

Future Competition in Finnish Primary Health Care?

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What form of competition?

- ▶ The current law draft introduces competition among health centres.
- ▶ Compensation capitation-based.
- ▶ Capitation rules open, with law laying down some parameters quite rigidly.
- ▶ ⇒What should we expect to happen?

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Capitation and competition

- ▶ Fixed prices through capitation.
- ▶ Large cost-cutting incentives.
- ▶ Competition through quality.
- ▶ Prerequisites for competition:
 1. Well, need at least 2 firms...
 2. and need customers who are (potentially at least) ready to exercise choice.

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Capitation and competition

- ▶ So, need markets that sustain at least 2 firms, preferably more...

Case #1: Physical health centres

- ▶ So, need markets that sustain at least 2 physical firms, preferably more...
- ▶ Key parameter: what services and at what level (e.g. frequency) should a health centre provide?

Let's look at Finnish population centres (taajama)

Percentile	Population	capitation x N	
		400€	700€
10	251	100 480	175 840
50	825	330 000	577 500
80	3 087	1 234 880	2 161 040
90	6 808	2 723 360	4 765 880
95	15 380	6 152 000	10 766 000
96	21 070	8 427 904	14 748 832
99	85 333	34 133 000	59 732 750

Case #2: Introduce new technology

- ▶ What if a health centre is an app...?
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- ▶ Quality: combination of app-based services and physical services.

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Open questions re new technology

- ▶ No sense to introduce a great app for just one county...
- ▶ How to define “nearest provider”?
- ▶ How to ensure customer information to facilitate choice?
- ▶ Has the public sector an(y) ability to compete? Yet, obligation to produce.

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Some final thoughts

- ▶ If reform based on physical health centres, potentially large problems.
- ▶ If based on new technology,
- ▶ a lot of potential,
- ▶ a lot of pitfalls and
- ▶ good planning urgently needed in either case.

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