



Provider behaviour in a multi-payer, multi-provider competitive health care market

an exploration of Ontario's physiotherapy (PT) market

Paul Holyoke, Raisa B. Deber

Department of Health Policy, Management and Evaluation, Faculty of Medicine, University of Toronto
Toronto, Ontario, Canada

The issue

For-profit versus not-for-profit

- Views about FP and NFP providers are generally based on beliefs rather than empirical evidence
- Differences in FP and NFP behaviour are important after *Chaouilli*, with continued pressures on public funding levels
- Using lessons from foreign experience must account for different history, regulatory and insurance framework and providers

The case: Ontario's PT market

- Excellent case for observing differences:
 - Rich mix of FP and NFP providers and payers
 - Low entry barriers
 - Anyone can provide PT services
 - Only those regulated by College of PTs can call themselves "physiotherapists"
- Open to foreign investors

Hypotheses

1. FP and NFP providers should behave differently

For-profit corporate provider (FP/c)

Investor-owned corporation
Goals = profit for shareholders; maximize revenue, minimize costs

For-profit small business provider (FP/s)

Small business owner(s)
Goals = adequate 'wage' balanced by personal lifestyle and practice preferences

Not-for-profit corporate provider (NFP)

Corporation with no investor
Goals = break even; maximize community benefits, serve vulnerable patients; payers/donors may apply pressure

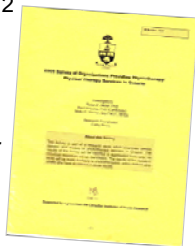
2. Professional-owned providers should behave differently from others

- Professionals respond to incentives that address obligations to patients and the profession
- Others respond to market or bureaucratic incentives

Data & methods

- Survey of Ontario PT provider organizations in 12 counties in 2005
- Response 52%, n=346
- ANOVAs on 8 variables for 3 pairings of provider subgroups:

- FP versus NFP
- FP/c versus FP/s
- PT-owned versus Others



8 variables

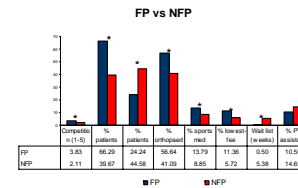
FP/c versus NFP more likely to:

- be aware of competition
- serve patients with less complex problems (18-65); avoid over 65s
- serve orthopaedic, sports medicine patients
- avoid lower-revenue payers (WSIB)
- have shorter wait lists
- substitute PT assistants for PTs

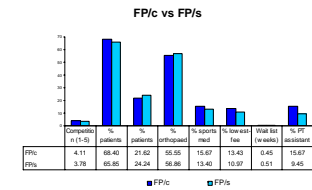
FP/s ('not only for profit') should be in between FP/c and NFP except where professional issues important (eg, substitution of labour): then FP/c and NFP should be alike, FP/s different

Results

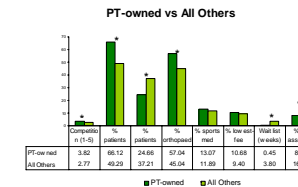
- FP and NFP are different on all variables *except* for substitution of PT assistants for PTs



- Unexpectedly, no significant differences between FP/c and FP/s



- PT-owned clinics have significantly less substitution of PT assistants than other providers



- Total n = 346
 - FP/c n = 45
 - FP/s n = 222
 - NFP Hospital n = 43
 - NFP Other n = 36
- PT-owned organizations n = 178

* P ≤ 0.5

Discussion

- FP and NFP have different approaches to the market and serve overlapping but not identical patient groups.

- Further investigation of patients' payers may show other differences between FP and NFP patient groupings

- PT-owned providers appear to respond less or differently to payer pressure. NFP hospitals have a relatively high level of substitution of PT assistants which may reflect their response to Ministry of Health funding constraints.

- Lack of difference between FP/c and FP/s may reflect
 - underdeveloped investor influence
 - unresponsive corporate management
 - providers' fee pressures on all providers
- More research needed regarding FP/c views of the market

- FP/c providers have a very low market penetration in the group surveyed. Further investigation of lack of corporate participation in this competitive market is warranted.