

COMPENSATION MONITOR

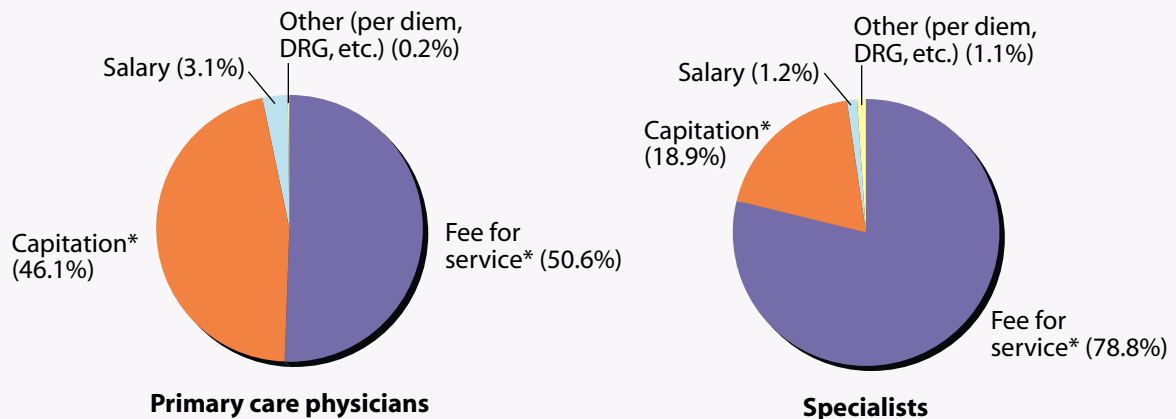
Capitation: an update

Those not-so-long-ago predictions that global capitation would come to define the financing of American medicine haven't come to pass. In fact, the use of capitation has, more or less, hit a plateau in the past couple of years. Meanwhile, a capitation-rate analysis suggests that physicians who accept capitation contracts are able to negotiate higher rates when risk pools are smaller — though some physicians will argue the rates themselves aren't commensurate with their own risk.

Globally capitated fees as percentage of total payments to physicians



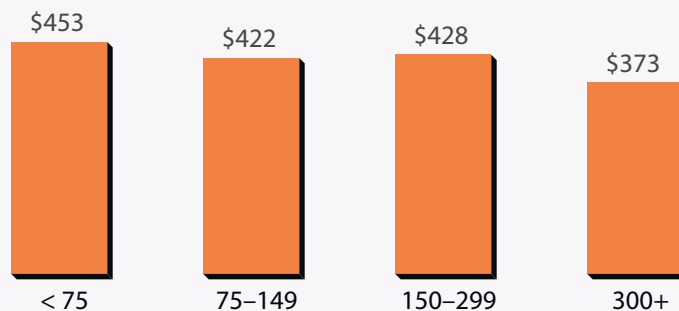
HMO payments to physicians, by compensation method



*With or without withhold.

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Average capitation rate by number of members contract promises to deliver



SOURCE: BECTON DICKINSON REPORT ON PHYSICIANS IN MANAGED CARE 1999