ABSTRACT

Community Health Center Efficiency: The Role of Resource Dependence and the Economics of Production in Health Center Efficiency

A Dissertation Proposal Presented to the Faculty of the Heller School for Social Policy and Management
Brandeis University, Waltham, Massachusetts
By
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Since their inception in the 1960s, community health centers have acted as a primary care safety net for the poor. As of 2010, Federally Qualified Health Centers (FQHC) served more than 7 million uninsured patients and remain a critical source of care for the poor. Previous work has found that FQHCs are more cost efficient and deliver higher quality care than other usual sources of care. However, little is known about the variation or determinants of efficiency among health centers.

In 2000, the Institute of Medicine (IOM) reported that the ability of FQHCs to meet their mission of serving all patients is threatened by the proliferation of Medicaid Managed Care (MMC). Other work has suggested that scale and staff mixture are important determinants of efficiency. These explanatory variables are further explained by resource dependence theory and the economic theory of production. This study will analyze FQHC’s technical efficiency—achieving maximum output given inputs and economic efficiency—the use of resources to maximize output. Also, technical change will be assessed to account for productivity changes over time.

The primary data source will be the Uniform Data Set which provides performance and utilization data for the entire population of FQHCs. The dependent variable will be Data Envelopment Analysis (DEA) efficiency scores—technical and economic efficiency, of the health centers. These dependent variables will be analyzed using Tobit models, which account for the half-normal distribution, in order to analyze the three key determinants of efficiency identified earlier. In order to account for changes over time, Malmquist analyses will be used to decompose the productivity change that is attributed to technical change and technical efficiency.

This study will generate new knowledge with respect to associations and determinants of efficiency across FQHCs using non-parametric methodology which tends to uncover variables hidden by central tendency theory. This is a critical area for research because an additional $11 billion has been allocated to FQHCs over the next five years to double the current patient volume. Results will be useful for policy makers at both the State and Federal level to identify determinants of efficiency in order to meet expectations of increased efficiency of service delivery in the coming years.

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