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Lay Summary

**DOES HOSPITAL COMPETITION IMPROVE EFFICIENCY?  
THE EFFECT OF THE PATIENT CHOICE REFORM IN ENGLAND**

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The efficiency of health care systems is a key goal for policy makers across OECD countries. Some of these countries aim to increase efficiency by stimulating hospital competition by giving patients a greater choice of hospital. Previous studies of the effect of competition on efficiency have produced mixed results.

In this paper, we analyse the efficiency of English hospital trusts between the financial years 2002/03 to 2010/11. We use a wide range of indicators. Hospitals may increase efficiency by treating more patients for a given number of beds. We therefore examine admissions per bed, bed occupancy, cancelled elective operations, and the proportion of day cases. We also look at detailed aspects of managerial efficiency: the percentage of untouched meals, cleaning services costs, and linen and laundry costs. Finally, we use the reference cost index which measures how a hospital's overall cost per patient compares with costs in similar hospitals and is used by policy makers to assess hospital performance.

Our findings suggest that giving patients a greater choice of hospital from 2006 onwards improved some efficiency indicators by increasing admissions per bed and the proportion of day cases, and by decreasing the proportion of untouched meals. The effects seem to have been greater for hospitals which initially had poor performance. However, there was an increase in the number of cancelled elective operations and we find no effect on bed occupancy, cleaning services costs, laundry and linen costs, and the reference cost index.

**Full report available at:**

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