

A STOCHASTIC APPROACH TO HEALTH CARE PERFORMANCE

*Yong Joo Lee, Department of Finance and Supply Chain Management, Central Washington University,
Ellensburg, WA 98926, yongjoo.lee@cwu.edu*

ABSTRACT

Amid the many changes made in the government policies over the last decades in the U.S., health care system is very conspicuous due to its enormous impact on the quality of citizens' lives. Despite the intense governmental efforts to embrace loud voices from all different stratum in the society, addressing all aspects of the system for improvement is not that simple for its complexity in cost, quality care, or legislation. Our study aims to conduct the productivity measurement for health care providers in a state of U.S. using the Stochastic Frontier Analysis. The method outlines efficiency and inefficiency structure of Decision Making Units. Another popular method to do same task is Data Envelopment Analysis. Eventually, the comparison of the two study is made to see the different behaviors in the construction of efficient frontiers for the healthcare institutions in U.S.