COMPETITIVE STRATEGY AND GAMES OF THE NEW ENTRY HOSPITAL IN THE TAIWAN HOSPITAL MARKET

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Taiwan’s healthcare industry is facing a period of competition among healthcare institutions and physician manpower shortages. In addition, DRGs and GBs have been implemented and new hospitals have entered the market. Consequently, the equilibrium of the “game” in the medical service market has been disrupted, and a prisoner’s dilemma has been created among hospitals. However, the medical centers in Taiwan are operating in a highly competitive market with a low concentration. Through an empirical analysis, this study determined the dominant strategy of best response profile as well as the optimal organizational structure and competitive strategy for new hospitals entering the medical center market game. Alternative variables for consumer medical demand and time cost were selected using data from annual statistical reports (2007–2011) and the website to analyze the game. Moreover, the following factors were analyzed through descriptive statistics, cluster analysis and the negative binomial distribution of regression models: resource input and output, market competition (regarding CR4, market share, and the HHI), sequential games, the Hotelling model, and the tragedy of the commons property resources. Furthermore, for a regression model in a sequential game, eight cumulative density functions and four action profiles were adopted, which involved players adopting cooperative or noncooperative strategies for increasing or not increasing the number of discharged patients. The Nash equilibrium of the total medical service quantity is higher than the total social medical service quantity. It means the point value of medical service in the medical centers will be reduced, and the tragedy of commons property resources will occur. Therefore, the prisoner’s dilemma between the quality and quantity of medical services causes strong or weak peer review.

Biography
Shu-Fang Tseng received her PhD from Fu-Jen Catholic University in 2016. She is employed in the Nursing Department of Taipei Veterans General Hospital (TVGH). She has published a paper in reputed journals and has been serving at TVGH for many years.

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