Challenges of Stimulating a Market for Social Innovation – Provision of a National Health Account

Sofie WASS\textsuperscript{a,1} and Vivian VIMARLUND\textsuperscript{a,b}
\textsuperscript{a} Jönköping International Business School, Sweden
\textsuperscript{b} Linköping University, department of computer science, Sweden

Abstract. Innovation in healthcare can be associated with social innovation and the mission to contribute to a shared value that benefits not only individuals or organizations but the society as a whole. In this paper, we present the prerequisites of stimulating a market for social innovations by studying the introduction of a national health account. The results show that there is a need to clarify if a national health account should be viewed as a public good or not, to clarify the financial responsibilities of different actors, to establish clear guidelines and to develop regulations concerning price, quality and certification of actors. The ambition to stimulate the market through a national health account is a promising start. However, the challenges have to be confronted in order for public and private actors to collaborate and build a market for social innovations such as a national health account.

Keywords. public-private sector partnerships, diffusion of innovation

Introduction

During the last years, innovation in healthcare has focused on digital services that increase wellbeing and meet social needs. Apart from finding new solutions to social challenges, introducing digital solutions and establishing new markets, the focus has been to provide what cannot be provided by the market and to include individuals as co-producers of innovation to a greater extent [1]. Traditionally, organisations have relied on internal knowledge and competences in search for innovation [2, 3]. However, in order to sustain current market positions and guarantee survival in a global market, organisations have realised that it is not sufficient to rely on internal knowledge as knowledge is distributed across organizations and individuals [2]. The ambition has therefore been to modernize healthcare services and to open up for new collaborations between private and public actors. In healthcare, mHealth has emerged as a new way to deliver healthcare with a rapidly developing market, partly due to the access to mobile apps [4].

The concept of social innovation has emerged as a result of the search for novel solutions to social problems. An important difference between social innovation and other types of innovation is the aim to contribute to a shared value [5] and improve the life quality of individuals and societies [1]. In addition, the value of the innovation is...
mainly given to the society as a whole instead of an individual or an organization [6]. In this study we present the prerequisites for stimulating a market for social innovation where public and private actors need to co-create digital and mobile services in order to build a market.

1. Methods

This article is one in a series of publications initiated three years ago and draws on secondary data taken from case studies performed between 2011 and 2013. It is therefore important to stress that this is not an empirically based article in the sense that data has been collected and analysed for this article. Instead, previous results are used to illustrate the prerequisites of stimulating a market for social innovations. The aim of the previous publications [7-10] was to explore prerequisites for implementing social innovations and prerequisites to create a market for eHealth. The secondary data used in this article includes twenty-one in-depth interviews with care providers, entrepreneurs and leaders in Swedish county councils and three interviews with key decision makers (i.e. the Pharmacy Service AB, The National Board of Health and Welfare and Sweden’s Innovation Agency) that aimed to validate previous knowledge and to more accurately understand the goals and visions of providing a health account to all citizens. The outcomes in the previous publications were validated through three seminars with nine representatives from private and public organizations with expertise in the healthcare area. The prerequisites for stimulating a market for social innovations, presented in this article, are based on an analysis done in a recent report [10] by the second author. This analysis was done through the formation of thematic codes referring to prerequisites for implementing social innovations such as a health account.

There are several definitions of innovation. In this article we define innovation as “...the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations” [11]. We acknowledge the importance of new services and new technology and its importance for the way of working in healthcare [12]. Further, we recognized that digital solutions have in particular been described as an important factor for new solutions, incremental revenue, improvement of internal processes and more efficient use of resources and thus as an important contributor for innovations [13].

1.1. The Context – the National Health Account “HealthForMe”

The national health account HealthForMe is an initiative from the Swedish Ministry of Health and Social Affairs that seeks to offer all citizens an account where they can save, overview and manage health information. The Swedish eHealth Agency is responsible for the public procurement and implementation of the account, with a budget of 26 million EUR between 2014 and 2017. Each citizen will own the information that is gathered in the health account and can, whenever he or she wishes, decide to delete or share the information with family members, healthcare personnel or third party organizations. The account will consist of a series of applications produced by the private and public industry, offered on the market and with the possibility to connect them to the account. Third-party developers that want to connect and offer services to
citizens will need to apply to the Swedish eHealth Agency to be certified according to ethical and technical requirements [14].

Citizens will be able to sample and share information from electronic health records (EHRs), vaccinations and lists of medications. They will also have the possibility to add apps and services delivered by third-part industries or organizations and information on i.e. daily health and fitness activities. The account is expected to (1) stimulate citizens’ engagement in their own health, (2) strengthen patient involvement in healthcare and (3) create prerequisites for new e-services and apps [14]. The citizen will not need to make additional payments to use the basic services of the health account.

2. Results

The provision of a national health account to all citizens, brings challenges that have to be managed in order to fulfil an effective delivery of the health account. Some of the challenges depend on the expectations of entrepreneurs, other on the expectations of users or citizens and other on the evidence based experiences of care providers. In table 1, the similarities and differences between the identified prerequisites of citizens, care providers and entrepreneurs are presented.

Table 1: Issues that need to be fulfilled to stimulate a market for social innovations where public and private actors collaborate in order to provide a national health account and enhancing services.

<table>
<thead>
<tr>
<th>Prerequisites</th>
<th>Users/Citizens</th>
<th>Care provider</th>
<th>Entrepreneurs/private actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge about the health account and added services</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality and trust</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Clear use of expression and concepts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lab results are shared with the patient</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared access to patient data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of data gathering</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An open market that allows actors to compete</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Clear guidelines concerning certification and rules for the supply of services and entry to market rules</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>A new view of doing business, innovative business models and payment alternatives</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>

The table above shows that citizens and care providers seem to focus on non-market issues when discussing prerequisites that need to be fulfilled in order to be able to implement a health account. All issues seem to be related to security, trust or quality of data gathering. However, private actors and entrepreneurs focus on guidelines, certification and new views of doing business. While important issues for citizens and care providers include the supply of information and how it will be developed, offered and secured, entrepreneurs are concerned with the demand for services, type of services offered, information regarding market rules and how to become a partner in the development of services that will be offered to the citizens. Interesting enough users and care providers did not mention the willingness to pay or payment models as an important prerequisite which can influence the market and the implementation of a health account.
3. Discussion

From the results stated in the previous publications, used as a basis for this contribution, we learned that a general constraint to stimulate a market for social innovation is whether a health account and the connected e-services should be viewed as public goods that are publicly financed or as private e-services that should be financed by the individual. Today, there is a lack of information on whether some services should be provided for free to all citizens or to specific patient groups. An important precondition for entrepreneurs is the identification of who will have the financial responsibility for the services. It is currently not clear if the services will be offered as public services and consequently be free to all individuals that are willing to use them, if the services will be subsidized or if they will be regulated by the market. The absence of regulation and categorization of the kind of services that will be the responsibility of the healthcare organizations is an issue that constrains the willingness of entrepreneurs to develop and produce health services today. Entrepreneurs are not willing to be both the distributors and financers of the services.

The healthcare sector is also characterized by information asymmetry [15] between different actors. Due to the current unbalance of information access surrounding the health account it is important to elucidate the meaning and expectation of service value and service quality. Moreover, providers have to be trustworthy since they might have an impact on individuals’ health and it is important to ensure that digital solutions are safe and secure [4]. Without access to information, private actors will not be able to contribute to the development of new solutions. Furthermore, the healthcare sector, at least in Sweden, is controlled by regulations and laws that are different from other markets. In the case of the health account, patient data laws and the certification of actors by the Swedish eHealth Agency will affect the delivery of services. When the regulations of a market are changed, power is transferred from the authorities to the market, i.e. producers and consumers. However, it is hardly enough to remove regulations in order to establish an efficient market; because there is often a need for more regulations and control. The health account is an apparent example of such a situation. In order to establish an efficient market there is a need for an adequate set of regulations and institutions that control if they are abided. The formulation of these regulations is essential for the development of the market for social innovations and issues concerning price, productivity, investments and cost-effectiveness. This is consistent with the requirements for a scale-up of mHealth in Europe, which acknowledged the need for guidance and support for app developers concerning EU rules [4].

Even if the impact of social innovations like a health account cannot be viewed in revenue, it is of value to identify the benefits for care providers, citizens and private actors. These can often be connected to improved welfare, patient security and improved public health. Today’s market for digital healthcare solutions as well as social innovations is of interest to both decision-makers and academia. The ambition to stimulate the market through a national health account is a promising start. However, it is difficult for private actors to realize the possibilities, as along as challenges such as price competition, differentiation and quality issues, certification of distributors and range of e-services are not solved. The lack of knowledge on citizens’ willingness-to-pay for e-services, that is part of a publicly financed health account, makes it difficult for private actors to design business models. Innovations are rarely created by a single actor, instead there is a need to include diverse actors to stimulate the search for new
solutions [2]. Future studies will therefore need to elucidate how to govern and manage the platform that connects the health account and other e-service in order to stimulate a market for both public and private actors and attract market actors to the area.

References