

# The impact of vertical integration on inter-hospital patients transfers in France

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**Abstract:** Hospital cooperation is one of the main objectives of the 2016 act on the “modernization of our healthcare system”. This act implements a new mandatory cooperation structure in the public sector: the Groupement Hospitalier de Territoire (GHT). Those groups come short of consolidating the hospital market in a given territory as it does not create one legal entity (IGAS (2019)), the hospitals can implement the GHT with differing intensities. Therefore, a GHT may be conceptualized as an “organizational contract” between hospitals. Its main uses are the mutualisation of administrative, logistic and medical resources and the creation of coordinated care pathways. Organisational contracting and organisational changes are theorized by the industrial organisation literature, therefore we will use this framework in order to analyse the theoretical effect of implementing new mandatory contracts between public hospitals. The industrial organisation literature underline the importance of analysing exchanges and ownership structures as they can reveal production capacity, bottlenecks and market structure. This literature lets us propose an hypothesis on the effect of the GHT as a vertical integration mechanism. A vertical integration wave in the market decrease exchanges between producers in said market, a phenomenon called *foreclosure*. In this paper we will use the inter-facility transfer rate (IFTR), in order to reveal a restructured market following the 2016 act. This 2016 act gives a good use case of the difference in differences technique as it is a sudden choc and only affected the public sector. This paper provides a causal analysis that determines the policy’s effect on inpatient transfers, supporting the thesis of market foreclosure in the french healthcare system.

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