

HEALTHCARE ACCREDITATION: A GAME-THEORETIC VIEW

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In India the demand for health care has been rising with increase in life expectancy, growing middle class affordability, recognition of the importance of preventive care, and overall consumer awareness. The government investment in the sector is meager given the size of the population and the needs of the citizens. Given the significant unmet needs of patients, private institutions have emerged to provide health care. This as well as the quality of healthcare offered by government hospitals, has led to the need for a national accreditation policy as a way to ensure quality and equity of care. As opposed to a government regulation, accreditation is on a voluntary basis. A hospital may or may not seek accreditation depending on direct and indirect costs and benefits. Direct expenses are the fees paid for accreditation, and indirect expenses are those required to attain and maintain the accreditation status. Specifically, indirect expenses refer to the cost of better practices, purchase of new equipment, recruitment of qualified staff in adequate numbers, and meeting customer needs. Presumably, a hospital would seek accreditation if improved quality generates additional business offsetting the cost of accreditation.

This paper examines national accreditation policy for Indian hospitals based on a game theoretic perspective. The paper illustrates the role of game theory in (a) evaluation of national policy for hospital accreditation, and (b) management strategy formulation for the accreditation agency, with potential implication for millions of people. The paper provides the rationale for how an accreditation agency could influence the health care provider to improve the quality of care and add value to the society at large. It seems that the current accreditation standards, while serving the needs of “elite” hospitals for the relatively rich and medical tourists, may deter weaker hospitals from participating in the accreditation process.

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