

## EDITOR'S CHOICE

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## Physician pay must change

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“We’re now at a point where the level of spending on healthcare is unsustainable, and the way that doctors are paid is one of the single most important drivers of our escalating healthcare costs.”

So says Steven A Schroeder, chair of The National Commission on Physician Payment Reform and professor of health and healthcare at the University of California, San Francisco.

It’s a hypothesis that will make uncomfortable reading for a lot of physicians, but is also hard to deny and increasingly hard to ignore.

At the heart of this problem is the fee-per-service payment mechanism and Schroeder’s commission wants to see the end of it in the next five years.

Speaking to the *BMJ* this week (doi:10.1136/bmj.f1540), he tells Miriam Tucker that salary size itself, although making up 20% of all healthcare spending, is not necessarily the problem.

Rather, it is the results of doctors’ decisions, fueled by a fee-for-service payment system that rewards action rather than outcome, which consume 70%. “Fee-for-service promotes fragmented care and encourages doctors to provide more and

more costly care, regardless of benefit to patients,” said Schroeder.

Once again it serves as an example in the *BMJ*’s campaign against Too Much Medicine ([www.bmj.com/too-much-medicine](http://www.bmj.com/too-much-medicine)). Right at the heart of the current system is a direct incentive to overdiagnose and overtreat—doctors’ livelihoods depend on it. That is not to judge that all, or indeed any, doctors do game this system, but, as US health spending now dwarfs that of every other nation on earth, it’s a conflict that patients could certainly live without.

So what’s the answer? Schroeder’s commission suggests the adoption of value based fixed payment systems such as “bundled” payment, in which physicians are paid for all of the care related to a specific condition or episode (such as a hip replacement), or “capitation,” in which physicians are paid a specific amount per patient and share in the financial risk.

Such systems are not without inherent problems of their own, but they surely mark a step in the right direction.

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