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## **Money for nothing: the net costs of medical training**

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### **Objetivos (Objectives):**

One of the stages of medical training is the residency programme, where residents face the real world of medical practice for the first time, under the supervision of a graduated physician. Hosting institutions often claim compensation for the training provided. How much should this compensation be?

### **Metodologia (Methodology):**

We jointly consider two effects. On the one hand, residents take extra time and resources from both the hosting institution and the supervisor. On the other hand, residents can be regarded as a less expensive substitute to nurses and/or graduate physicians, in the production of health care, both in primary care centres and hospitals. We use the fact that residents, in Portugal, are centrally allocated to National Health Service hospitals to treat them as a fixed exogenous production factor.

The data used comes from Portuguese hospitals and primary care centres, and apply several cost function estimation techniques to measure the impact of residents on the total cost structure of hosting institutions. The net effect can be either positive or negative.

### **Resultados (Results):**

Even though teaching institutions have a higher cost level (around 2%), cost function estimates point to a small negative marginal impact of the residents in the total cost structure of hospitals (-0.02%) and primary care centres (-1%). Nonetheless, there is a positive relation between dimension and cost to the very large hospitals and primary care centres.

### **Conclusões (Conclusions):**

According to our analysis, given the benefits arising from having residents among the house staff, no transfer (either tuition fee or subsidy) should be set to compensate the hosting institution for providing medical training.