



Designing fee schedules by formulae, politics, and negotiations.

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Abstract PDF/EPUB

Fee-for-service cannot be used successfully by organized health insurance without a fee schedule. America first tried to pay doctors under Medicare by an involved formula system without a fee schedule, but the effort has failed. The United States has now commissioned a research project to design a unique fee schedule that will precisely reflect physicians' effort and practice costs and that will represent the prices produced by a perfectly competitively market. The primary goal is the same as that pursued recently by reformers in all countries: viz., narrow the spread in fees and income between surgical and cognitive fields. There are serious technical limitations on this effort, despite the talent of the research team. An additional difficulty lies in the nature of the subject: paying the doctor involves conflicts of interest between payers and all doctors as well as among the medical specialties, and the conflicts cannot be resolved by any formulae calculated by any single research team. Methodological and political compromises will be necessary, in order to adopt a reform. The new method may be just as politically driven, complicated, and disputed as the old one, despite America's pretenses that it prefers free markets and opposes excessive government.

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