An interview with health economist Prof. Dr. Dr. Wilfried von Eiff:

Coopetition

Fair play with benefits

Professor von Eiff, you use the term "coopetition" in your work as an economic scientist and expert in health economics. How should we understand this?

von Eiff: Coopetition is a made-up word that combines the terms 'cooperation' and 'competition'. i.e. cooperation and competition exist alongside each other. You could also say that the aim is to create a win-win situation for all those involved. The purpose of this approach is to create areas of cooperation that bring benefits for all participants.

In which area of the healthcare economy is coopetition being implemented?

von Eiff: One example is integrated treatment. An integrated treatment agreement has, for example, three partners on the medical side: the resident physician, the hospital and the rehab facility, and an additional partner - namely the healthcare fund. There are advantages for all of the participants. In the integrated treatment model, the costs incurred by the healthcare fund are usually around 10 % lower. The hospital is given a guarantee that the patients treated in the course of the integrated treatment plan will not be counted in the budget. Thus, there is an additional incentive for hospitals to admit patients through an integrated treatment programme. There are also advantages for the patient, since cases are dealt with by a case manager, with whom the patient agrees an individual therapy and after-care programme. It is the individuality in the patient-controlled structure, which is tailored to the patient's specific requirements, that makes this instrument so interesting for all involved, with regard to both costs and the quality of medical treatment, as well as in terms of the outcome for the patient.

Can one really talk about a competitive situation in integrated treatment?

von Eiff: The actors in the area of integrated treatment are also competitors, since the resident physician wishes to diagnose and treat the patient, as does the hospital; the same applies to the rehabilitation phase. In several hospitals, rehabilitation can be combined with standard medical therapy, which is very effective for the patient. It becomes a problem if, due to the sectoral division, the patient initially stays in hospital, is then released to go home and is only admitted to a rehab facility some time later. This is very cost-intensive and linked with a worse outcome for the patient. The patient spends longer in the system. Shorter waiting times between diagnosis and operation can be seen in integrated treatment models and the rehabilitation phase is shorter - and this despite the fact that the three participants are competitors in certain areas of the medical services they offer.

Can there also be coopetition between medicine and industry?

von Eiff: Yes, this is another important factor affecting innovative services. In the coopetition approach, the “complementor” plays an important role. A complementor is a service provider who supports the hospital with his services. The effectiveness of the hospital vis-à-vis the patient increases markedly through this service; it offers real added value, and - now the decisive point: it does not cost any more. Let me give you an example: the company Hollister manufactures stoma bags and incontinence products. A patient who requires these products is given help in using them firstly by a physician and secondly by a specialist. The physician and the company rep work side by side and the patient receives the necessary products from one source. This does not result in higher costs for the hospital, but in many advantages for the patient. Even after he has left hospital, the patient continues to receive up-to-date product information and can use various services such as ‘patient chat’ and a hotline. This means that the patient receives better treatment without this costing the hospital any more.

You say that innovative services do not entail additional costs in the coopetition-model. Yet there are not any savings either. Is a version in which both partners save money thinkable?

von Eiff: Yes, that is also possible. I am thinking here in particular about the area of medical devices. One problem facing hospitals is that they are under pressure in terms of both costs and quality. For this reason a proportion of “single use products” are reprocessed, which is technically and legally possible if the reprocessing takes place through a validated procedure. If, however, this re-sterilisation of single-use products were to be prohibited, the hospitals would be forced either to use the expensive single-use product or to change over to re-sterilisable, multi-use products made of steel, with all the problems this would entail. In this situation, cooperation between a medical device manufacturer and a re-processor of single-use products would make sense, since this would mean that products that are intended to be reprocessed 5 times or 10 times would be developed, as a result of which the patient would not be subjected to any kind of risk and the hospital would be able simultaneously to cut costs.

And both sides profit from the coopetition situation?

von Eiff: Yes, definitely: A compromise is found that benefits both sides. If it were not possible to reach such compromise, the manufacturer of single-use products would sell fewer products, due to the pricing structure, and the re-processor of single-use products would have a difficult business area. To this extent it is possible through such coopetition options to set up completely new business models, which are very interesting with regard to quality improvement or risk reduction with simultaneous costs reduction. This is the main aim of this approach. Such models become even more important against the background of the imminent entry onto the market of Chinese medical device manufacturers, which can offer, for example, a single-use trocar for 6US Dollars. In contrast, a trocar manufactured in Germany

costs between Euro 50 and Euro 78.

Is coopetition in principle thinkable in all areas of the healthcare economy or are there areas in which this market phenomenon would not function?

von Eiff: Coopetition can, in principle, be applied everywhere. The term is derived from gaming theory and thus also represents varieties of societal interaction, i.e. communication, dealing with one another and social behaviour. But this approach is also based on principles of ethics and morality; after all, it has repeatedly been shown in gaming theory that people also take decisions according to the ethical conscience they expect their counterpart to have. People are prepared to cooperate as long as they know that the other party is also willing to cooperate. If the other party ever departs from this cooperation strategy, and this results in a disadvantage, then his partner will not be inclined to cooperate in the future either.

Beatrice Hamberger interviewed Prof. Dr. Dr. Wilfried von Eiff

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