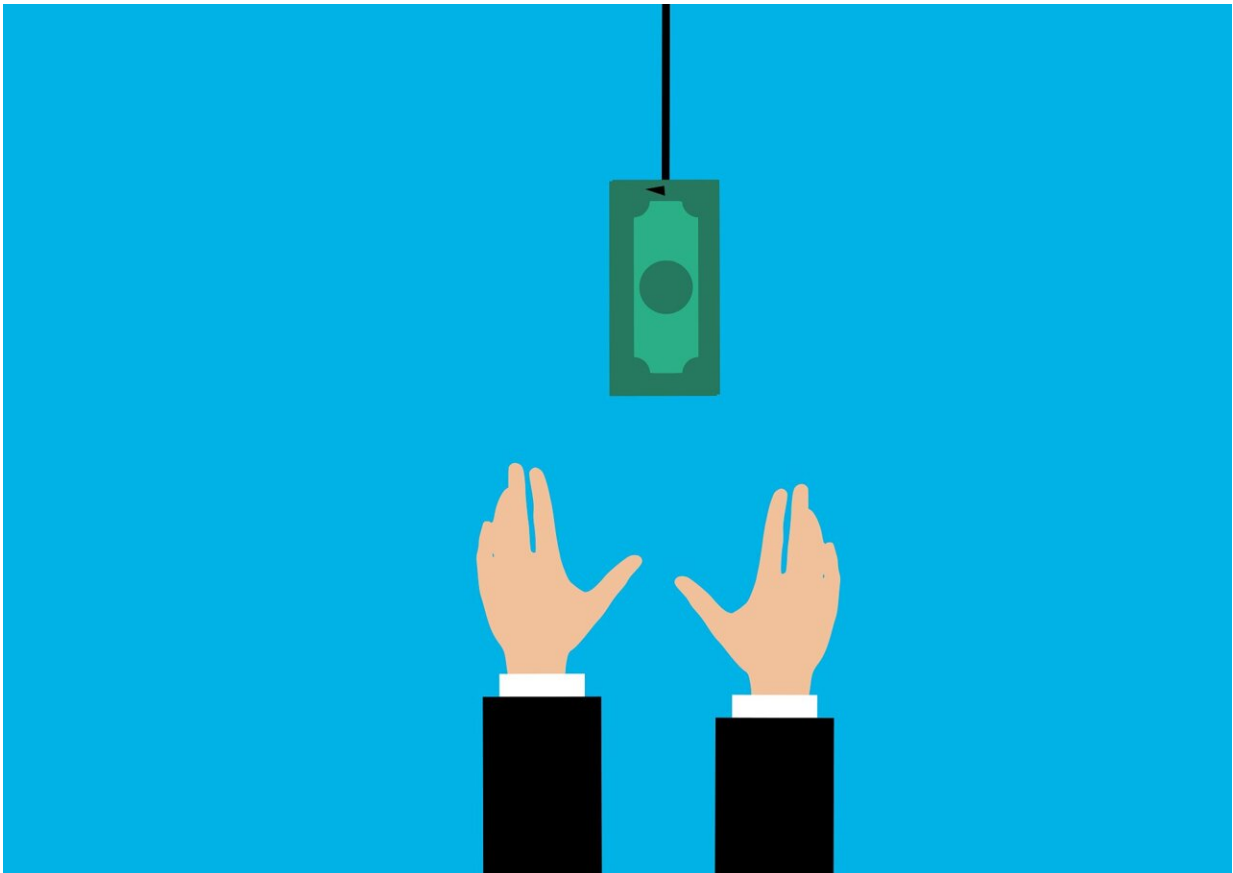


What motivates high-quality medical care: Is it all about money?

February 27 2024, by Eva Schissler



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In many economics sectors, financial incentives are considered an effective means of motivating both employees and managers to deliver

top performance. Incentives—and their counterpart, financial disincentives, in particular—are a recurring topic in debates about health care reform in Germany and other countries. So far, however, there is little scientific evidence that bonuses for high-quality medical treatment also result in better health outcomes for patients.

The [study](#), "A new look at physicians' responses to [financial incentives](#): Quality of care, practice characteristics, and motivations," published in the *Journal of Health Economics* and conducted by Professor Dr. Daniel Wiesen and colleagues from different German universities, investigated the effects of quality-based incentives on physician behavior. The data show that quality-based bonuses can increase the quality of medical care. The level of the financial incentives does not have a significant impact, however.

The study focused on primary health care, i.e., primary-care residential outpatient practices in Germany. The researchers linked three different data sets:

1. An anonymized behavioral economic experiment using a controlled variation of incentives elicited treatment decisions of about 100 [general practitioners](#) in a stylised practice-like setting.
2. The Zi-Praxis-Panel (ZiPP) of the Zentralinstitut für die kassenärztliche Versorgung—an annual representative panel regarding business management data conducted with more than 6,000 practicing physicians contracting with the Statutory Health Insurance in Germany—provided anonymized data on the annual net income of the participating practice owners.
3. A survey conducted by the authors of the study gave further insights into the attitudes and motivations of the doctors.

The results of the behavioral experiment show that performance-based remuneration increases the quality of medical treatment compared to

capitation payment for each patient. This effect increases in the severity of the illness. Furthermore, the authors find no positive correlation between higher annual net income of practice owners (in reality) and better medical care (in the experiment)—the opposite appears to be the case.

Last but not least, the study showed that personal attitudes and motivations of general practitioners play an important role for the [quality of care](#): Doctors stating the best treatment for their patients to be their primary decision motive provide better service quality than physicians additionally motivated by their annual net income.

Wiesen concluded, "Irrespective of which level of quality-based remuneration is appropriate or fair, the quality of health care depends to a large extent on the altruistic motivation of doctors towards their patients. This is, however, only one behavioral channel. Further controlled behavioral experimental research is needed to better understand the interplay between incentives, individual characteristics and physician behavior."

More information: Jeannette Brosig-Koch et al, A new look at physicians' responses to financial incentives: Quality of care, practice characteristics, and motivations, *Journal of Health Economics* (2024). [DOI: 10.1016/j.jhealeco.2024.102862](https://doi.org/10.1016/j.jhealeco.2024.102862)

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