Table 1. Breakdown of total operating costs for ASL and AO units

	2000	2001	2002	2003	2004
			ASL		
Labour	36.1%	34.6%	33.4%	25.2%	25.0%
Medical Staff	28.0%	26.7%	25.8%	19.5%	19.2%
Materials and services	59.5%	62.2%	63.2%	72.1%	72.3%
Materials	9.0%	8.6%	10.7%	7.2%	7.2%
Drugs	2.7%	2.8%	3.1%	2.9%	3.1%
Operating Services Contracted Out	2.1%	2.2%	2.1%	1.7%	1.7%
Other Outsourced Services	46.6%	49.0%	48.4%	61.4%	61.8%
Administrative Costs	2.3%	1.0%	1.1%	0.9%	1.0%
Depreciation	1.4%	1.5%	1.6%	1.2%	1.1%
Other costs	0.7%	0.7%	0.7%	0.6%	0.6%
Total Operating Costs (10^3 €)	190,086	205,150	216,115	295,099	311,600
			AO		
Labour	59.4%	56.8%	56.4%	53.0%	52.8%
Medical Staff	45.3%	43.1%	43.3%	40.9%	40.3%
Materials and services	32.9%	36.1%	36.3%	40.1%	40.0%
Materials	19.3%	20.1%	20.5%	21.0%	23.2%
Drugs	6.5%	6.5%	6.9%	7.3%	8.3%
Operating Services Contracted Out	4.2%	5.2%	5.3%	5.0%	5.3%
Other Outsourced Services	6.5%	7.1%	6.6%	9.9%	7.4%
Administrative Costs	3.4%	2.1%	2.1%	2.2%	2.3%
Depreciation	2.8%	3.2%	3.4%	3.2%	3.1%
Other costs	1.4%	1.8%	1.8%	1.6%	1.8%
Total Operating Costs (10^3 €)	163,013	175,424	188,420	203,450	208,720

Table 2. Breakdown of operating hospital costs (*OHC*) for ASL and AO (average 2000-2004)

	ASL	AO
Labour	87.6%	84.7%
Medical Staff	67.4%	64.8%
Drugs	8.5%	10.6%
Depreciation	3.9%	4.7%
Operating Hospital Costs (10^3 €)	78,628	121,558

As the labour input is concerned, a distinction has been made between medical staff (*MS*, including physicians and nurses) and administrative staff (*AS*); the average price for the two categories (P_{MS} and P_{AS}, respectively) has been obtained by dividing costs by the effective number of employees. As a proxy for the price of drugs (P_D) we used the ratio between the corresponding cost and the total number of in-patients days per year. Finally, the average price of the capital input (P_K) has been computed by dividing depreciation costs by the total number of beds. A time trend that should reflect the effect of technical progress has been added to the model (*TREND*). Its coefficient can be interpreted as a growth (or reduction) rate of costs due to an Hicks-neutral technological change.

Table 3 reports the descriptive statistics of the variables used in the estimation. There is a high variability in the level of operating costs and in the output levels, which is partially due to the fact that our sample of hospitals is very heterogeneous in size, but can be also explained by the above mentioned differences among ASL and AO units[3].

[3] The sample consists of 7 small units (average number of beds ≤ 368), 15 units of an average size (368<average number of beds ≤ 621) and 7 big units (average number of beds > 621).