Hospital Productivity

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The Challenge

- Most products
  - capital and technology
  - production costs
  - prices
  - market competitiveness

- Hospitals
  - capital and technology
  - production costs
  - prices
  - public policy
Why Bother Measuring P’s and Q’s?

- Spending ($S$) = Price ($P$) * Quantity ($Q$)

- General ?: Are we paying more ($P$) or getting more ($Q$)?

- ? in Health Care: Are P’s fair?
  - service price indexes (SPIs) do a good job at this
  - quality/outcome-adjusted P’s muddy the waters
    - if survivorship rises, do hospitals get credit?
    - if readmissions fall, should hospitals get to keep the money?