

## **Measuring Efficiency of Secondary Healthcare Providers**

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The chief aim of study was to analyse secondary health care providers' efficiency, focusing on the efficiency analysis of Slovene general hospitals. This way we intended to present and throw light upon a complete picture of technical, allocative and cost or economic efficiency of Slovene general hospitals, basing our study on the grounds of modern economic theory.

We thoroughly researched the aspects of technical, allocative and cost efficiency with econometric methods, namely with the SFA method and DEA method. We calculated the necessary quotients of efficiency with the SFA method, which are gained by econometric evaluation of stochastic frontier functions; with the DEA method, we calculated the necessary quotients that are based on the linear programming method.

Our results on measures of efficiency of individual general hospitals showed that the two chosen methods produced two different conclusions – each chose a different hospital as the most efficient Slovene general hospital. The SFA method concluded Celje General Hospital is the most efficient Slovene general hospital economically, while the DEA method concluded Brežice General Hospital was the hospital to be declared as the most economically efficient hospital in Slovenia.

The differences in our results on measures of efficiency is, in our case, a direct consequence of the fact that the estimated stochastic frontier function inside the SFA method lies above the data envelopment of data, namely above the frontier function of the DEA method. The stochastic frontier function does not match the data as is characteristic of this function inside the DEA method.

Our results on measures of efficiency are a useful tool that can aid managers, payer and designers of health care policy to better understand how general hospitals actually operate. The participants can accordingly decide with less difficulty on any further business operations of general hospitals, with the best practices of general hospitals at their disposal – examples that are established as the most efficient general hospitals by our analysis.

*Keywords:* technical efficiency, allocative efficiency, cost efficiency, DEA, SFA