

COMPENSATION MONITOR

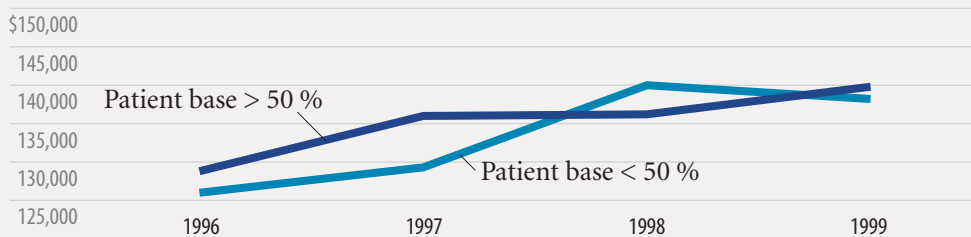
Primary care physicians absorb managed care's impact

For the first time in two years, average cash compensation edged up slightly in 1999 for physicians whose patient bases were more than half managed care, while for the first time since 1994, compensation dropped when more than half of patients were under fee-for-service coverage. Meanwhile, the relationship between productivity and compensation remained relatively stable in 1999. For benchmarking, better-performing practices will have lower physician labor costs as a percentage of revenue than these averages.

Average primary care compensation, 1996–1999

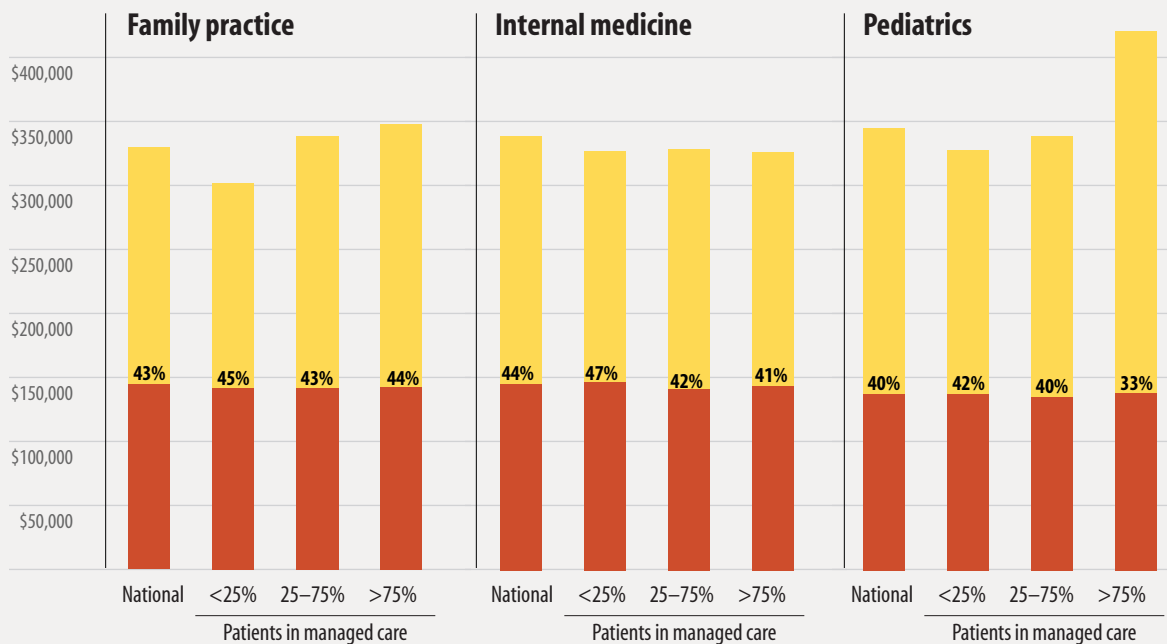
Percentage of patients under managed care.

Primary care is defined as family practice, internal medicine, and pediatrics.



Average gross professional charges and total cash compensation, 1999

■ Compensation (base salaries and bonus and incentive payments) as a share of ■ gross charges.



SOURCE: ERNST & YOUNG 1999 PHYSICIAN PRACTICE BENCHMARKING SURVEY