

COMPENSATION MONITOR

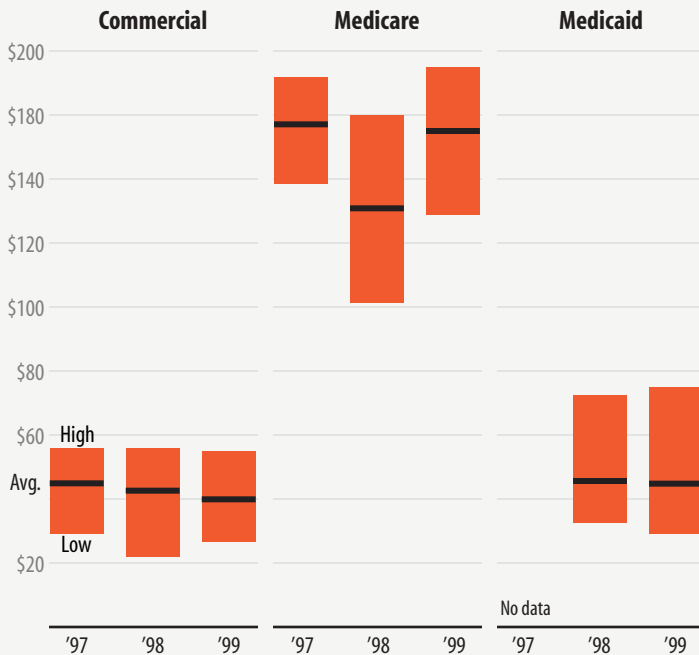
Capitation payments shrinking

HMOs seem to be tightening capitation payments to physicians in an effort to bolster sagging profits, according to a recent survey of 466 provider groups by National Health Information. The survey also suggests that primary care doctors are becoming more adept at protecting themselves in the capitation game, buying stop-loss insurance at a much greater rate than specialists. However, the authors did note that physician organizations in multiyear contracts "may find themselves obligated to purchase stop-loss from the contracting HMO," a factor that may not be as compelling for specialists.

The survey's publisher says that physicians should not panic, pointing out that cap rates are very often adjusted according to the realities of local markets.

"While profitability in some markets has dropped to the lowest point in four years, providers who stay the course are likely to find a more navigable road in the year 2000 than the pothole-strewn path they've maneuvered during the past year."

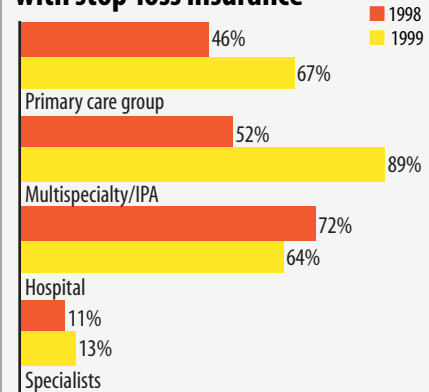
PMPM rate for all physician services



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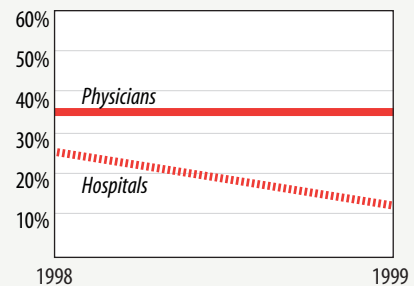
	Commercial			Medicare			Medicaid		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
Average	\$44.46	\$42.59	\$39.24	\$156.02	\$130.77	\$154.97	*	\$45.33	\$44.93
High	\$55.84	\$55.55	\$55.00	\$171.32	\$160.00	\$174.93	*	\$72.00	\$75.00
Low	\$29.06	\$21.29	\$26.00	\$138.12	\$100.12	\$127.83	*	\$32.00	\$28.68

Percentage of providers with stop-loss insurance



Of those who purchase stop-loss, physicians are more likely than hospitals to buy through HMO

Percent purchased through HMO. Balance is purchased privately.



SOURCE: NATIONAL HEALTH INFORMATION'S 1999 CAPITATION SURVEY. FOR INFORMATION, CALL 800-597-6300 OR VISIT WWW.NHIONLINE.NET