Physician Performance Pay: Experimental Evidence

We present causal evidence on the effect of performance pay on health care provision, from a behavioral experiment with a representative sample of German primary care physicians. Randomly assigning physicians to two performance incentive levels, we analyze how performance pay, compared to capitation (within-subjects) and the bonus level (between-subjects), affects health care service provision and the quality of care. We find that performance pay reduces underprovision of care prevalent under capitation and enhances the quality of care. The effect increases with the patients’ severity of illness. Also, small incentives were effective in enhancing the quality of care. Linking behavioral data to physician register data indicates that physicians’ practice characteristics significantly relate health care choices in the experiment. Physicians in high-profit practices and practicing in cities are most responsive to incentives. Health policy implications are discussed.

Date/Time

Thursday 28th November 2019
2.30 pm – 3.45 pm

Location

Library, Wolfson 1