Download

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Melo-Becerra, Ligia Alba

Vásquez-Escobar, Diego

Alarcón-Obando, María Isabel

Silva-Samudio, Giselle Tatiana

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have

Publication Date:

Friday, 21 June 2024

Abstract

This document describes the Colombian healthcare system and its main responsibilities, highlighting the roles of insurance and financing, and compares it with other healthcare systems globally. Additionally, using stochastic frontier techniques, it estimates the efficiency in the use of resources of the Health Promoting Entities (EPS) in Colombia, during the period 2014 to 2021. The results indicate that the average efficiency is 58%, with significant dispersion, suggesting that EPS in the country have operated at very different levels of efficiency in the administration and management of their resources, ranging from a minimum of 1% to a maximum of 92%. A scale efficiency measure is also estimated to determine the extent to which entities optimize the size of their operations, finding that 41.9% of the most efficient EPS have the best gains in scale efficiency, while 46.2% of the least efficient ones have the worst results. Finally, using the CAMEL methodology, a financial and managerial strength analysis of these entities is conducted. The results reveal a high correlation between the efficiency estimates of the EPS and the indicators of relative market size and portfolio quality, emphasizing the importance of scale efficiency in the performance of EPS.