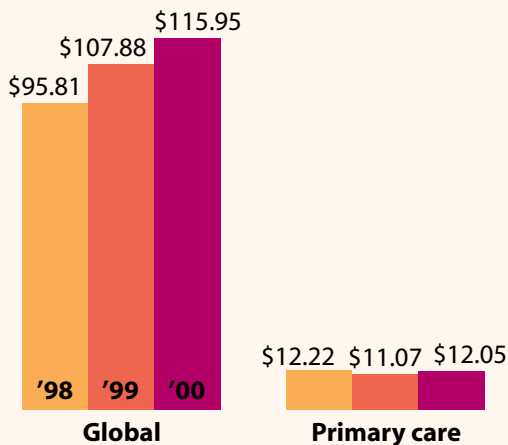


COMPENSATION MONITOR

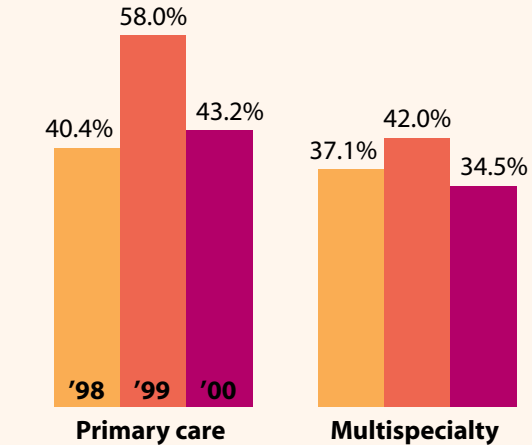
Capitation rates see large boost

While many physicians argue that HMOs are stingy about passing along revenue from premium increases, a new study suggests otherwise. National Health Information, which surveyed 500 provider groups and HMOs that subscribe to its newsletters, found that global capitation rates are up an average of more than 7 percent this year, and that payments for primary care services increased almost 9 percent. It may be, though, that some increases can be traced less to health plans' largesse than to spreading the money around to fewer pots; NHI President David Schwartz says that with the demise of some struggling provider groups, health plans have more money to give to the survivors. Schwartz also plays down talk about capitation's retreat; while share of total group revenue from risk contracts is smaller this year, indications are that capitation contracts will be more eagerly sought by most parties next year.

Average (mean) per-member, per-month capitation rates

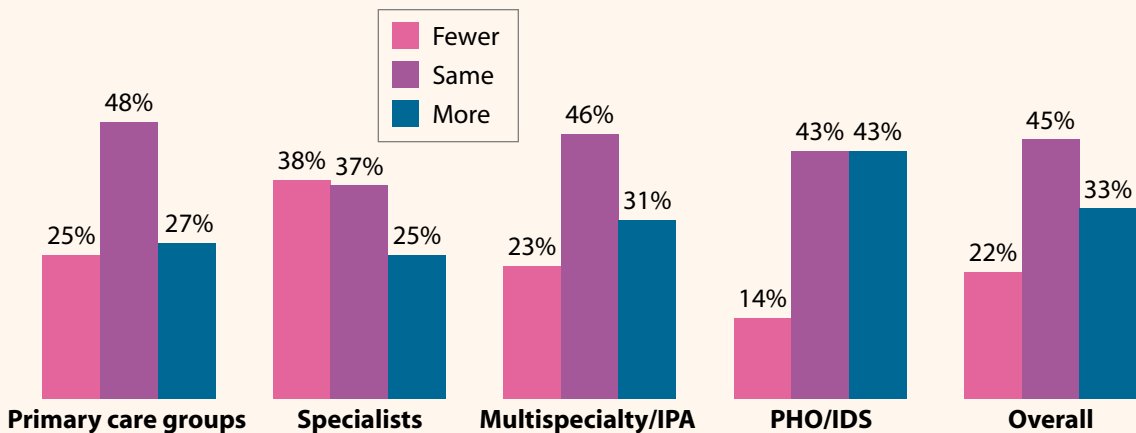


Share of total group revenue from capitation



Bullish on capitation

(Question: Will your organization seek more capitated contracts, fewer, or stay the same?)



SOURCE: 2000 CAPITATION SURVEY, NATIONAL HEALTH INFORMATION, ATLANTA