LSE Spatial Economics Research Centre

SERC

Wednesday, 7 March 2012

NHS competition: Bad blogging etc (part II)

I wrote yesterday about misleading criticism of **LSE research on NHS competition**. In reponse to a couple of comments on my piece, one of the authors of the research (Steve Gibbons, SERC's research director) posted a reply. I thought his reply would be of general interest (particularly regarding their motivation for conducting the research which is discuss towards the end of the comment) and deserved a re-post. You can read the other comments at the bottom of my **original piece**.

Here's what Steve wrote:

"In response to the comments on this blog regarding our use of "LOS" [Lenght of Stay] as proxy for efficiency and productivity in our latest discussion paper, I agree that we use these terms loosely. The paper is, taken at face value, about the way that the relationship between hospital market structure and LOS changed over the period of the 2006-2008 choice reforms. However, this statistical evidence would be completely uninteresting and useless for informing academic debate or policy makers without some theoretical assumptions about what these numbers in the data might mean in terms of 'real world' factors. This much is true of any empirical analysis, not just ours. Our suggestion is that LOS (particularly pre-operation LOS) is one potential measure of efficiency savings (i.e. reducing any slack in the system without imposing additional costs on staff or patients). We drew this assumption from the literature, and our general understanding of the institutional environment (it is, for example, a pervasive theme in the training materials on the NHS institute for innovation and improvement website http://www.institute.nhs.uk/)

On other points raised in the comments, we have answered before the objection that these elective choices are not actually being made by GPs or patients. The evidence in the HES data (we do not report it in the current version papers) is that patterns of choice did change systematically between the pre and post-reform periods. GPS started referring to more providers and patients were less likely to attend their nearest hospital. But what is more important is that the institutional structure and information systems that facilitate choice were put in place in 2006 and it is the hospital response to these institutional changes, the threat of competition from other NHS

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Our research focuses on why there are disparities in economic prosperity at all spatial levels including regional, city-region, local and neighbourhood.

SERC's Director is **Prof. Henry Overman**.

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providers, that is relevant, not whether different choices were actually being made by patients. I guess, if the GP commenting here has not made use of this choice availability, this is because he and his patients were happy with the choices he was making already and with the service being provided in his locality. The HES patient data suggests that this is not true in general of all GPs or all patients in England.

Lastly, I am baffled as to what political intent critics think we have in writing these papers. For sure, we probably all have priors that involve caution about local monopolies, and think that not being offered a choice about where you can go for e.g. a hip operation is unlikely to be a good thing, either for quality or equity. I do not think this makes us rabidly pro-market or right-wing and I am not in favour of privatising the NHS (and nor are any of my co-authors as far as I am aware). Nor do we wish to see some kind of punitive competitive regime imposed on doctors, nurses or other NHS staff. My wife is an NHS consultant, so this would personally not be in my favour. On the contrary, the research is motivated by a general interest in the role of market structure in public service provision, following in a line of academic work in economics on this issue, and for a desire to provide evidence to help inform policy.

Ironically, given the assumptions that people seem to make about our political motivations, the message from both our papers on NHS competition is in favour of more local NHS hospitals, not less."

Posted by Prof Henry G. Overman on **Wednesday, March 07, 2012**

no comments:

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