

A Framework and Empirical Strategies for Assessing Healthcare Efficiency

Concerns over rising healthcare spending in the U.S. continue to motivate discussions and activities in evaluating healthcare efficiency. The Physician Consortium for Performance Improvement® (PCPI) has encouraged the use of measures of efficiency as tools or metrics to identify areas of potential cost savings without compromising quality (“[The Linkage of Quality of Care Assessment to Cost of Care Assessment](#)”). Healthcare efficiency measurement is therefore multidimensional and must incorporate measurements of quality of care. The PCPI Work Group on Efficiency and Cost of Care, co-chaired by Drs. William Golden and Jonathan Sugarman, has prepared two papers which are intended to provide the Work Group and the PCPI with a technical foundation for the development of future strategies and projects in healthcare efficiency measurement and improvement. These papers also may be useful to individuals and organizations seeking to understand and address concerns in measuring healthcare efficiency.

- 1.) In the first paper, “[A Framework for Measuring Healthcare Efficiency and Value](#),” we develop an approach for assessing healthcare value that explicitly outlines the relationships between healthcare outputs, inputs, quality, efficiency, and value. We begin by adding to and refining the current terminology of healthcare efficiency, and show how quality can be explicitly modeled in healthcare production. Several technical issues in applying “cost efficiency” measures in healthcare efficiency and value measurement are also reviewed.
- 2.) In an accompanying paper, “[Empirical Applications for Assessing the Efficiency and Value of Healthcare Using the Physician Consortium for Performance Improvement® Physician Performance Measures](#),” we outline several empirical strategies for measuring efficiency. These strategies are aimed at providing methods for operationalizing the empirical concepts in our model of healthcare efficiency. This paper also presents potential approaches for identifying the economic implications of existing PCPI performance measures of overuse.

Comments and questions

For additional information regarding these papers, please contact:

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