

Titulo: An Analysis of Under-reporting and Informal Payments among Physicians

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The design of an incentive system- based on a new payment system and increased monitoring- in order to reduce absenteeism and shirking among public physicians may have perverse incentives, pushing them to undertake other activities such as cheating on the number of patients seen and/or receiving informal payments.

In analyzing these issues, we develop two theoretical models of physician behavior. In the first model, we describe and explain physicians' reporting decision on the number of patients seen and hence, the amount of fees they collect directly from their patients at the health care facility. This model is analyzed in two aspects. In the first, we ignore the traditional labor supply decision between income and leisure, and fix the number of hours worked so as to focus on the choice between income and the disutility from "cheating" or under reporting. In the second, we explore the effect of the under-reporting decision on the number of hours worked.

In the second model, we describe the bargaining game between patients and physicians that leads to the transaction of informal payments. We also identify the tools for the health care facility management that are best suited in order to reduce these activities. Our results show, theoretically, that the following interventions could contribute to reduce or eliminate both, under-reporting and informal payments: (a) increase formal payments, (b) increase profit sharing with physicians (c) management can instill guilty through external actions such as implementing a system of rewards or recognition for physicians, trying to change the corruption culture at the health care facility. Such measures should be accompanied by the development of an effective registration system for patients at the entrance of the facility, and the implementation of stronger information systems for patients.

In terms of generalizability, this paper emphasizes the importance of designing adequate compensation packages and incentive systems for physicians, and reveals that, in certain contexts, major reforms affecting the overall public sector and health care system should be accomplished together with the suggested tools in order to effectively reduce any kind of physicians' opportunistic behavior.