



Do treatment decisions depend on physicians' financial incentives? ☆

Kurt R. Brekke ^a✉, Tor Helge Holmås ^{b, c}✉, Karin Monstad ^{b, c}✉, Odd Rune Straume ^{d, e}✉

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Highlights

- We study how General Practitioners respond to fee changes at the intensive margin.
- We use detailed administrative data covering all GPs in Norway (2006–2011).
- A higher consultation fee leads to more visits and lower treatment intensity.

Abstract

We study how General Practitioners (GPs) respond to fee changes with respect to the number of visits and treatment intensity. Our empirical strategy is to exploit within GP variation in the fee schedule due to specialisation in general medicine that implies a higher consultation fee, and to use only a narrow time window around the date of the fee change to identify the GPs' supply responses. Making use of detailed administrative claims data covering all GPs in Norway over a six-year period (2006-2011), we find that a higher consultation fee increases the number of visits (with an elasticity of 0.2), but reduces the treatment intensity per visit (and per patient). This is a pure substitution effect where GPs respond to the fee increase by seeing more patients but spending less time with each, without changing the total amount of time spent per month treating patients. Thus, our analysis suggests that fee-for-service is a powerful policy instrument that needs to be carefully designed in order to ensure optimal provision of care.

JEL classification

H42; H51; I11; I18

Keywords

General Practitioners; Fee-for-service; Profit-motivation

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