

# Health Maintenance Organizations, Financial Incentives, and Physicians' Judgments

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Health maintenance organizations (HMOs) use financial incentives to influence physicians' clinical decisions (1). Although many physicians claim that they are somehow immune to these measures, research proves otherwise (2) and common sense dictates that HMOs would not continue to use financial incentives if they did not perceive that they work. Physicians (and patients) respond to what is in their pecuniary interests (3-8). The crucial question is not whether financial incentives affect physicians' decisions, but whether some financial incentives distort physicians' judgment. In other words, in the pursuit of cost-effective medicine, do some HMO incentives influence doctors to conserve medical resources...

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