

Paying physicians more to get more -- or to get less

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Labour economics can provide a valuable perspective in addressing the supply of doctors and access to care, states an analysis in *CMAJ* (*Canadian Medical Association Journal*).

"Understanding and accurately predicting the response of [physicians](#) to incentives is essential if governments wish to increase the supply of physician services," writes Brian Golden, Sandra Rotman Chair in Health Sector Strategy, the Rotman School of Management, University of Toronto, with coauthors.

Access to health care in Canada is a challenge in many regions, and while there has been an over supply of physicians in the past, many people currently have problems getting care. "Central to the issue of access is the adequacy of the supply of physicians — specifically, whether the number of physicians and their work effort sufficiently addresses the health care needs of the population," write the authors. "Supply is appropriately managed when there is neither a shortage nor surplus of services."

Provincial and territorial governments can help increase access to care by setting policies that influence physicians to increase their working hours and thereby affect the supply of services they provide. Ironically, by having such a strong impact on hours worked, the authors report that increased pay to attract more physicians can also have the unintended consequence of reducing the hours physicians choose to work.

Governments may provide nonwage compensation such as recruitment or retention bonuses, repayment of tuition fees, relocation support or staffing costs. However, nonwage rewards not linked to hours worked "also reduce the fixed costs of a practice and create a pure income effect, thereby inducing fewer hours of work and fewer services provided."

"Linking compensation to time worked or services provided, as opposed to forms of pay that are unrelated to time worked, will better ensure the goal of increased work hours," the authors conclude. "Policy-makers should recognize that policies for compensation may result in just what we hope for — or just the opposite."

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