

## Vertragswettbewerb im Gesundheitswesen

### Double-sided Competition for the German Health Care Market

Von Axel Börsch-Supan, Mannheim

JEL I11, I12, I18

Health care markets, efficiency of health care provision, competition in health care provision.

---

#### Summary

Germany spends more than 11% of GDP on health care – after the US and Switzerland the third most expensive system in the world. At the same time, healthy life expectancy is just about average among the OECD countries. This indicates that the German health care system suffers from inefficiency. Other OECD countries, notably Sweden, achieve much higher healthy life expectancies at considerably lower costs.

This paper addresses how the efficiency of the German health care system should be improved upon. Our central argument departs from the well-known observation that information about efficient health care procedures and technologies is asymmetric: insurances know better than consumers which doctors and hospital deliver high quality at lower prices. Hence, the role of health insurances as information mediators between consumers and providers is crucial. Thus, on the one hand, health insurances should gain more market power in the provider market, in which insurance companies pay the services of doctors and hospitals, in order to control costs. On the other hand, however, this increased market power in the provider market needs to be counter-balanced by more competition in the insurance market, in which consumers purchase insurance policies. This requires free choice of consumers among insurance contracts with different prices.