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### **State-controlled, research-based and low price policy: A cost-effect analysis of eating disorders treatment in Sweden**

Porter and Teisberg (Harvard Business Review June 2004) hypothesized three relationships among cost and quality of care consequent on three policies: 1. A state-controlled policy yields variable quality and increases costs (Exempt from competition), 2. A research-based policy increases quality and decreases costs (R&D) and 3. A fee-for-service, low price policy, decreases quality and increases cost (Low Price).

In the 2010 tender for eating disorders treatment in Region Stockholm, Sweden, three providers representing each of these three policies were contracted. The costs and the quality, i.e., the number of patient in remission at discharge (available from Health Care Administration, Region Stockholm) over years 2012-2017 enabled us to test the three hypotheses retrospectively.

While the Exempt and the R&D provider offered similar prices, the Low Price provider offered on average 27% lower prices. The Exempt provider treated 3.5 times more patients/year (mean = 697) than the R&D (196) and the Low Price (156) provider, but treated only 4.4% more patients to remission/year (156) than the R&D provider (149). By contrast, the Low Price provider treated only 26.1% and 27.5% of its patients to remission (41) compared to the Exempt and the R&D provider. The price to treat a patient to remission at the Exempt provider was 146.5% (47 K€) compared to the price at R&D provider (33K€). However, the price to treat a patient to remission at the Low Price provider (83K€) was 175% of the price at the Exempt provider and 253.4% of the price at the R&D provider. Taking the differences in the number of patients treated at the three providers into consideration magnifies the differences in costs. The results verify all three hypotheses. It is suggested that measures of outcomes should be included in health care tenders.

### **Biography**

Södersten is professor at the Karolinska Institute and director of R&D of Mando Group AB, a company he started with Dr Bergh to translate neuroscience into treatment of under- and overweight patients. The treatment has restored the health of 1500 patients with eating disorders and improved the health of hundreds of overweight patients. The company won the most recent tender, which was based on price related to outcomes.

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