

CHAPTER: 20

STUDY OF US LOCAL HEALTHCARE MARKET DYNAMICS

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INTRODUCTION

Various forms of integration were observed, including vertical combinations such as acquiring primary care physicians (PCPs), forming strategic alliances with physicians through physician-hospital organizations (PHOs) and management services organizations (MSOs), and establishing health maintenance organizations (HMOs). Horizontal combinations encompassed the creation of multihospital systems, mergers, and strategic partnerships with nearby hospitals to establish local networks [1]. Collectively, these combinations are known as integrated delivery networks (IDNs).

IDNs bring together hospitals, outpatient facilities, and providers to deliver a continuum of care, aiming to enhance healthcare performance through distinct policies and practices. Another aspect involves the employment of physicians in various IDNs. Although there is a notable trend of physicians joining health systems and leaving private practice, the physician profession remains relatively dispersed [2]. In the United States, reports indicate that 412,000 healthcare professionals (HCPs) are affiliated with 626 IDNs. Over 80 percent of U.S. hospitals are part of an IDN, with at least half of the physicians affiliated with one. This has led to a significant transformation in the provider landscape in the U.S., compelling life sciences companies, including pharmaceuticals and medical device firms, to reassess commercial sales models to stay competitive [3].

RATIONALE

Historically, life sciences companies have faced challenges in precisely gauging the impact of particular Integrated Delivery Networks (IDNs) in local markets or allocating resources effectively based on measurable outcomes. It was crucial to emphasize the role of payers, providers, and IDNs in shaping treatment preferences and protocols within local healthcare markets. With a more comprehensive understanding of these stakeholders and their impact on treatment decisions, commercial leaders can promptly adjust their strategies, align sales and marketing resources, make more strategic investments, and

optimize market share.

RESEARCH QUESTION

Was there any consolidation of the Provider market pertaining to IDN's in metropolitan statistical areas in the US?

AIM

To study the US local healthcare market dynamics by means of secondary desk research.

RESEARCH OBJECTIVES

1. To identify Top 20 MSAs based on population.
2. To determine information about Integrated Delivery Networks (IDNs) and Account details (Provider type) including metrics such as Beds, Admissions, and Outpatients for each Metropolitan Statistical Area (MSA).
3. To compile lists indicating the computed figures for the number of beds, admissions, and outpatients for each specific IDN within a designated MSA.
4. To identify the leading 5 and leading 10 MSAs, along with the percentage of market share that these IDNs collectively represent within the given MSA.

RESEARCH METHODOLOGY

The study adopted an exploratory secondary/desk research design, focusing on the top 20 Metropolitan Statistical Areas in the United States. The primary objective was to investigate and analyze market concentration among various Integrated Delivery Networks (IDNs) operating within these geographic regions. The data collection process involved recording various parameters critical to the calculation of market concentration, utilizing specific data sources curated by ZS and incorporating publicly available secondary research data sources. The study aimed to provide valuable insights into the competitive landscape of IDNs within the identified MSAs, shedding light on market dynamics

and concentration trends in the U.S. healthcare industry.

RESULTS & DISCUSSION

The analysis of the top 20 Metropolitan Statistical Areas (MSAs) by population and the concentration of Integrated Delivery Networks (IDNs) in each MSA, based on the number of beds, admissions, and outpatients, reveals a notable trend. Across these metrics, the data indicates a high level of market concentration, particularly among the top IDNs. In terms of the number of beds, the top 5 IDNs collectively command over 50% of the market share in their respective MSAs. Similarly, in the case of admissions, the top 5 IDNs capture more than 54% of the market share, and for outpatients, the concentration is over 55%. Furthermore, when examining the number of admissions, the top 10 IDNs surpass 80% market share in their respective MSAs, with some appearing to have near-complete dominance. These findings underscore the significant market presence and dominance of a select group of IDNs in the healthcare landscape across various MSAs.

CONCLUSION

The market was being driven by certain key players in the market. The hospital market was either being driven by IDN's or the Mergers and Acquisitions. Hence this consolidation of the provider market would have its probable effects on the sales force models.

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