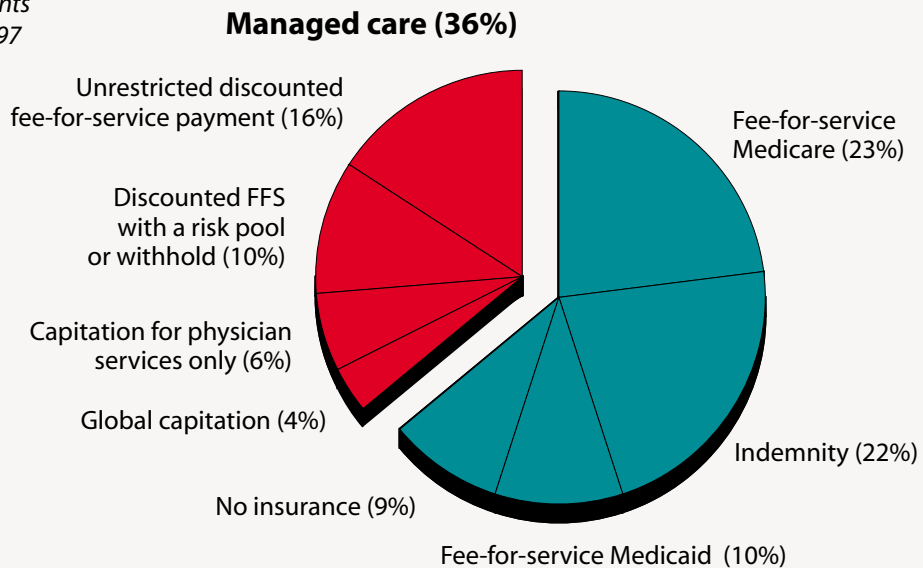


Physician payment may hinge on quality, not quantity, in 2010

The Institute for the Future, a not-for-profit research group, suggests that over the next 10 years, performance-based payment mechanisms will gain popularity. The institute predicts that health plans and intermediaries will devise reimbursement systems that give physicians and other providers "incentives to deliver care in a manner that improves quality, customer satisfaction, patients' tenure in the plan, and outcomes." Productivity and cost-effectiveness will also be part of the mix, the institute suggests. The report says neither fee-for-service medicine nor capitation are sustainable in the long run; fee-for-service payment inherently is inflationary, while capitation evokes consumer fear of undertreatment.

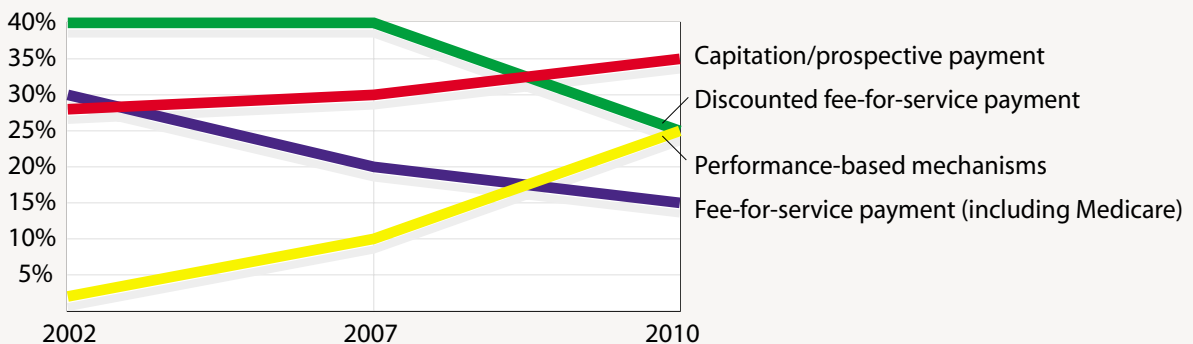
How physicians are paid

Percentage of patients by type of payer, 1997



How physicians will be paid

Share of practice revenue that will come from different payment schemes



SOURCE: "HEALTH & HEALTH CARE 2010: THE FORECAST, THE CHALLENGE," INSTITUTE FOR THE FUTURE, MENLO PARK, CALIF., 2000