

COMPENSATION MONITOR

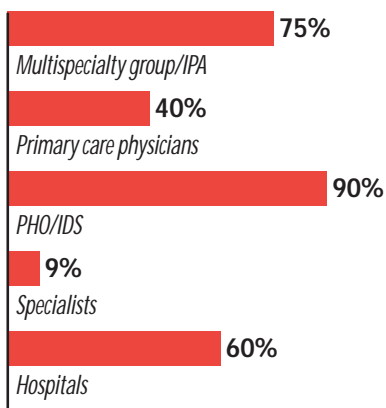
Most physicians flourish under capitation, despite declining commercial payments

Capitation rates are falling, but physicians are nonetheless profiting under capitation. Data released by newsletter publisher National Health Information indicate that despite an overall decline in average per-member, per-month payments in the last year, most physicians report higher profits from commercial capitation contracts.

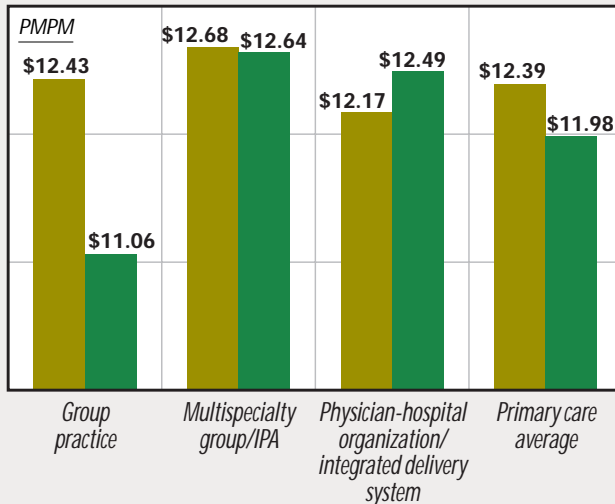
Does profitability breed complacency?

Despite the inherent risks of capitation, specialists and primary care physicians in private and small group practices tend to shun stop-loss coverage. By contrast, hospitals, physician-hospital organizations and larger physician groups are less cavalier about the potential for loss under capitation.

Percentage with stop-loss insurance

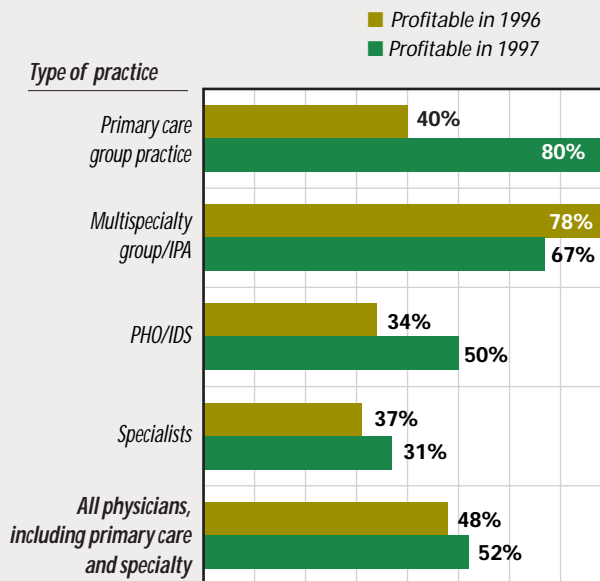


For most physicians, capitation rates decline ...



Note: Averages represent commercial-population payments covering all primary care services.

...while profitability climbs



SOURCE: NATIONAL HEALTH INFORMATION, 1997 CAPITATION SURVEY, MARIETTA, GA.