

Organizational Fragmentation and Care Quality in the U.S. Health Care System

Abstract

Many goods and services can be readily provided through a series of unconnected transactions, but in health care close coordination over time and within care episodes, improves both health outcomes and efficiency. Close coordination is problematic in the US health care system because the financing and delivery of care is distributed across a variety of distinct and often competing entities, each with its own objectives, obligations and capabilities. These fragmented organizational structures lead to disrupted relationships, poor information flows, and misaligned incentives that combine to degrade care quality and increase costs. We illustrate our argument with examples taken from the insurance and the hospital industries, and discuss possible responses to the problems resulting from organizational fragmentation.