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The out of pocket in healthcare: the lower social protections for workers

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Abstract

In a socio-economic reality where the protection of workers is diminishing, the need to be in good health to do their job is increasingly important. Various reasons are given that lead to the conclusion that health spending is a driving force for the growth of a country in the short and in the long term: a healthy state increases the time available for work, increases productivity, increases life expectancy and makes it possible to reach an aggregated degree level of higher education of the population, thereby increasing the stock of human capital. There are many effects that derive from access to good health like increased productivity, since workers feel more physically and mentally more efficient and energetic or a decrease in the number of sick days and days off of work to care for family members who are ill. With the prospect of a longer life, healthy people have the incentive to invest in qualifications and so good health leads to better school attendance as well as improved mental faculties.
The private opportunity cost increases for as long as the waiting time increases, since it is impossible to carry out normal daily activities like work. Equally important is the time involved in obtaining treatment like waiting time, travel time and last, but not least, the anxiety and uncertainty involved in not knowing when treatment will be provided. It is therefore the long waiting time involved in public health services which leads people concerned with the cost of opportunity to turn to privately paid health services

Key words: Protection, workers, opportunity cost, health spending

1. Innovation, Economy, Employment and Public Policies

1. Statement of a problem

In a socio-economic reality where the protection of workers is diminishing, the need to be in good health to do their job is increasingly important. Wanting to prove, therefore, that there is a new sector that stands between the public and private health care, business health low-cost quality. A possible answer to the needs of workers who need to care companies are low cost high value. These companies responding to the choices of the major industrialized countries have focused on health care reform to reduce costs, rather than implement policies to improve the health of their populations and stimulate national economic growth as well. It is the long waiting time involved in public health services which leads people concerned with the cost of opportunity to turn to privately paid health services.

2. Organization and Research Method

An analysis of changing economic and political choices in healthcare will be highlighted if there is a new real space of action for companies to be compared with the activity of supply of healthcare services. Wanting to prove, therefore, that there is a new sector that stands between the public and private health care, business health low-cost quality. The specific objective and the ultimate goal of the research that we resolved, is to be put in benchmarking, through the study of cases [4], which may act as a guide for those who want to go down this road or want to improve their corporate policies in view of low cost high value in order to meet the requirements of good health by workers and to maintain the virtuous cycle of economic growth and healthy. The adoption of a descriptive research design, fieldwork and qualitative method is the default choice in the structuring of research and considered appropriate to achieving the objectives of the work. To define the business model for Low Cost High Value in health care providers, case studies are considered the most effective course to come up with answers to “how” and “why” questions when researchers have only limited control over events, but at the same time want to explore con-current trends with the aim of explaining certain phenomena and casual relationships. This is the reason why case studies and real stories are the research strategies that are most suitable to this kind of study. Yin [17] suggested applying the logic of “*literal e theoretical replication*”, which is based either on the identification of cases that will give similar results (literal replication) or which will give different results, but for predictable reasons (theoretical replication). The importance of this logic is that it allows for the extension or replication of the emerging theory. In our case we have chosen the “*literal replication*” analyzing two kinds of companies active in the low cost/high value sector to find their similarities. They are Italian companies working in northern Italy: the Centro Medico Santagostino Milan in Lombardy, and OdontoSalute Gemona in Friuli - Venezia Giulia. They are companies that have adopted the low cost/high quality philosophy by focusing on improving their organization and creating economies of scale to cut costs, thus making health services available to a wider range of consumers. Both companies adhere to the ethical code drawn up by the AssoLowcost and so, while adopting different business strategies, they must follow similar parameters [1].

3 Problem solving

After an analysis of the opportunity costs, this research focused on two medical centers. It is with the "cross-case analysis" that will try to identify the specific characteristics of the business model of high value and low cost of two companies: the Medical Center and Santagostino OdontoSalute, which is located in Northern Italy and the contribution to the system health and growth of a country

4. Discussion

4.1 Investing in Health

Throughout Europe a series of principles, originally set forth in the Ljubljana Charter on Reforming Health Care in the regions of Europe [5], state that: “Health care reforms must be governed by principles of human dignity, equity, solidarity and professional, ethics. Any major health care reform should relate to clear targets for health gain. The protection and promotion of health must be a prime concern of all society.”, and also that “The improvements in the health status of the population are an indicator of development in the society. Health services are important, but they are not the only sector influencing people’s wellbeing: other sectors also have a contribution to make and responsibility to bear in health, and inter-sectoriality must therefore be an essential feature of health care reform ” These concepts are also re-affirmed in the White Paper Together for Health: A Strategic Approach for the EU 2008-2013 in the principle 2 : "HEALTH IS THE GREATEST WEALTH: Health is important for the wellbeing of individuals and society, but a healthy population is also a prerequisite for economic productivity and prosperity. In 2005, Healthy Life Years (HLY) was included as a Lisbon Structural Indicator, to underline that the population's life expectancy in *good health* – not just length of life – was a key factor for economic growth. Spending on health is not just a cost, it is an investment. Health expenditure can be seen as an economic burden, but the real cost to society are the direct and indirect costs linked to ill-health as well as a lack of sufficient investment in relevant health areas. It has been estimated that the annual economic burden of coronary heart disease can amount to 1% of GDP, and the costs of mental disorders to 3-4% of GDP. Healthcare spending should be accompanied by investment in prevention, protecting and improving the population's overall physical and mental health, which, according to OECD data currently amounts to an

average of 3% of their Member States' total annual budgets for health compared to 97% spent on healthcare and treatment”**.**

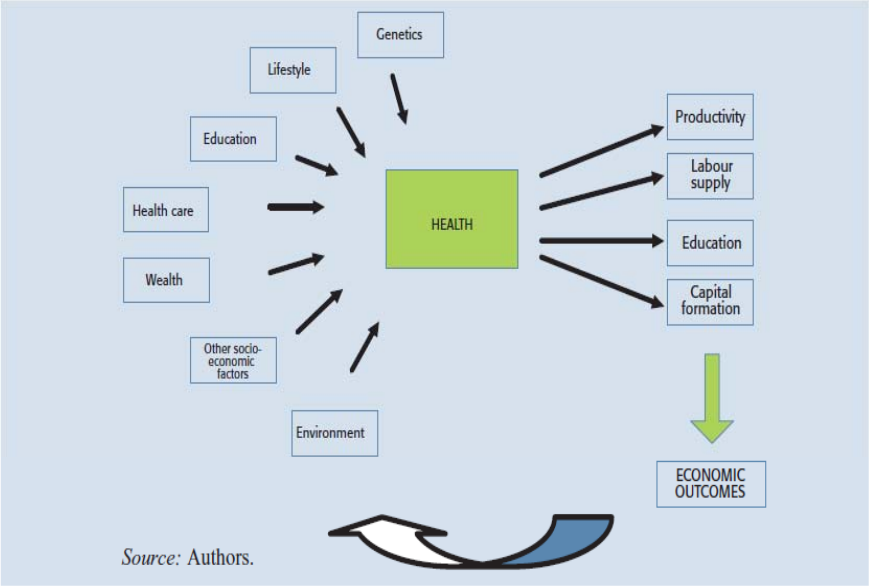
Consequently enlightened political economic policies, as well as community support and good social relationships, can all contribute greatly to health.

A wide-ranging approach to health from many different branches and sectors is more effective and efficient (also cost-wise) than separate, vertical approaches. This is not only true for the health sector. Important results, both in health and in economic progress, can be achieved through adequate policies regarding education, jobs, industry, taxation and society. There are many reasons to affirm that health expenditure can be an excellent stimulus for the growth of a country, both in the short and in the long term.

Good health makes it possible to dedicate more time to work and increases productivity. Furthermore, better health increases life expectancy, making it possible for the general population to reach higher levels of education and thus contributes to increasing the stock of human capital, fig. 1.1.

Expenditure in research and development in the health sector also stimulates economic growth and increases job opportunities through the appearance of a large number of small service suppliers. It is a mistake to consider health expenditure as a “current expense”, and consequently, as a deficit; it should be viewed by policy makers as an investment expense and therefore, as a source of growth in a country, due to the positive link between health care and economic development. Unfortunately, up to now the trend has only been towards curtailing expenditure rather than looking forward to an increase in productivity, an improvement in human capital and an increase in value added. There are many effects that derive from access to good health like increased productivity, since workers feel more physically and mentally more efficient and energetic or a decrease in the number of sick days and days off of work to care for family members who are ill, [16].

***Figure 4.1**: Health inputs and health outputs*



Source:Suhrcke et al. (2005)

With the prospect of a longer life, healthy people have the incentive to invest in qualifications and so good health leads to better school attendance as well as improved mental faculties. Investments in education and training are stimulated by the perception that their benefits will be enjoyed for longer periods, due to increased life expectancy.

In fact, longevity provides the stimulus to increase savings for retirement which in turn leads to investments that provide workers with access to capital and increases their income, making financial resources, otherwise destined for health care, available. Foreign investors are attracted by the reality of a healthy, well educated work force. Due to the propensity of a country to absorb labor, the existing relationship between lower death rates and lower birth rates can lead to an increase in pro-capita income. On the contrary, bad health can lessen demographic transformation and decrease growth.

The fourth 2011 Report "Sistema sanitario in controluce" commissioned by the Farmafactoring Foundation in conjunction with Cer-Nib, Cergas e Censis , points out that a 1% increase in health care spending in Italy would result in a 0.26% increase in GDP, that is a quarter of a point. Health impacts on a nation’s economy more than any other parameter. According to a study

carried out by COOP Aurora in 2001, improvements in health are responsible for 30-40% of the economic growth of ten industrialized countries in the course of the past 100-125 years. A five-year increase in life expectancy leads to a 0,3-0,5 % rate of growth of GDP.

Major industrialized countries have focused on reforming health care to cut costs rather than implementing policies to improve the health of their populations and thus stimulate national economic growth.

Containing health care expenditure can be done in many ways, however they all involve a decrease in the quality of services. Some of the measures commonly adopted are patient co-pay schemes, or practicing de-facto rationing, either by limiting the number of actual treatments provided in combination with long waiting lists, or carrying out consumer health campaigns focused on prevention, all with the aim of limiting the demand for public health services.

Resources are limited and the Italian National Health Service is struggling to deal with many problems like inadequate treatments due to insufficient staff and long waiting lists, mainly caused by lack of hospitals, inefficient bureaucracy, poor management and general dis-organization which all contribute to cost increases.

It is important to define the difference in meaning between waiting lists and the lapse of time that occurs before a service is provided; the first refers to the number of patients in line while the second refers to the time patients must wait from the moment they join the line to the moment when they actually receive treatment.

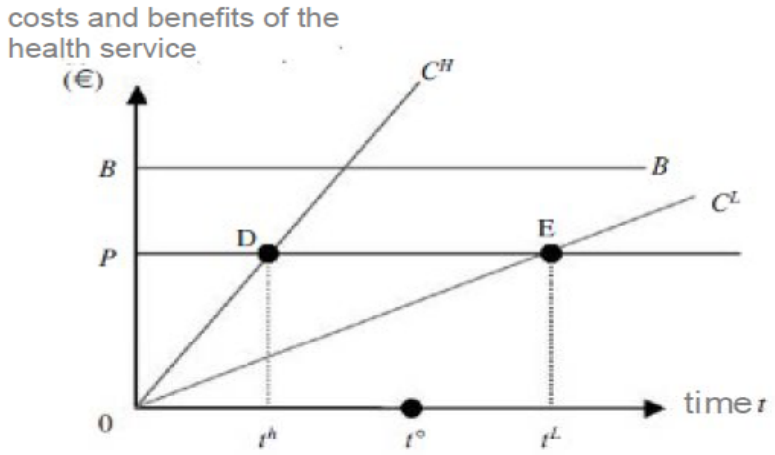
Striving to reach a point of balance between waiting lists and waiting time is rather complex since there is no direct benefit to be gained by increasing productivity; while this might lead to shorter waiting time it does not automatically shorten waiting lists which, on the contrary, might lengthen.

This is due to the phenomena known as *supply-induced demand* where an increase in supply can lead to an increase in demand, generated by the perception that reduced waiting time means better quality. Therefore, it is waiting time that is an indicator of an excess of demand in relation to supply.

The private opportunity cost increases for as long as the waiting time increases, since it is

impossible to carry out normal daily activities like work, housework and free time activities. Equally important is the time involved in obtaining treatment like waiting time, travel time and last, but not least, the anxiety and uncertainty involved in not knowing when treatment will be provided. It is therefore the long waiting time involved in public health services which leads people concerned with the cost of opportunity to turn to privately paid health services, [15].

Figure. 4.2*. Waiting times and choice between public and private: a comparison between two different opportunity costs of time.*



Source: V. Rebba 2009

Figure 4.2. highlights the difference between two inclined straight lines, *CH and CL*, where the first one refers to a subject H, with high cost-opportunity , and the second to a subject L, with low cost-opportunity. For both subjects it is initially hypothesized that the expected benefits from treatment *B* remain constant in time and are always above the price *P*. In general, an individual will choose free public health care when the expected waiting time is such that the cost-opportunity of the service is less than the price *P* of the service provided by private providers.

As waiting time increases, the performance of the line, with reference to time cost-opportunity, overtakes the price *P* and in this case an individual might decide to turn to a private provider to obtain treatment.

Subject H, with a high level of time cost-opportunity, will place a limit on the position assigned by the public health service, that is to say, if it is within the time limit *th*, however if waiting time shifts towards *t°*, his choice may immediately move towards private treatment at a price *P*.

L, whose cost opportunity is lower, will turn to a private provider only if the waiting time of the public health provider is longer than *tL*. The choice in favour of paid health care does not necessarily imply that H has a higher income than L, but only that H might be self-employed with low income, so the impossibility of obtaining health care in a short time might lead to a loss of income , while L, with a higher income is drawn to the private sector because of the costs of anxiety.

If H is not able to afford the payment of price *P* he will have to endure a reduction of efficiency caused by the loss of well-being as a consequence of having to stop working for the time *t*°.

The free Public Health System might manage to ration a specific health treatment through the practice of long waiting lists when there is a private alternative with no waiting lists and competitive prices.

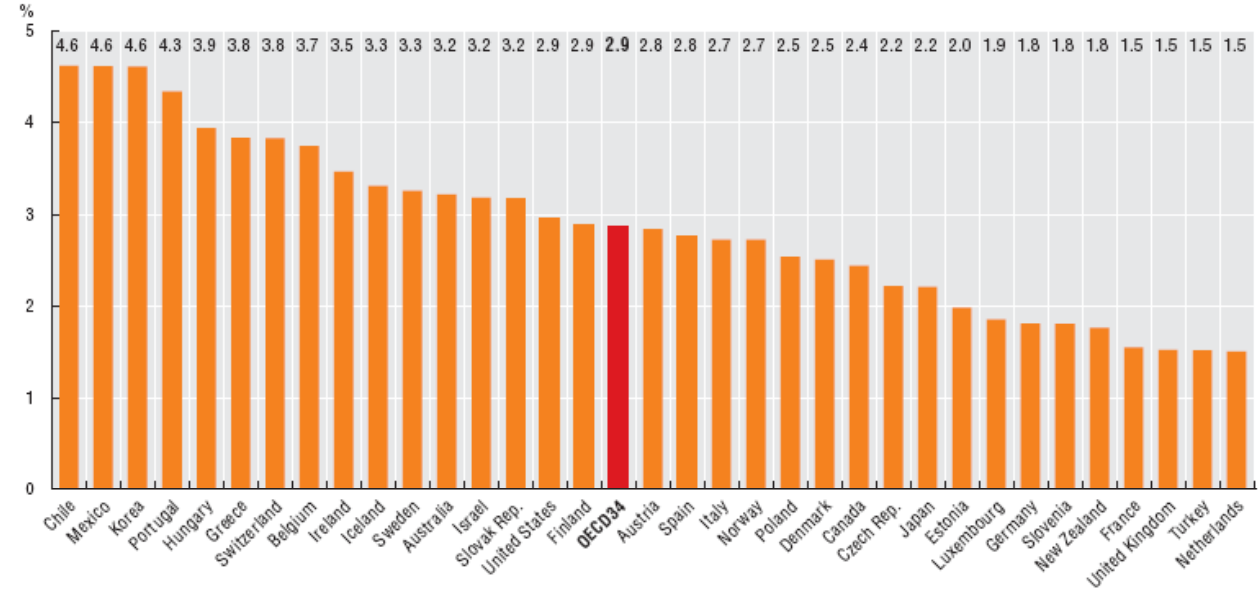
4.3. The Out of Pocket in healthcare

Out of Pocket services are not limited to families with high incomes but also involve those from the lower social classes, and despite the fact that the latter are less likely to turn to the private sector for tests and hospital stays, the number of those who pay the entire sum for treatment is quite high. This is an indicator of the inability of the System to adequately meet the needs of its citizens [13]**.**

The OECD define Out-of-pocket like "*the payments of expenditures borne directly by a patient where neither public nor private insurance cover the full cost of the health good or service*".

The OECD INDICATORS in the report Health at a Glance 2013 highlighting the burden of out of pocket. The burden of out-of-pocket medical spending can be measured either by its share of total household income or its share of household consumption. In 2011, the share of household consumption allocated to medical spending represented only 1.5% of total household consumption in countries such as the Netherlands, Turkey, the United Kingdom and France, but more than 4% in Portugal, Korea, Mexico and Chile (Figure 4.3). The United States, with 2.9% of household consumption spent on medical care, is on the OECD average.

Figure 4.3 *Out-of-pocket medical spending as a share of final household consumption, 2011 (or nearest year)*



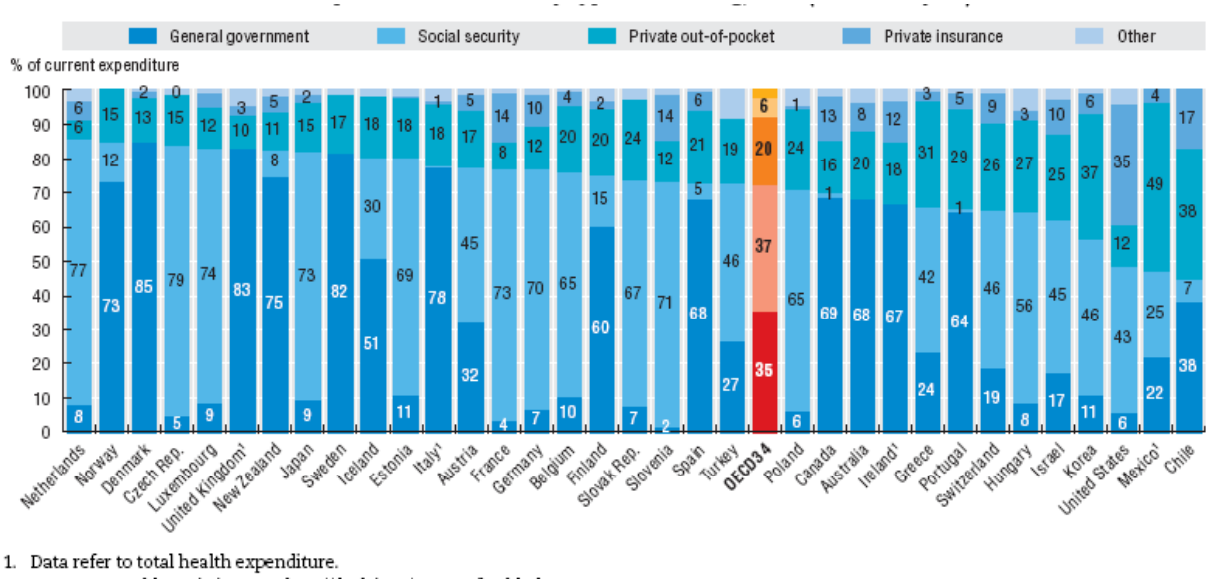
Note: This indicator relates to current health spending excluding long-term care (health) expenditure.

Source: OECD Health Statistics 2013, http://dx.doi.org/10.1787/health-data-en.

The share of out-of-pocket spending has changed in many countries over the past decade (Figure 4.4). While out-of- pocket spending decreased overall in Iceland and Spain between 2000 and 2011, the share has increased by nearly 2 percentage points since 2009 as public coverage for certain services was reduced as a result of the crisis and a growing share of payments was transferred to households. In Ireland, the private spending share remained flat between 2000 and 2009 but has since grown by 2 percentage points. In Portugal, the share grew by 1.5 percentage points between 2000 and 2009 and recorded the same growth between 2009 and 2011. The Slovak Republic has seen the biggest increase in the household share of health spending, with a rise of 15 percentage points between 2000 and 2010. This increase took place prior to the economic crisis, and was due to a combination of increased co-payments on prescribed pharmaceuticals and higher spending on non prescribed drugs, greater use of private providers as well as informal payments to public providers (Szalay et al., 2011). Out-of-pocket payments also increased substantially in the Czech Republic between 2000 and 2008 with a slight drop since. In a number of other countries, spending by private households has fallen sharply in the last decade as more services were covered by public sources or private insurance schemes. In Turkey, the reliance on private spending has been significantly reduced in the past decade as universal health care coverage has been expanded. In Switzerland the share of out-of-pocket spending also fell

notably between 2000 and 2011 by around 7 percentage points, with most of this drop occurring between 2000 and 2008. [11]

Figure 4.4. *Expenditure on health by type of financing, 2011 (or nearest year)*



1. Data refer to total health expenditure.

Source: OECD Health Statistics 2013, http://dx.doi.org/10.1787/health-data-en.

There are many economic and financial problems arising from the private sector supporting the public one since, at the moment, this occurs without any organized scheme to proceed gradually by economic health conditions. There is no plan for prevention/insurance funds with the burden of expenses impacting heavily on savings, without establishing a connection between long-term savings, financial markets and productive investments, which is the founding *ratio* and mainstay of diversification. This diversification can be achieved mainly by incentives to underwrite insurance funds, which is the way to balance the growing demand for health services with the creation/accumulation of resources to satisfy this need.

Therefore citizens no longer depend only on the Public Health System but turn to a wide and diverse range of providers from which to choose.

In reality the shift from Public Health to the private sector is mainly due to the world-wide process of privatization, with European governments planning to cede *assets* for 35 billion euros by 2013, [8].There is an attempt to overcome the economic stagnation by privatizing goods and

services which used to be protected by creating new markets and also expanding existing ones, increasing their profitability.

This is particularly true in the realms of local public services and in social health services where their profitability is guaranteed over time due to unvarying demand. The reasons why, in times of crisis, budgets allocated to social services are reduced and the rate of privatizations is increased at the very time when patients turn to the public sector looking for more sustainable costs, are mainly two. Firstly the conviction that implementing different forms of privatization will lead not only to financial savings, but also to increases in quality, efficiency and even to equality of health services. The second reason is that, even while recognizing that these policies are prejudicial to the fundamental right to health care, they are considered unavoidable in times of serious financial crisis.

4.4 Low Cost High Value in Health Care

The third report on health care by AssoLowcost focuses [1] on the phenomena of low cost health care and emphasizes the fact that the impact of medical care on the global market amounts to 9% of the planet's GDP, more than a thousand billion dollars in the U.S.A. alone. The flux of people seeking medical care within the global market will reach 780 million by 2010, and they will move from rich countries towards emerging countries and from poor countries towards countries of excellence spending, on the whole, 40 billion dollars. This is mainly due to the shift from the National Health Service to the private sector and to the trends towards privatization occurring on a global scale. This has led to an attempt to overcome the economic downturn due to the privatization of assets and services, which used to be protected from commercialization, through the creation of new areas of market and the expansion of existing ones by increasing their profitability.

Long-term profitability is mainly guaranteed in the local public sector and in the social health services, due to their largely unvarying demand. The variety of companies that are involved in the health services system are the accredited private provider, the so-called" private to private" health care provider, among which there are those that adhere to the low-cost philosophy, and the foreign health care provider that caters to the medical tourism industry. There are also providers of many additional kinds of health insurance that can be complementary to, supplementary to, or

duplicative of that of the National Health System.

Therefore the opening up of the market to a third kind of “lightweight” private health care, positioned between the public and the private sectors, as well as the inclusion in some national trade union agreements of voluntary health care funds, is one of the paths chosen to provide an alternative to national health systems. These national systems are in constant financial distress due to the imbalance between income and expenditure which results in ever increasing cuts in spending. Low-cost health care providers, encouraged by the opening up of new market areas [2], particularly those in the lightweight care areas, are privileged correspondents of voluntary health care funds, while accredited private providers and the National Health Service itself often find it difficult to

conform to the operating systems of company health funds which take into consideration things like on line appointments, short waiting list and even pleasant environments. They have entered the market just at the moment when a new field is opening up and they offer advanced technology, good organization, pleasant accommodation and the ability to fulfill the demands of that new field. Their company mission is to provide low cost quality health care while at the same time meeting the commitment of company health funds to provide the required services to their members.

Health care companies in the low cost high value field share goals of long term economic viability, as well as that of total independence from the National Health Service. Out of pocket they choose to pursue different operating models and have different approaches to developing and adapting the low cost formula, while offering services comparable to others available in the same field, as evidenced in table 1.

Tab. 1: *Services low cost high value comparable to others available in the same field*

PROFESSIONAL SERVICES	PRICE	TECHNICAL LEVEL OF SERVICE	EASE OF ACCESS TO THE SERVICE	LEVEL OF CUSTOMER SERVICE	SHOPPING EXPERIENCE
Small professional firms	medium	Intermediate	intermediate	Intermediate/high	intermediate
Low cost high value	low	Intermediate/high	Intermediate/high	intermediate	high
Large firms	high	Intermediate/high	intermediate	Intermediate/high	high

Source: AssoLowcost 2011

5. Case Study

The two cases studied, Centro Medico Santagostino, Progetto Dentale Apollonia (from June 2013 the name has been changed to OdontaSalute**)**, though offering different types of goods and services, shared certain common elements like business strategies, the organization of their supply chains and customer satisfaction and orientation. The two companies are characterized by profit margins based on industrial production; dental prosthesis and specialities for the Centro Medico Santagostino and dental prosthesis Odonta Salute. The following Table 2 compares their strong points.

Tab. 2: *Commercial strong points of the Centro Medico Santagostino, and the OdontaSalute*

	Centro Medico Santagostino	**OdontaSalute**
Born	2009	2008 (born like Progetto Dentale Apollonia (in June 2013 changed its name to Odonto Salute)
Their mission:	*"Health at the right price"*	*"With us a smile costs less"*
Market share:	Meets the growing consumer need for high quality specialize .medicine that is economical and accessible.	Services at affordable prices to contrast medical tourism output by offering patients local care at fair prices and import patients from other countries
Price:	Prices are 30% to 40% below comparable market prices.	Prices are 30% to 40% below comparable market prices.
Customer satisfaction and orientation:	Patients seeking good health care with waiting lists of one week or less, in pleasant surroundings to get quality care with minimum stress	The strategies to contain costs benefit patients who are offered quality services at lower prices than those of the competition, with minimum waiting lists and easy access to care.
Location:	Three locations with 23 clinics that offer more than 30 specialties. In the center of Milan, the offices are easy to reach and cater to a vast and diverse socio-economic clientele.	fourteen locations, in north , center e sud Italy, ample parking, near airports, and motorway exits, very diverse socio-economic clientele. seven clinics are owned by other franchise agreements
Type of goods and services:	Out-patient surgery furnishing careful and individual attention, aimed at supporting patients in every aspect of their care, especially the doctor/patient relationship, with plenty of time for dialogue, free consulting services and transportation, child care areas.	Highly specialized dental clinic with state of the art equipment. Provides medical tourism services for foreigners seeking treatment in Italy.

Source: author's own elaboration

The cases analyzed [7] are all in line with the parameters of the study, in fact they all adhere to the low cost/high value philosophy, all offer, either directly or indirectly, a variety of health services or medical prosthesis, they operate in different geographical areas and they are first

movers. They are successful in the competitive market and are financially secure. They are providers for private care insurance policies, associations and company health care plans, or other organizations that could potentially become partners.

In their performance, the two companies share a common organizational model. For management and non-management personnel, paramedics and doctors, the two companies review performance, raise salaries and grant promotions on the basis of merit. Implementing organizational routines in the offices guarantees quality and efficiency and is useful when opening new branches or franchise ventures. Career and economic incentives are offered mainly to professional employees; at the OdontaSalute doctors are granted commissions on a percentage of the prosthetic work they perform, in the Centro Medico Santagostino, upward career mobility is the incentive. The IT systems are suitable and convenient for the type of business involved and, with cost control in mind, they use standard programs modified to suit specific demands. Branches are designed with functional features in mind, so as to provide efficient work environments and services.

If on one hand venues are designed with people in mind, taking into account hospitality and good use of space, on the other hand the layout is functional to containing costs. The OdontaSalute has come up with clinics that make the most of their investments by having 10 to 17 dentists' chairs that work for 6 days a week, in two shifts. The Centro Medico Santagostino offers dental care up to 10pm. Large volumes of sales and narrow margins are the philosophy of all two companies and suppliers have had to conform to this same policy. Just one of the fourteen dental clinics of the OdontaSalute group invoices, in one month, what a traditional dental clinic invoices in a year, giving it a strong bargaining position with suppliers, which are never very numerous. Encouraging synergy tourism/ medical dental was built through the conclusion of appropriate agreements with the British tour operator specializing in medical tourism, health and brokers. It's clear from the analysis of these cases, that the choice to favor large volumes with narrow margins makes it essential to adopt economies of scale, OdontaSalute has increased the number of its clinics and concentrated them in one place, while the Centro Medico Santagostino is looking for new office space to increase the scope of its services, particularly in the field of psychophysics, but also to make the most of its operating capacity through long office hours. The medical centers are accepting patients from outside their regions as well as outside the nation, with

agreements with brokers that operate in foreign countries. The two companies examined are first movers in their fields, so their procedures are constantly being up-dated. The learning process isn't only aimed at people who do repetitive jobs more efficiently, but also involves the layout, better programming, changes in methods of production and improvements in production organization to reach an ideal balance of costs versus quality. Working with company retirement funds and welcoming patients arriving for medical tourism, as well as recycling production by-products, are all signs that the three companies want to expand into different areas. Good timing is one of the ingredients which contributed to the success of the two companies; they were the first to enter the low cost market, meeting the demands of a clientele that, for cultural or ethical reasons, was ready to welcome their products. Advertising and promotional expenditures are in line with their business choices: word of mouth is considered vital by all two companies, press coverage of the low cost/high value movement is widespread and provides an indirect form of advertising, Working with company retirement funds and welcoming patients arriving for medical tourism. AssoLowcost finances specific market research, issues annual reports, and organizes conventions, all of which give visibility and support to companies that have chosen to adopt the philosophy, web sites are a fundamental means to give the clientele information regarding prices and services, allowing them to make comparisons and contact the companies .The business model that AssoLowcost recommends for its members is based on the following success factors: c*lear and transparent information regarding the prices charged for different services , careful attention to contact and reservation procedures, with several options for remote access to services, concentrate on certain services to achieve those economies of scale necessary to contain costs, adopting quality control standards in order to guarantee high levels of quality, implementing purchasing procedures and underwriting supply contracts with partner companies, information about the kind of work offered by low cost/high value health care companies relies mainly on word of mouth from clients, who pass on to others their favourable impressions regarding services rendered.* By studying and cross analyzing the cases, it is evident that the traditional business model and the low cost [6] one are significantly different in several points of their chain of values. The analysis of the cases, due to their singularities of service and production, yields a fairly general business model for low cost/high value enterprises. By comparing the two business models it becomes evident that the narrow definition by which low

cost equals cheap and limited is no longer true due to the increased importance of employees, the attention paid to customers' expectations and needs and the wide choice of products and services. If, at first, the business choices and organization of the two companies were motivated by the recession and shrinking consumer income, from the research it appears that this consumption trend will last over time, regardless of the economic downturn.

Companies that choose to adopt Low Cost/High Value strategies produce goods or services with characteristics which are important for customers like design, environmental safeguards and easy access. Unlike low cost, which is famously no frills, the savings generated by this kind of management are turned into further benefits for customers. Employees are considered human assets, in the broadest sense of the term. The highlighted parts are those which are quite different from plain Low Cost, so the no frills aspect has been eliminated. A description of the value of goods and services offered, and how user friendly they are, has been included as well as procedures that make it convenient to purchase them, like easy reservations, accessible locations, and a choice of related products; in the cases examined they are the ease with which appointments can be booked. It must be stressed that, for this model and target segment, it isn't just price that motivates choices, but the perception of the quality of the goods and services offered. As far as costs are concerned, what can be deduced from our research is that it is important to work on all the elements of the chain of value in order to increase the volume of sales and lower profit margins by standardizing supplies and strategies and repeating them in other spheres and enterprises. Human resources are considered an asset, hiring procedures focus on finding professional employees that share the company mission [13] .

Conclusions

The continuing financial crisis has lead the government of the health sector to sacrifice an industrial viewpoint in favour of a social one. The choice between social policies and industrial policies is the choice between spending and accumulating wealth. The appearance of new private enterprises in the health market has a positive effect on the nation's revenues through the increase in income from taxation, the growth of job opportunities and real estate investments. It is an expanding market which has attracted the likes of Banca SanPaolo and the Gruppo Banche Popolari, which are the main shareholders of Welfare Italia, a chain of specialized orthodontic

surgeries throughout Italy.

The cases studied have reached the end of their start - up period and are now part of a solid economic fabric.

Being able to look beyond the boundaries of the core business and interact with the main economic players (suppliers, partners and customers), co-operating to generate income, is the reason for the success of Low Cost/High Value enterprises. The value of these enterprises has its roots in three strategic ideas. The first is to offer customers/patients an incentive to take advantage of what is being offered, that is a complex variety of goods and services, so that they will be satisfied with their choice. There are many examples in the cases we have studied. At Santagostino the waiting rooms have Wifi, a library and a quiet meditation room, at OdontaSalute they have special agreements with hotels, restaurants and transportation companies to ensure a pleasant stay during treatment. The second idea is to constantly strive to come up with proposals that involve customers and suppliers, sympathizers and business partners, in an effort to put together new consumer packages something which is possible by constantly re-thinking relationships and business choices. Finally it is important to consider a competitive advantage as the sum of the efforts of all the people involved, communicating with customers to repeat winning strategies. Value must be aggressively pursued to ensure a “dynamic overhaul of the enterprise” [10]. It is particularly evident in health care that low cost/high value enterprises offer a satisfactory choice of quality services at substantially lower prices. In a society where welfare is suffering, and political choices are shifting towards multiple providers in health care, the volume of services and turnover of low cost/high value care, indicates that people consider it the answer to their demand for treatment at fair prices [3]. Where the structure of the health services has had a gradual transformation going from a network of professionals to offer substantially characterized by a network of services most industrialized. These case studies are all virtuous examples whose aim is to increase economic turnover while safeguarding vulnerable consumers. However, the spread of the phenomena of low cost health care has increased the tendency to transform the health services market into one like many others, with the risk of generating negative consequences.

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