

WWZ Research Seminar

Faculty of Business and Economics, University of Basel

Tuesday, November 23, 2021, 12:30, seminar room S 13, HG, WWZ

Prof. Dr. Mathias Kifmann, Universität Hamburg

“Rewards for information provision in patient referrals:
a theoretical model and an experimental test”

Abstract

We study whether bonus payments for information provision can improve the information flow between physicians. We consider the situation of a primary care physician (PCP) deciding on the provision of information of varying qualities to a specialist while referring a patient. Our theoretical model, which includes altruism and the aversion to lose profit relative to a reference profit, predicts that bonus payments increase the provision of both high- and low-quality information. Running a controlled laboratory experiment we find support for this prediction. Moreover, we observe that in case that the beneficiary of information provision receives a higher payoff than the PCP, PCPs more often pass on high-quality information when the beneficiary is a patient instead of a specialist. In case that the beneficiary receives a lower payoff than the PCP, the type of the beneficiary (specialist or patient) does not affect the provision of high-quality information. As a consequence, specialists more often receive high-quality information when they earn smaller instead of larger profits than PCPs, while there is no such difference for patients. As such our observations suggest that the level of high-quality information transferred by PCPs depends on an interaction of who benefits from information provision and the payoff relation between beneficiaries and PCPs.

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