What do patients value differently from Public and Private health care provision?

Remedios Calero[1], Martina G. Gallarza[2], Ofelia Nerbón[1]
[1] Catholic University of Valencia, Valencia, Spain
[2] University of Valencia, Valencia, Spain

Abstract

The main objective of this study is to explore users' perception and evaluation of the healthcare service in a threefold way: first, looking for differences between public and private healthcare (according to the service provider); second, considering the existence of core and peripheral services (according to the nature of the service); and third, from a double perspective of supply (physicians and hospital managers) and demand (health care end-users).

Within an exploratory approach, we have conducted a qualitative analysis where two research questions were proposed. Their organised discussion in seven in-depth interviews served as a base for the following quantitative analysis. According to this, we have conducted a quantitative analysis with the aim of describing end-users' perception of public and private healthcare regarding their attitudes towards core and peripheral healthcare services.

The results of this study, both qualitative and quantitative, tend to show that in health care provision, the *peripheral service* must be considered as more and more valued by patients, sometimes even more than the core service (diagnostic and treatment).

Keywords

Healthcare, peripheral services, end-users´ perceptions

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1 Introduction

It is acknowledged by service researchers that one of the main characteristics of the health service is the difficulty of evaluation by the consumer (Shostack, 1977; Lovelock, 1983). Patients very rarely have the ability to judge whether the service they have received is appropriate. Because of this, patients use elements that they can easily make tangible to evaluate the service, rather than the main healthcare itself (Lovelock & Wirtz, 2007).

The patient does not question the quality and the professionalism of the medical staff, so one of the most important considerations for consumers when evaluating and choosing amongst alternatives is the convenience of access, location, timetables, etc. (Palmer, 2005; Kotler and Lee, 2007).

Subsequently, various tangible elements (access, restoration, comfort) are considered to be valued characteristics, and can even be valued by the patient more than the service itself (diagnostic and treatment). These services can be considered in a "servuction model" as "peripheral" services (Eiglier & Langeard, 1989) as they surround the core service, and are not considered to be central. Thus, the health service is built as a combination of a core service and peripheral services, where the latter may overlap the former.

In this framework, taking into account the greater relevance that health management models are gaining (Christensen et al., 2007; Herzlinger, 2007; PWC Health Research Institute, 2010), this study intends to explore users' perception and evaluation of the healthcare service in a threefold way: first, looking for differences between public and private healthcare (according to the service provider); second, considering the existence of core and peripheral services (according to the nature of the service); and third, from a double perspective of supply (physicians and hospital managers) and demand (health care end-users).

The conclusions of this study shed light on the comparison of users' perceptions of health services on public and private models of healthcare management according to the greater relevance of peripheral healthcare services.

2 Conceptual framework

2.1 Relevance of tangible elements in healthcare service

One of the main features that makes a healthcare service different from others is the fact that among all credence goods, they show the highest difficulty of evaluation (Zeithaml, Bitner & Gremler, 1996). Compared to education, insurance or tourism, the consumer (in this case, the patient) needs more time to correctly assess the received outcome, and sometimes may even be unable to judge it correctly, due to their lack of medical knowledge.

Subsequently, healthcare service outcome is difficult to evaluate by patients (Vertinsky et al., 1974; Gabbott & Hogg, 1998). The patient obviously knows that the symptoms have disappeared, but he or she does not know if the employed procedure was the most

efficient one due to a lack of specific technical knowledge (Darby & Karni, 1973; Kaplan & Babad, 2011).

Besides, in the healthcare service, the patient assesses both the quality of the treatment and the physician-patient interface, and the empathy felt. In intensive labour services, as the healthcare service is, the attention is focused on the experience and on all surrounding aspects (in the physical environment) (Uhl & Upah, 1979).

The importance of the healthcare services offering these tangible elements which the service user perceives is derived from all the above. The studied literature concludes that intangibility, as a lack of physical attributes, is the most intrinsic characteristic of these services (Bateson, 1995; Lovelock, 1996; Zeithaml et al., 2006; Palmer, 2005; Kotler & Keller, 2006). Thus, as the healthcare service is formed by a combination of actions and processes, such as those mentioned, these services cannot be perceived by the patient except through tangible elements such as the equipment and the location (Zeithaml et al., 2006). This way, this gives rise to the question: "What impression is left on a future user who visits a relative in a hospital which consists of a clean and well-decorated building with an attentive and friendly staff?" (Lovelock, 1996, p. 56). In other words, without sufficient knowledge, patients tend to evaluate the healthcare service through factors that they can make tangible such as catering and comfort. This way, patients feel satisfaction according to the amount of functionality, accessibility, comfort and wellness of the facilities (such as the waiting rooms), contributing greatly to the formation of a global satisfaction (Civera, 2008).

2.2 Influence of tangible elements in patients´ behaviour

In 2010, Porter distinguishes two purchasing criteria: "criteria of use" and "criteria based on signals". The criteria of use can include intangible elements and come from purchasing motivations that do not present an economic character in a strict sense. The criteria based on signals reflect value indicators that influence the perception that the company can meet the patients' criteria of use. For example: reputation, image, aspect and size of the facilities, etc (in this way, the portrayal of a medical instrument can have a big impact on the perception of its quality, even when it influences little to nothing in its performance).

For this reason, we observe a tendency in healthcare management to develop a competitive advantage based on changing the classic image of the hospital and the healthcare experience towards actual and potential patients. This is the case of the Riverside Methodist Hospital in Ohio, which has sought to adapt its service to patients' demands with the intention of reducing their feelings of inferiority compared to the doctors, as well as the anxiety and uncertainty that they may experience. With this effect, the peripheral elements of the healthcare service, such as facilities or the frequency and duration of visits, are instrumental. This way, by improving the patients' perception, we manage to convert an unpleasant experience in an enjoyable and comfortable one (Bateson, 1995).

From this point of view, the strategy of incorporating a series of tangible elements with which to adapt to the patients' necessities determine the hospital's personality (Stevens, 2011). As it is known, differentiation provides a significant base to distinguish a provider's service from that of another provider (Chamberlin, 1950; Lambin, 2003; Kotler & Keller, 2006). This differentiation strategy becomes more necessary as a sector, particularly a service sector, becoming more and more competitive (Lovelock,

1996). As the competition grows, so does the necessity of differentiation between providers in a way that they offer a clear perception of differences between existing offers to the patient (Gilligan & Loew, 1995; Costa, 2009; Medina, 2011). Thus, differentiation is one of the sources of competitive advantages along with cost reduction (Porter, 20120).

If we look also at the internal quality, such as that which is related with the core service, and the external quality, such as that which refers to the form in which the service is offered (Alcaide, 2012), we will see how in a service such as healthcare, in which the internal quality is estimated with a reasonable minimum, the patient is of higher importance to the external quality, in other words, the way the service is offered (Zeithaml et al., 2006).

In the terms of Levitt's Model of Product Dimensions (1980), the strict medical attention is the generic product; the assistance of a professional, the hygiene and minimum services are the expected product; while the tangible elements are those in charge of taking the product to its higher dimension and potential, being thus peripheral services.

3 Method

The aim of our empirical study is to shed light over the role of peripheral elements in the healthcare service. To do this, we will adopt a double view of supply and demand, conducting a qualitative analysis and a quantitative analysis, respectively.

3.1 Qualitative analysis

Because of the special healthcare idiosyncrasy, first an exploratory approach is necessary before any quantitative analysis. For this purpose, we have conducted seven in-depth interviews with health managers and professionals (such as physicians from private and public hospitals and health managers) in order to gain insights for understanding the balance between core and peripheral health services, from the supply point of view. In-depth interviews are the most appropriate qualitative technique for an exploratory aim such as the one pursued in this study (García Ferrer, 2002; Legard et al., 2003; Mercado, 2000).

As this is a qualitative analysis with an exploratory aim, no hypotheses are proposed, but two research questions instead: their organised discussion in the seven in-depth interviews allows the establishment of relevant conclusions for the management of the healthcare service, which serve as a base for the following quantitative analysis.

RQ_1 "***The healthcare service presents a great difficulty for the user when it comes to evaluating it, since the patient lacks sufficient medical knowledge in order to know whether or not the received healthcare service is the adequate one".***

RQ_2 ***"Peripheral services and various tangible elements (such as access, restoration and comfort) are valued by the patient equally than the core service (such as diagnostic and treatment)".***

Owing to the exploratory nature of this first analysis, the election of the samples was stratified and propositional (Ritchie, Elam & Lewis, 2003) while selecting groups of interviewees with diversity among them but who shared homogeneity in their

occupation and/or formation, and were connoisseurs of the three models of healthcare management. Specifically, the following profiles were chosen:

- Profile 1 (3 interviewees): Healthcare professional with professional experience in the field of public healthcare management as well as private: two professional doctors and one professional nurse.
- Profile 2 (2 interviewees): Healthcare professional who has practised or practises healthcare assistance and currently carries out his work from the management field in the Consellería de Sanidad (health regional government) . Owing to their experience, they offer a double vision, as professionals and healthcare managers.
- Profile 3 (2 interviewees): Healthcare manager (manager of a public hospital and director in the Consellería de Sanidad, charged with implementing and managing public-private partnerships in this Spanish region).

3.2 Quantitative analysis

Here, we have conducted a quantitative analysis based on an on-line survey (N=103) with the aim of describing end-users' perception of public and private healthcare regarding their attitudes towards core and peripheral healthcare services.

The questionnaire posed a block of common questions evaluating the amount of satisfaction of a patient who used a public healthcare service, a private one or both types of services; also, questions about the respondents' socio-demographic profiles were included (see Appendix A). The questionnaire was then sent via email to a convenience sample of 200 residents of the Valencian Region, obtaining a final sample of 103 healthcare users.

4 Results

The following results aim to offer, from a double point of view of supply (with the results of the qualitative analysis) and demand (with those of the quantitative analysis), the perception of peripheral elements against that of the central elements in the healthcare service.

4.1 Perception from the perspective of healthcare supply

With regards to the first investigation question, focusing on the difficulty of evaluation of the healthcare service, the majority of the interviewees confirm that this difficulty does exist. The interviewees confirm the patients' lack of specific knowledge when it comes to judging the received healthcare service, which is also qualified by one of the interviewees as *"medical ignorance"*. Also, it consists of a service in which the used terminology complicates the patients' comprehension of the healthcare service. However, some interviewees see an evolution in the patient, who adopts a more proactive attitude towards information research. According to one of the interviewees, *"The patient's profile is evolving and this is good because sometimes you save a lot of explanations, but the information is so biased, with no scientific base, that it could even become imprudent. That scientific base is what the patient is lacking in. But it is true that some years ago, patients did not even have a minimum base of information"*.

The only case, in which an evaluation of the healthcare service is observed, according to the interviewees, is the one which concentrates on recidivist pathologies in which, thanks to experience, the patient is capable of judging the received service.

In response to this evaluation difficulty, in the second investigation question, we seek to know if patients tend to evaluate the received service through elements that they can make tangible, giving more or equal relevance to peripheral elements than to central elements in the healthcare service. This way, we find a unanimous answer among the interviewees who continue to highlight the more distinguished role of surrounding services against a central service, which goes unquestioned by the patients. The professionalism of doctors and nurses is assumed and evaluated by the patients, but it does not affect their decision-making because they consider that this professionalism is at such a level that it does not depend on the healthcare centre where they perform their duties.

It is because of this that the elements that drive a patient to choose a healthcare centre or another are known as peripheral elements. Among others, the interviewees mention the following: catering, facilities, timetables, cleaning, etc.

In addition, the interviewees consider that more attention should be paid to peripheral services. One interviewee claims that *"the peripheral services must be looked after as much as the principal service, without losing a single apex of scientific, healthcare or assistance quality"*. Meanwhile, another interviewee claims that *"hospitals should look after image, be it aesthetic or catering, since they constitute a very important part of a hospital, and in many cases it is not looked after. Moreover, it is looked after more in private healthcare than in public healthcare."*

Lastly, it is noteworthy to mention the interviewees' perception of a higher care for peripheral services in private healthcare management than in public.

4.2 Perception from the perspective of healthcare demand

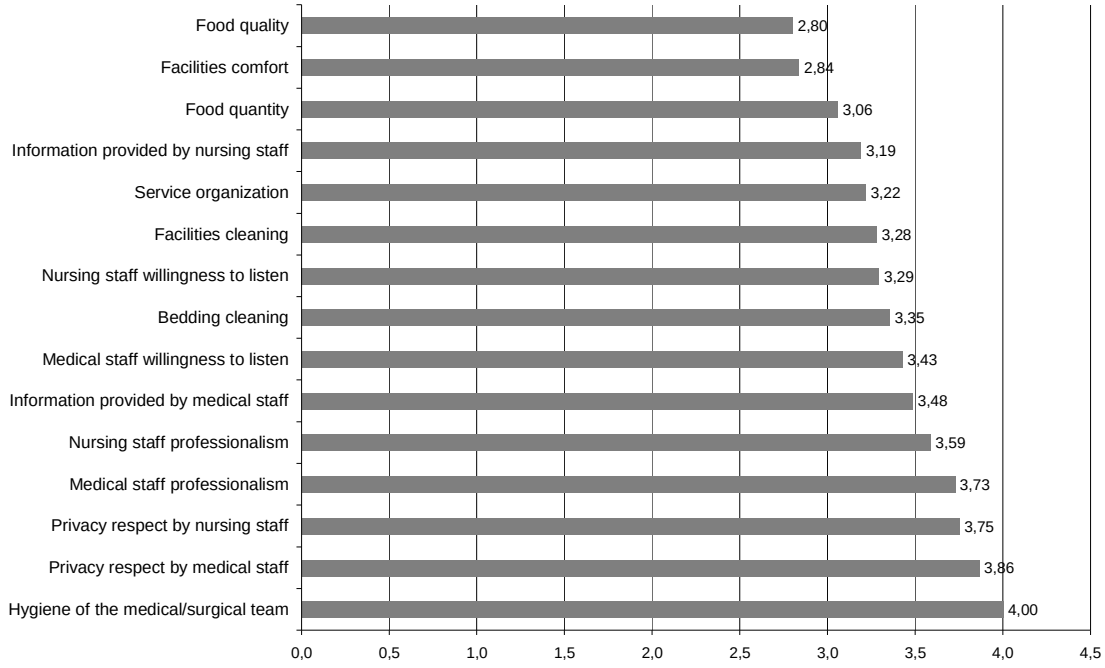
We will now show the perception of peripheral services from the demand point of view, through the results of our survey. First, we asked patients how evaluate different elements, be they central or peripheral, of the healthcare service, distinguishing between public and private. In both types of management, the idea manifested in the qualitative phase by the bidders of the high evaluation given to medical and nursing professionalism, as well as to other central elements such as hygienic and medical-surgical elements, is confirmed.

However, in the case of public healthcare service (Figure 3), the highest rated elements by patients are the central ones: hygiene of the medical and surgical team; privacy respect by medical and nursing staff; and staff professionalism. This does not occur in private healthcare services. In the latter, as shown in Figure 4, the patient gives a higher rating to peripheral elements (such the cleaning of facilities) than to central elements (such as the medical staff professionalism). This confirms the higher relevance that the peripheral services are reaching in the healthcare field, obtaining this evaluation by patients. And, at the same time, how these peripheral services are more valued in private than in public healthcare.

Figure 5 offers a comparison between the public healthcare system and the private one, where these radically different evaluations by the patients are more evident. This way,

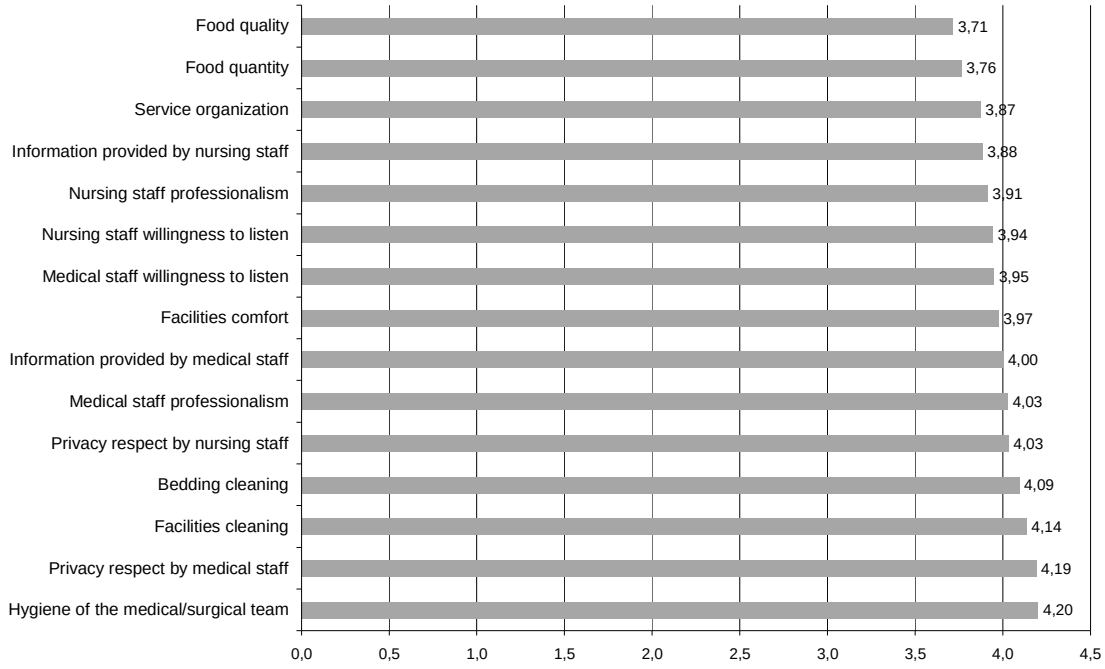
the exposed idea by doctors and managers (in the qualitative phase) that there is a higher care of peripheral services in private healthcare management, is confirmed.

Figure 1: Evaluation of public healthcare service elements



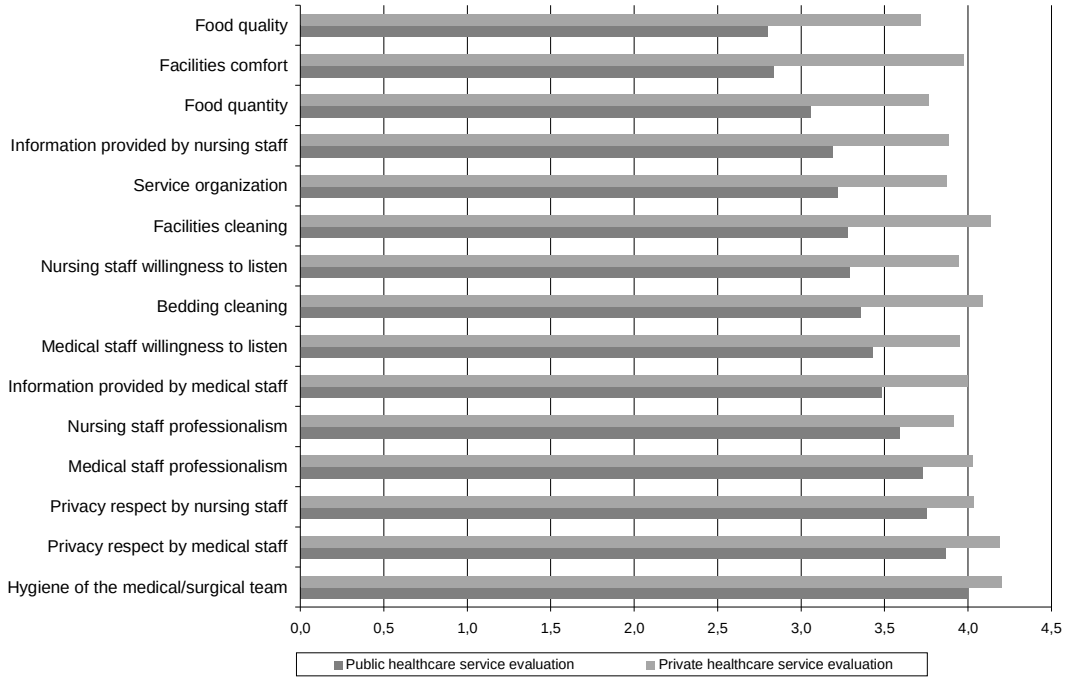
Source: Own elaboration

Figure 2: Evaluation of private healthcare service elements



Source: Own elaboration

Figure 3: Evaluation of public healthcare service elements *vs.* private healthcare service elements



Source: Own elaboration

5 Conclusions

The results of this study, both qualitative and quantitative, tend to show that in health care provision, the *peripheral service* must be considered as more and more valued by patients, sometimes even more than the core service (diagnostic and treatment). If we interpret the healthcare service according to Levitt's Model of Product Dimensions (1980), we understand that patients do not obtain satisfaction solely from their principal needs (basic benefits), but they receive a combination of peripheral services which provide an added value. This way, the patient incorporates these peripheral services into the core service and turns it into the expected service. Other differentiating elements which are offered by the healthcare service provider (such as timetables and facilities) allow us to elaborate on the increased and even potential service, which serve as the healthcare service offer's definitive configuration and make it into a source of competitiveness.

The peripheral services' relevance, in light of the results of our study, is highlighted via a double point of view of supply and demand. On one hand, the lenders of the healthcare service insist on the evaluation of these tangible elements, due to the difficulty for patients to evaluate the healthcare service itself, and the more demanding nature of their behaviour. On the other hand, we observe how the peripheral elements are very highly rated, along with the high ratings of the service's central elements. This is mostly noteworthy in the cases of private healthcare services, confirming that this type of management pays more attention to peripheral elements.

Implications for healthcare management (both private and public) are drawn in terms of better consideration of these elements from a managerial perspective.

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7 Appendix A – Questionnaire

1. In the last two years, what type of healthcare service did you use?
   - Public
   - Private
   - Both

I: Public Healthcare – <u>If you do not have received public healthcare, please continue on II</u>

2. During the last two years, have you received healthcare assistance in public primary care?
   Detail number of times
   - Number of times in the place of residence
   - Number of times in a different city where you live
   - Number of times in another part of Spain

3. During the last two years, have you received healthcare assistance in public hospital?
   Detail number of times
   - Number of times in the place of residence
   - Number of times in a different city where you live
   - Number of times in another part of Spain

4. Which was the average time of waiting from the first contact to the moment that received public primary healthcare?
   - Less than 24 hours
   - 1-2 days
   - 3-4 days
   - 5-7 days
   - 8-15 days
   - 16-20 days
   - 21-30 days
   - 31-60 days
   - More than 60 days

5. Based on your experience, how do you value this time of waiting?
   - Very brief
   - Brief
   - Medium
   - Long

Very long
Don’t know, don’t answer

6. Which was the average time of waiting from the first contact to the moment that received public specialty healthcare?
    Less than 24 hours
    1-2 days
    3-4 days
    5-7 days
    8-15 days
    16-20 days
    21-30 days
    31-60 days
    More than 60 days

7. Based on your experience, how do you value this time of waiting?
    Very brief
    Brief
    Medium
    Long
    Very long
    Don’t know, don’t answer

8. Later, you can see some aspects of public healthcare. Indicate the degree of satisfaction.
    Possibilities:
    Very down, Down, Medium, High, Very high
    Medical staff professionalism
    Nursing staff professionalism
    Hygiene of the medical/surgical team
    Privacy respect by medical staff
    Privacy respect by nursing staff
    Information provided by medical staff
    Information provided by nursing staff
    Medical staff willingness to listen
    Nursing staff willingness to listen
    Bedding cleaning
    Facilities cleaning
    Service organization
    Food quantity
    Facilities comfort
    Food quality

9. Here, you have a list of affirmations about sensations that you could have experienced on having received the healthcare service.

Possibilities: Nothing, little, indifferent, In agreement, Very much

I felt disoriented

I felt nervous

I felt inconvenient

I felt that I was losing the time

I felt guided

I felt calmed

I learned new information about my health

II: Private Healthcare – <u>If you do not have received private healthcare, please continue on III</u>

10. During the last two years, have you received healthcare assistance in private primary care?

Detail number of times

Number of times in the place of residence

Number of times in a different city where you live

Number of times in another part of Spain

11. During the last two years, have you received healthcare assistance in private hospital?

Detail number of times

Number of times in the place of residence

Number of times in a different city where you live

Number of times in another part of Spain

12. Which was the average time of waiting from the first contact to the moment that received private primary healthcare?

Less than 24 hours

1-2 days

3-4 days

5-7 days

8-15 days

16-20 days

21-30 days

31-60 days

More than 60 days

13. Based on your experience, how do you value this time of waiting?

Very brief
Brief
Medium
Long
Very long
Don’t know, don’t answer

14. Which was the average time of waiting from the first contact to the moment that received private specialty healthcare?
    Less than 24 hours
    1-2 days
    3-4 days
    5-7 days
    8-15 days
    16-20 days
    21-30 days
    31-60 days
    More than 60 days

15. Based on your experience, how do you value this time of waiting?
    Very brief
    Brief
    Medium
    Long
    Very long
    Don’t know, don’t answer

16. Later, you can see some aspects of private healthcare. Indicate the degree of satisfaction.
    Possibilities:
    Very down, Down, Medium, High, Very high
    Medical staff professionalism
    Nursing staff professionalism
    Hygiene of the medical/surgical team
    Privacy respect by medical staff
    Privacy respect by nursing staff
    Information provided by medical staff
    Information provided by nursing staff
    Medical staff willingness to listen
    Nursing staff willingness to listen
    Bedding cleaning
    Facilities cleaning

Service organization
Food quantity
Facilities comfort
Food quality

17. Here, you have a list of affirmations about sensations that you could have experienced on having received the healthcare service.

Possibilities: Nothing, little, indifferent, In agreement, Very much

I felt disoriented
I felt nervous
I felt inconvenient
I felt that I was losing the time
I felt guided
I felt calmed
I learned new information about my health

III: Both Public and Private Healthcare

18. Where did you find the information to choose the hospital?

Family
Friends
Newspaper, magazines
Internet
Family doctor

19. Later, you can see a series of reasons that can influence you to choose healthcare provider.

Possibilities: Nothing, little, indifferent, In agreement, Very much

I trust in the public service
Health problems were solved
Low cost of utilization service
Medical treatments are frequent
It is the only available service in my area

Profile of the polled one

Sex: male /female
Year of birth
Work situation
Marital status
Number of children
Income
Is your income depending on healthcare sector?