

# Response

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# Why are we bothered about quality?

- Government objective of improving social welfare
  - Who gets what?
  - Appropriate allocation of quantity of care in a constrained system
  - Appropriate quality of care
    - Quality has a number of dimensions (not all correlated)
    - Quality may be difficult to observe directly and/or verify
      - If this is the case providers can chisel on cost of provision by undercutting quality

# 3 Presentations

- Let's take these back to front
  - Forder
    - Defining quality across all dimensions is difficult
      - May not correlate well
    - Observability (of quality dimensions) means subjective assessments can be made
    - Who defines quality?
      - Does it relate to need?
      - Requires subjective observation
        - » If left to experts open to manipulation
    - Enforceable contracts require verifiability
    - Implied that focus should be on outcomes
      - Do outcomes measure preferences for types of care?
      - What are the provider options open over which to choose?
      - If prices vary as well as quality how do we regulate?

# 3 Presentations

- Papanicolas
  - How can we measure hospital quality?
    - Novel approach to quantify the unobservable
  - What is the correlation across different dimensions?
    - Shows for the first time the degree of correlation across different hospital outcomes
  - Why is it useful?
    - Difficult for hospitals to game such outcomes
    - Shows evidence that fixed price regime

# 3 Presentations

- Cooper
  - Reveals how under a fixed price regime incentive mechanism can work to improve quality of outcomes
    - Breaks the circularity between competition and quality so results are statistically robust
  - Measurement of hospital market areas
    - Useful for defining potential competition and for merger activity

# Overall

- All 3 papers highlight the need for rigorous analysis to inform policy
- All 3 based on improved data
  - HES, social care data
- All 3 inter-related
  - Hospital quality measurement; competition; PbR
  - Fixed price competition in health care implications for social care
  - Incentive structures

# Questions

- If social care reforms not based on fixed prices will “competition” work in this area?
- Are the risk-adjusted (latent) and smoothed (VAR) estimates of hospital quality usable by regulators?
- Was it “competition” or “incentives” or the package of reforms that worked?
  - Given that few exercise choice can it be said to be choice?