

# Study: Experimental measures of output and productivity in the Canadian hospital sector, 2002 to 2010

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Using new experimental measures of economic output for hospitals, the research paper "Experimental Measures of Output and Productivity in the Canadian Hospital Sector" provides estimates of labour productivity in Canada's hospital sector.

Labour productivity is a measure of economic output per unit of labour input. The labour input is measured by the total hours worked of doctors, nurses and administrative staff. However, up until now, little was known about the sector's productivity because of the way economic output was measured.

In the past, the volume of output was measured by the volume of inputs, such as labour costs for doctors, nurses and administrative staff, as well as capital input. This did not allow for a measure of productivity performance for the sector.

This study produced an experimental direct output measure by using the number of inpatient and outpatient cases by type for the Canadian hospital sector to estimate a measure of the sector's productivity.

The output measure is based on the notion that the output in hospitals represents the treatment of a disease or condition. As treatments of different diseases and conditions involve different types of services, weights based on unit costs of treatments for each type of inpatient and outpatient case are applied to establish the direct output measure.

The study estimates that labour productivity in the hospital sector increased 2.6% per year on average over the 2002-to-2010 period. This represents annual growth of 4.3% for output and 1.7% for hours worked in the sector.

The labour productivity growth in hospitals was greater than the annual growth of 0.7% for the business sector over the same period.

The research paper "Experimental Measures of Output and Productivity in the Canadian Hospital Sector, 2002 to 2010," part of *The Canadian Productivity Review* (15-206-X) series, is now available from the *Browse by key resource* module of our website under *Publications*.

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