Borradores de Economía - Health Promoting Companies in Colombia: Health risk management, technical efficiency, and financial strength

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Publication Date: Friday, 21 of 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.

Fuente: https://www.banrep.gov.co/en/borradores-economia-health-promoting-companies-colombia-health-risk-management-technical-efficiency