CAN WE INFER HOSPITAL QUALITY FROM MEDICAL GRADUATES’ RESIDENCY CHOICES?

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Abstract
This paper uses a novel approach to infer hospital technical quality from revealed preferences over residency programs. Specifically, we use Spanish medical graduates’ residency choices made from 1995 to 2000. We start by estimating a model of medical graduates preferences that controls for hospital, proximity, specialty, and gender effects. We interpret the coefficients on the hospital dummy variables as measures of medical graduates’ preferences over hospitals. Our results show that graduates do indeed discriminate between hospitals and that their preferences correlate with hospital-specific covariates arguably related to hospital training quality. We then show that preferences from medical graduates are positively and statistically significantly correlated with risk-adjusted hospital rankings based on five alternative outcome measures. Finally, we construct reputation scores for each hospital using news story counts in three media outlets and find that medical graduates’ preferences are especially valuable for inference of hospital technical quality of care as they do not simply reflect well known reputation. (JEL: I11, I12, J24, J44)

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