

# The Impact of Telemedicine on Competition and Innovation in Health Care

by

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Ethics of Telemedicine & Social Media use among Medical  
Professionals

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# Presentation Outline

1. About the FTC
2. Primary Focus of Competition Authorities
3. The Potential Impact of Telemedicine
4. Information and Competition
5. Misleading Advertisement
6. Testimonials
7. Summary

# 1. About the FTC

- Jamaica's competition authority
- Enforces the Fair Competition Act (FCA), 1993
- Promotes Competition:
  - Law enforcement,
  - competition advocacy
  - public education

## 2. Primary Focus of Competition Authorities

- Investigating the cause and consequence of “market power”

Market power is bad only when rivalry is harmed and patients are harmed.

## 2. Primary Focus of Competition Authorities (cont'd)

- Text Book Definition

“market power” the ability to profitably charge prices above competitive levels for a sustained period.

## 2. Primary Focus of Competition Authorities (cont'd)

- Alternative Definition

“market power” the ability to profitably sell products of quality below competitive levels for a sustained period.

## 2. Primary Focus of Competition Authorities (cont'd)

### Consequence of Market Power:

- Higher Prices
- Lower quality
- Fewer product varieties
- Slower rates of product innovation



## 2. Primary Focus of Competition Authorities (cont'd)

### Constraints on Market Power

- Competitors
- Potential Competitors (*contestable markets hypothesis*)
- Consumers

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# 3. The Potential Impact of Telemedicine

Telemedicine: “Practice of medicine delivered remotely”

Opportunities (constrain market power → enhances competition):

- 1) increases competitors (expand geographic markets)
- 2) increases potential competitors (lower impediments to entry)
- 3) expand consumer base (reduced transaction costs)
- 4) spill-over effects (jobs in IT sector)

# 3. The Potential Impact of Telemedicine (cont'd)

## Threats:

- 1) Access to IT infrastructure: Is reliable, high speed Internet available? (*FTC working with SMA to mobile spectrum*)
- 2) Legislation & Regulation: Is current legislation technologically neutral? (*draw lessons from telephone sector*)
- 3) **Information issues**: *consumer inertia, information asymmetries* (eg., misleading advertising)

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# 4. Information and Competition

## Results of the Economics Literature

- Complete information promotes competition
- Incomplete (asymmetric) information hinders competition

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# 5. Misleading Advertisement

- Fines:
  - up to \$1 million (individuals);
  - Up to \$5 million (other)

## Section 2, FCA

- Advertisement means “any form of communication made to the public or a section of the public for the purpose of promoting the supply of goods or services”



## 5. Misleading Advertisement (cont'd)

Section 37(3)(e), FCA

Communication made to the public includes

“contained in or on anything that is sold, sent, delivered, **transmitted** or in any other manner made available to a member of the public.”

Implications: social media messages/posts/tweets are considered advertising to the public

# 5. Misleading Advertisement (cont'd)

## Section 37(1), FCA

A person shall not...

- (a) make a representation to the public that is false or misleading in a material respect;
- (b) make a representation to the public in the form of a statement, warranty or guarantee of performance, efficacy or length of life of goods that is not based on an adequate and proper test thereof, the proof of which lies on the person making the representation

# 5. Misleading Advertisement (cont'd)

Section 37(1)(c), FCA (services)

A person shall not...

make a representation to the public in the form of a statement, warranty or guarantee that services are of a particular kind, standard, quality, or quantity, or that they are supplied by any particular person or by person of a particular trade, qualification or skill if they are not.

# 5. Misleading Advertisement (cont'd)

## Section 37(1)(d), FCA

A person shall not...

make a representation to the public in a form that purports to be—

- (i) a warranty or guarantee of any goods; or
- (ii) a promise to replace, maintain or repeat an article or any part thereof or to repeat or continue service until it has achieved a specified result, if that promise is not likely to be carried out.

# 5. Misleading Advertisement (cont'd)

## Section 37 (1)(e), FCA

A person shall not...

Make a materially misleading representation to the public concerning the price at which any goods or services or like goods or services have been, are or will be ordinarily supplied.

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# 6. Testimonials

## Section 38,FCA

A person shall not...

- a) make a representation to the public that a test as to the performance, efficacy or length of life of the goods has been made by any person; or
  - (b) publish a testimonial with respect to the goods, unless he can establish that—
    - (i) the representation or testimonial was previously made ...by the person by whom the test was made ....; or
    - (ii) before the representation or testimonial was made or published, it was approved and permission to make or publish it was given in writing by the person who made the test or gave the testimonial, as the case may be,
- and it accords with the representation or testimonial previously made, published or approved.

# 7. Summary

- Telemedicine is a game changer!
- If potential threats (IT, regulations, information concerns) are not adequately addressed, health care sector could face:
  - Higher prices
  - Lower quality services
  - Fewer options for patients
  - Slower rates of product innovation



# End of Presentation

Thank You

Please send comments to:

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