

Public sector efficiency

Budget constraints have increased pressures on governments and public organisations to achieve efficiency gains. From an economic standpoint, efficiency is the relationship between one or more inputs (or factors of production) and one or more outputs.

The notion of efficiency and related concepts such as value for money are some of the most discussed dimensions in the area of health care. In a number of OECD countries, ageing population and rising cost of medical technologies are leading to a sharp increase in health care spending. A number of governments are therefore implementing a mix of policies to improve care co-ordination to contain the rise in health expenditure while also ensuring the highest standards of quality of services.

A number of chronic health problems such as diabetes, asthma and chronic obstructive pulmonary disease (COPD) can, for instance, be treated in the primary care system to avoid unnecessary and costly hospital use. The rate of avoidable hospital admissions (patients admitted to hospital for chronic diseases who should usually be treated outside hospitals) is therefore a good indicator of the efficiency of the primary care system. In 2013, the rate of avoidable hospital admissions was particularly large in Austria, Korea and New Zealand while they were the lowest in Italy, Portugal and Switzerland. Providing consistent point of care over the longer term, tailoring and co-ordinating care for those with multiple health care needs and supporting the patient in self-education and self-management are among the various policy options implemented in OECD countries to reduce avoidable hospital admissions and increase efficiency in the management of patient treatments. Very low hospital admission for these chronic diseases does not necessarily mean that patients receive good quality care outside hospitals.

When patients have to be admitted to hospitals, containing the average length of stay (ALOS) has become an important policy issue in a number of OECD countries to reduce costs. All other factors being constant, a shorter stay will reduce resource requirements and the cost per discharge, thereby allowing the treatment of a greater number of patients for given inputs. However, shorter stays tend to be more service-intensive and more costly per day. Too short a stay may also cause adverse effects on health outcomes, or reduce the comfort and recovery of the patient.

In most countries, ALOS has fallen over the past decade, from an average of just over eight days in 2004 to just over seven days in 2014. Countries have used different strategies to reduce ALOS while maintaining or improving the quality of care. These strategies include reducing the number of hospital beds alongside the development of early discharge programmes that enable patients to return to their home to receive follow-up care, and promoting the use of less invasive surgical procedures (OECD, 2013).

Methodology and definitions

The indicators are defined as the number of hospital admissions with a primary diagnosis of asthma, COPD and diabetes among people aged 15 years and over per 100 000 population. Rates were age-sex standardised to the 2010 OECD population aged 15 and over.

“Average length of stay (ALOS)” refers to the average number of days that patients spend in hospital. It is generally measured by dividing the total number of days stayed by all inpatients during a year by the number of discharges (for all causes). Day cases are excluded.

Further reading

OECD (2015), “Health at a Glance 2015: OECD Indicators”, OECD Publishing, Paris, http://dx.doi.org/10.1787/health_glance-2015-en.

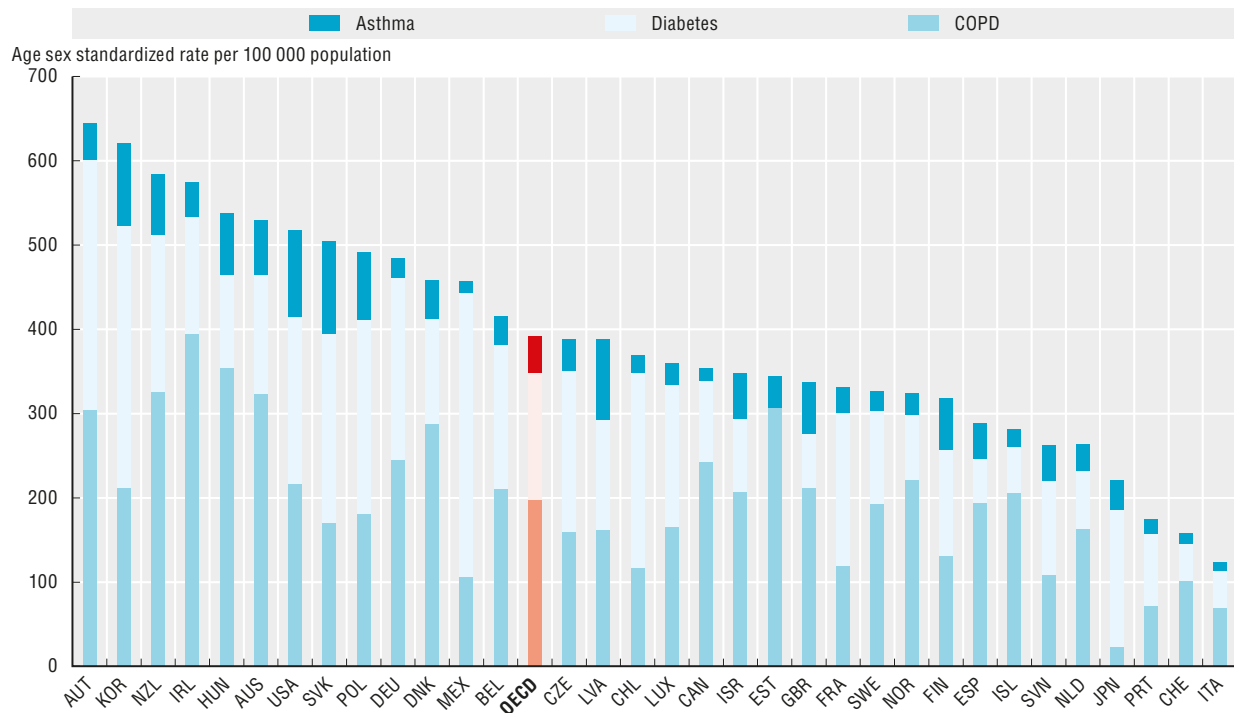
Figure notes

13.8: Three-year average for Iceland and Luxembourg.

13.9: Data for Korea and Poland are for 2005 rather than 2004. Data for China are for 2000 rather than 2004. Data for Colombia are for 2009 rather than 2014. Data for Australia, Belgium, Canada, Chile, Denmark, France, New Zealand, United States and Colombia are for 2013 rather than 2014. Data for Japan are for 2012 rather than 2014. Data for Greece are for 2011 rather than 2014. Data for Canada, Japan and Netherlands refer only to curative care and exclude long term care in hospitals.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

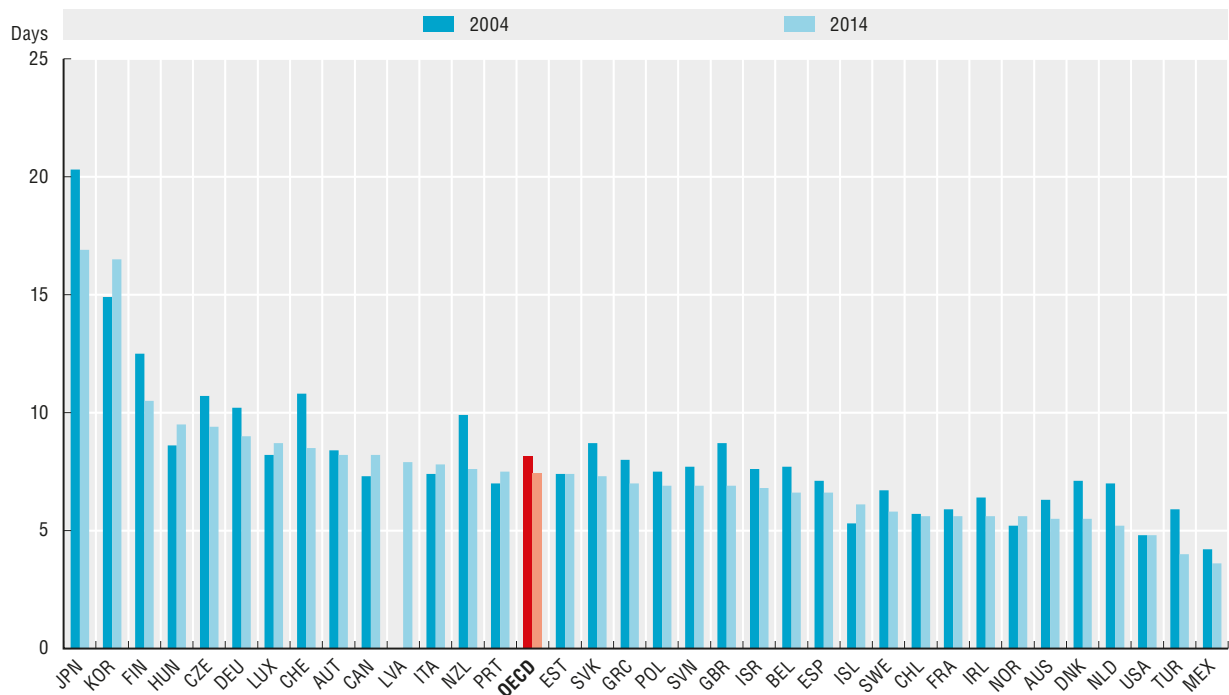
13.8. Asthma, diabetes and COPD hospital admission in adults, 2013 (or nearest year)



Source: OECD, Health Statistics.

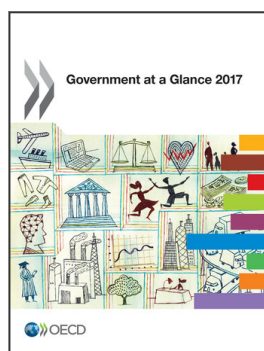
StatLink <http://dx.doi.org/10.1787/888933533739>

13.9. Average length of stay in hospital for all conditions, 2004 and 2014



Source: OECD, Health Statistics.

StatLink <http://dx.doi.org/10.1787/888933533758>



From:
Government at a Glance 2017

Access the complete publication at:
https://doi.org/10.1787/gov_glance-2017-en

Please cite this chapter as:

OECD (2017), “Public sector efficiency”, in *Government at a Glance 2017*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/gov_glance-2017-79-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.