

# An Analysis of the Efficiency of Hospitals using a Data Envelopment Analysis Model

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## ABSTRACT

The health care industry is growing rapidly in the United States. Along with the growth, the way of reducing health care spending and improving the efficiency of the health care system has been discussed among researchers. In particular, hospital efficiency has been one of the main topics in the health care industry. This paper employs a nonparametric approach to measure the efficiency of hospitals. Using a Data Envelopment Analysis model and publicly available data, the performance of hospitals in the Midwest United States is evaluated. The efficiency levels of the hospitals are compared and analyzed by considering different types of variables describing main characteristics of hospitals. The results of this study give administrators not only an insight on their current efficiency rate and the ranking among the hospitals participated but also a way of changing their inefficiencies.