



Agency for Healthcare Research and Quality

Advancing Excellence in Health Care

www.ahrq.gov

Clinical Integration: An Economic and Research Perspective

Herbert Wong, Ph.D.

Center for Delivery, Organization and Markets

Clinical Integration in Health Care: A Check-Up
FTC Workshop

May 29, 2008



Outline

- Similarities with “efficiency” discussion
- Potential theory
- Relevant literature
- Research perspective



Similarities with Efficiency

- Parallels healthcare efficiency discussion
 - What is “clinical integration?”
 - Physician-physician
 - Physician-hospital
 - Hospital-hospital

- Clarity on details
 - Who’s involved?
 - What are the objectives?
 - Do different groups share the same perspectives?
 - Is there evidence that these objectives are achieved?

- Is a typology / synthesis needed?
 - Efficiency Example: “Identifying, Categorizing, and Evaluating Health Care Efficiency Measures,” recent AHRQ report

Potential Theory

- Economics: Theory of the Firm
 - Coase (“The Nature of the Firm,” 1937) and many others
 - Existence: Why do firms emerge?
 - Boundaries: Where are firms located? Which transactions are performed internally? Which are negotiated by the market?
 - Organization: Why are firms structured in specific way? What is interplay of formal and informal relationships?



Key Concepts

- Product / service
- Input
- “Make” or “buy”
 - Transaction costs
- Competition
- Complex interactions



Relevant Literature

- Does clinical integration improve efficiency, lower costs, improve quality?
- Few, if any, direct empirical studies
- Related work
 - Healthcare markets and market forces
 - Cost and quality of care
 - Mergers, closures, product lines, competition
 - Organizational characteristics



Research Perspective

- Many unanswered questions, but potentially answerable
 - Conceptual
 - Empirical

- Next steps?
 - Research agenda
 - Who to lead

- AHRQ has history of research in area
 - Extramural
 - Intramural



Herbert.Wong@ahrq.hhs.gov