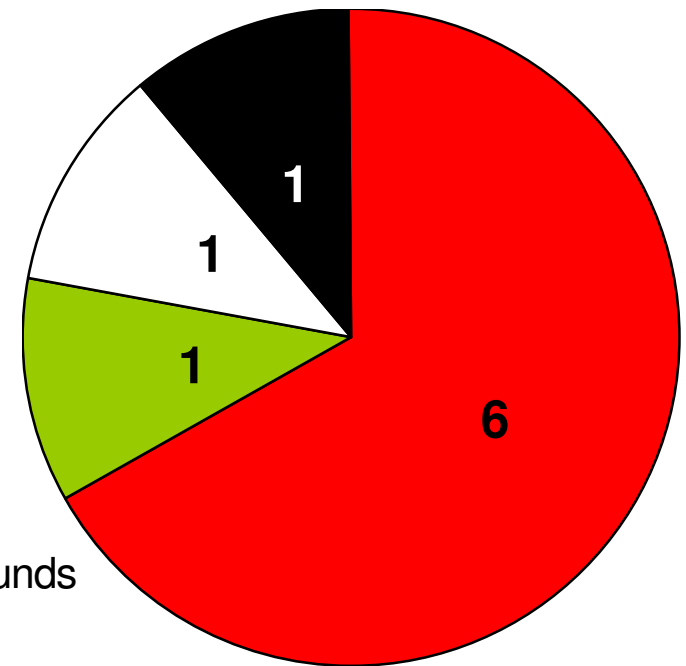
## Market competition

Q1 - i) Assessing competition in health care markets



<b>EPSO</b>	<b>3</b>
Non EPSO	6

Q1 - j) Enforcing existing competition laws in health care markets (supervising and punishing)



<b>EPSO</b>	<b>0</b>
Non EPSO	8

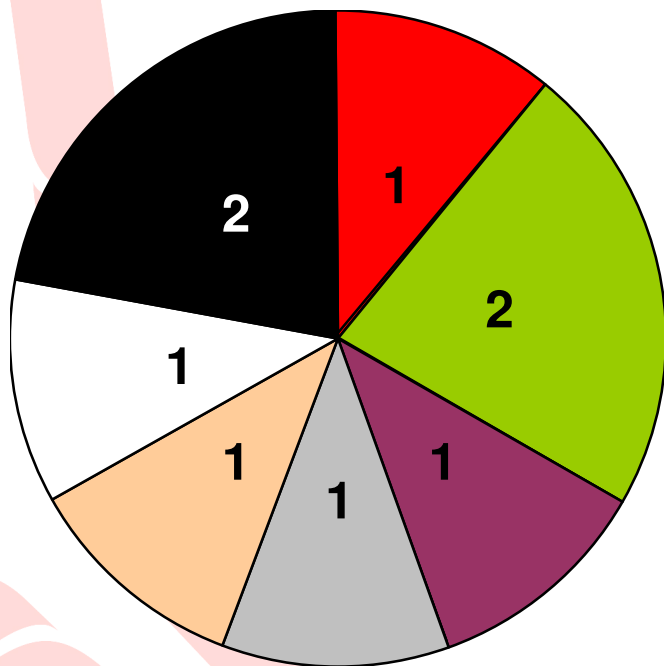
- Competition authority
- Health regulator
- Financial regulator
- Regional authorities
- MINISTRY OF HEALTH
- n.d.
- Compulsory health insurance funds
- Non applicable

# 4. Results – Missions and responsibilities

## Efficiency

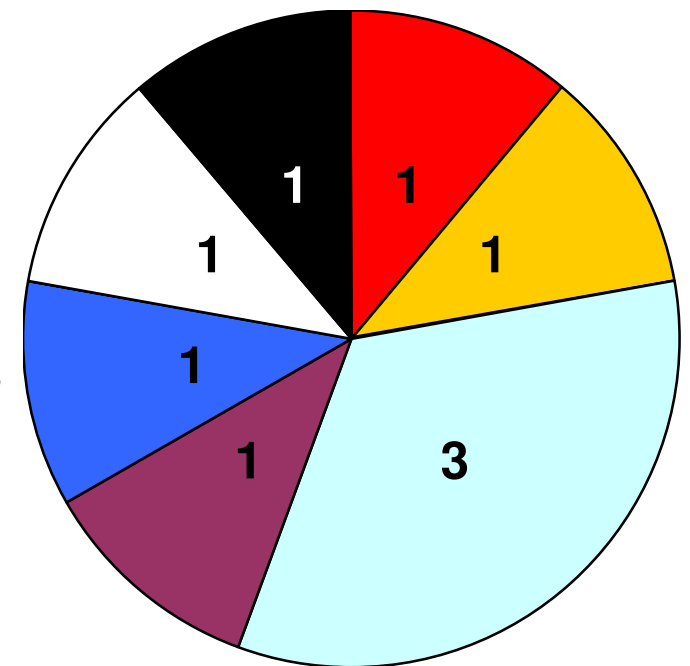
Q1 - k) Assessing the business performance of health care providers

Q1 - m) Performing Health Technology Assessments with focus on cost-effectiveness



<b>EPSO</b>	<b>1</b>
Non EPSO	6

- Ministry of Health
- Other government authority related to health
- Other government authority
- Public authority dedicated to technology
- Compulsory health insurance funds
- Health regulator
- Regulator dedicated to health care markets
- Regional authorities
- n.d.
- Non-existent



<b>EPSO</b>	<b>1</b>
Non EPSO	7

# 4. Results – Missions and responsibilities

## Business conduct

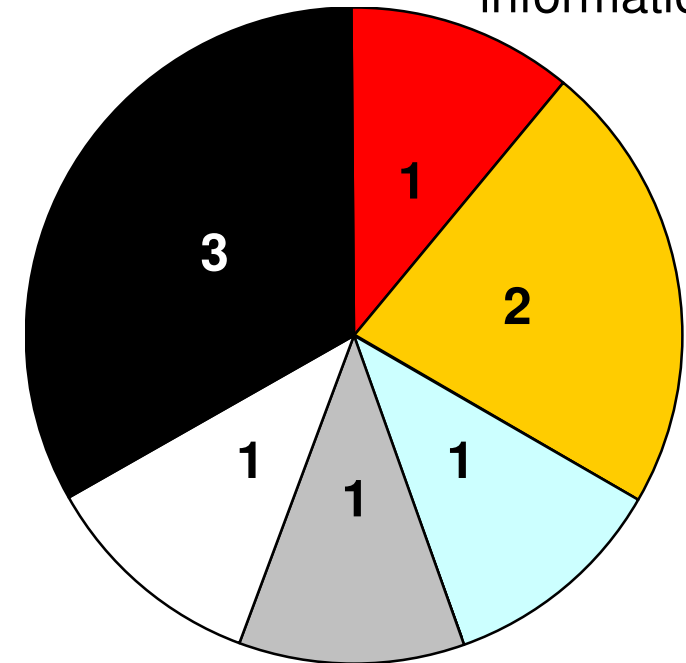
Q1 - n) Resolve contractual disputes between health care providers and payers.



<b>EPSO</b>	<b>1</b>
Non EPSO	7

- Competition Authority
- Compulsory health insurance funds
- Courts
- Other government authority
- Regulator dedicated to health care markets
- Health regulator
- Ministry of Health
- n.d.
- Non existent

Q1 - o) Imposing and overseeing public disclosure of financial and other performance information.



<b>EPSO</b>	<b>0</b>
Non EPSO	6

## 4. Results – Missions and responsibilities

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### ▪ Main conclusions

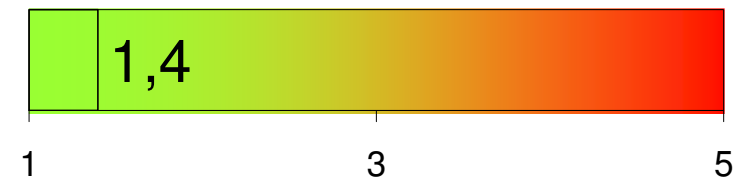
- ✓ On average, health regulators assume about 10% of the 15 missions and responsibilities of economic regulation
- ✓ Setting prices and quantities is largely a task done by the Ministry of Health
- ✓ Area in which more EPSO members play a role is consumer protection
- ✓ Regarding market competition, most common scenario is regulators assessing markets and dedicated competition authorities enforcing competition laws
- ✓ Health technology assessment is frequently done by organisations dedicated to health technology
- ✓ Non existence of regulation is relatively more frequent in the areas of efficiency and business conduct

# 4. Results – Main economic problems of health

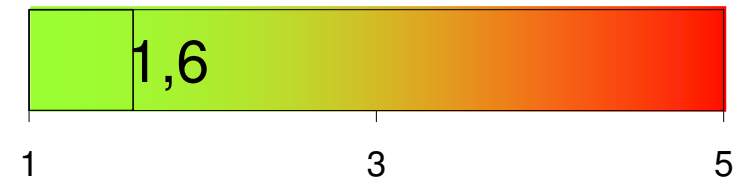
## Concern scores (1 to 5) – by problem

Average scores

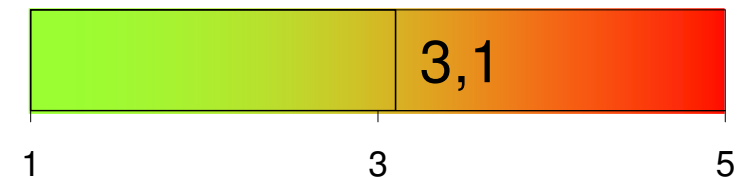
a) Health care providers systematically charge services to patients with prices higher than the pre-agreed prices (i.e., deviation from prices).



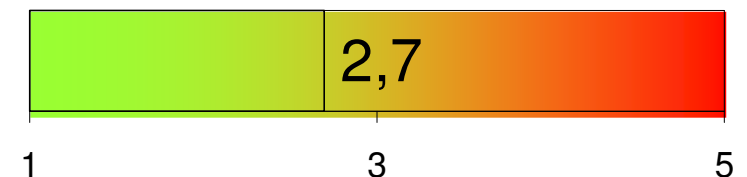
b) Health care providers systematically bill services for amounts higher than the pre-announced amount (i.e., deviation from estimated bill).



c) Health care providers give limited information to patients regarding the billing of services.



d) Health care markets (at least some) are highly concentrated and competition is weak.

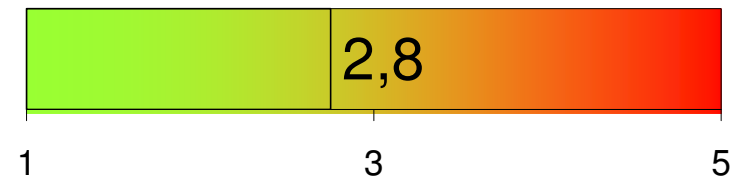


## 4. Results – Main economic problems of health

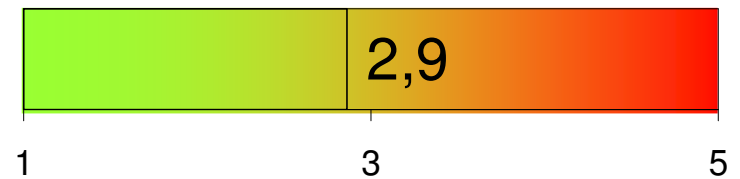
### Concern scores (1 to 5) – by problem

Average scores

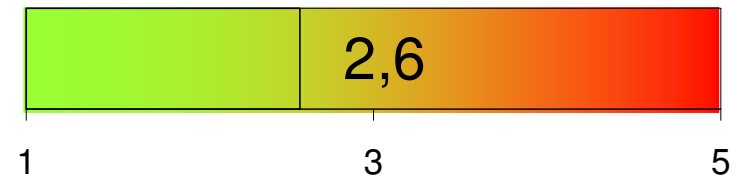
e) There is a strong tendency of small health care providers to merge into large companies.



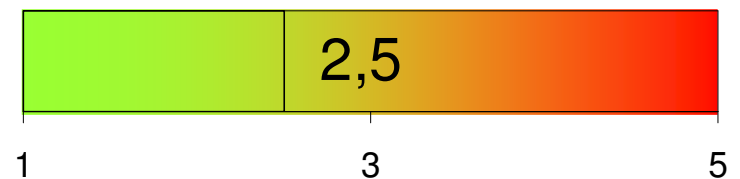
f) Providers with market power adopt anti-competitive behaviours.



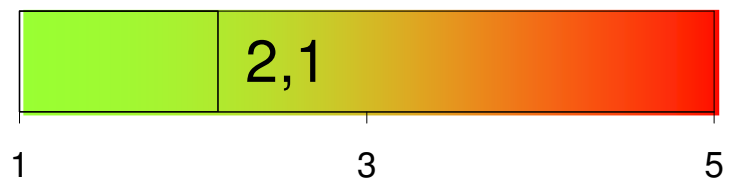
g) Risk of insolvency or financial failure of health care providers is considerable.



h) Health technology with poor or no evidence of cost-effectiveness is commonly adopted by providers.

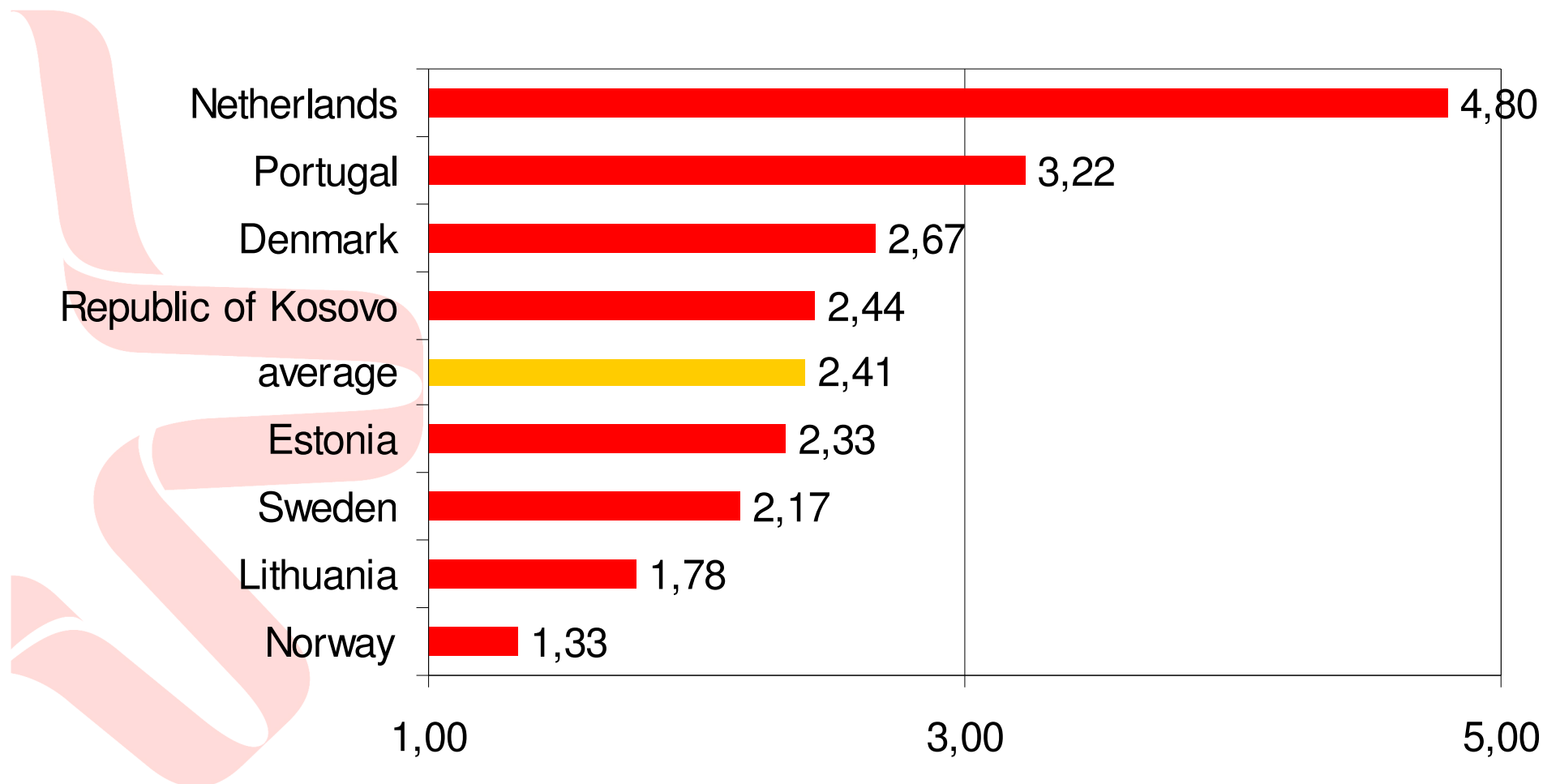


i) Private health care providers working for public coverage systems usually breach contracts.



## 4. Results – Main economic problems of health

### Concern scores (1 to 5) – by country





## 4. Results – Main economic problems of health

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### ▪ Main conclusions

- ✓ On average, the conduct of health care providers with regard to billing practices and respecting prices is not a cause of concern
- ✓ However, the lack of information on billing of services from providers to patients is the most concerning scenario
- ✓ All scenarios of problems with market competition rank about half way the concern scale
- ✓ The average concern by country may be influenced by each respondent's experience with the supervision of the issues hypothesised

## 4. Results – powers and approaches



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- The responsibility for the regulation and supervision of the economic dimensions of health care is spread by several organisations within a country (many of them not EPSO members)
- In this area of regulation and supervision, EPSO members are particularly focused on consumer protection
- This may explain why EPSO members find that the most concerning economic problem is limited information given by providers to patients regarding billing of services
- The organisations which have responsibilities in this area use a wide range of powers and approaches