Book: Understanding Medical Markets: A Guidebook for Physicians and Health Care Professionals

Authors: Stephen E. Kraft, MD, MBA

Publisher: American College of Physician Executives, 2002, Tampa, FL

Reviewer: Capt Christopher P. Filer, USAF, MSC, MHS
Business Operations & Beneficiary Services Flight Commander
92d Medical Group
Fairchild Air Force Base, WA

Book Review

This book is an excellent introduction to the medical markets. The author writes in a manner that will aid physicians, anyone new to the healthcare industry, and those that would like a simplistic strategic view on understanding the medical markets. The "Porter Five-Force" analysis (Michael E. Porter; Competitive Strategy: Techniques for Analyzing Industries and Competitors, June 1998) is used throughout the book to assist the reader in identifying market drivers. This is a relatively quick read of 150 pages with plenty of examples to aid the reader in identifying the dominant forces.

The book begins with a brief review of the economics impacting this arena and primarily concentrates on the concept of economic value. The reader is then introduced to the "Five-Force" analysis. Then guided through the different types of markets starting from roughly thirty years ago to the near present. There are five types of markets introduced, "traditional," "transition," "doctor-dominant," "hospital-dominant," and "purchaser-activated." Each one is given it's own chapter (chapters 2 through 6) that introduces the concept and then reviews the "Five-Force" analysis for that particular market. Chapter 7 gives a brief summary of chapters 2 through 6.

The second part of the book looks at particular segments; consumers and their impact on quality, the government's impact and role, differing types of managed care and insurance, and physician practice management. Chapter 8 begins with consumers and discusses his thoughts on consumer weakness of which he introduces two; limited control over cash flow and asymmetric information. The author's discussion on the consumer portion centers on the topic of complexity. Quality is addressed in an interesting and simplistic manner with a concentration of the importance of true quality in health care versus monitoring metrics in the guise of quality. The author uses the aircraft industry to relate the topic to a field most readers are familiar; current quality approach in health care is then briefly discussed, followed by a brief of the future of quality.

The next five chapters discuss the author's other identified segments. Each one begins with an introductory, and then moves into a discussion on that particular area. The author does an excellent job using the "Porter Five-Force" analysis on each one, complete with examples. Each chapter also has a very brief summary, which acts as an outstanding synopsis.

The book concludes with a one-page commentary of suggestions to broaden the readers' knowledge of the marketplace. This is a wonderful quick read with a simplistic strategic concept. It makes for a handy reference tool when attempting to identify market conditions for successful ventures, or at the very least aid in understanding how a particular market may impact a medical organizations profits. I would highly recommend this book for physicians, those new to health care, those looking for a refresher with a strategic view, and for any college or university looking to introduce the topic of healthcare while implanting ideas on using a system to gauge potential value or understand the dominant forces in a market and how they all interrelate.