



## The effect of financial incentives on treatment intensity in diabetes management

Presented by

**Stefanie Schurer**

**Date:** Wednesday 11<sup>th</sup> June 2008  
**Time:** 1:00-2:00pm  
**Venue:** RB Scotton Room  
2<sup>nd</sup> Floor, Building 75  
Monash University, Clayton



Australia introduced an incentive payment scheme for general practitioners (GPs) to ensure systematic and high quality care in chronic disease management. There is little empirical evidence and ambiguous theoretical guidance on which effects to expect on the quality of care and treatment intensity. This presentation evaluates the impact of the payment incentive on the activity levels of GPs in managing diabetes. The empirical analysis is conducted with a unique data set which allows us to control for practice-specific unobserved heterogeneity and the simultaneous self-selection process of practices into treatment and larger practices. Multivariate probit models are applied to identify the causal link of the treatment on the probability to perform an HbA1c or a lipids profile test. The study finds that the payment incentive does have mild effects on the average treatment intensity, but this is mainly explained by self-selection into treatment by larger practices.

### Presenter

Stefanie Schurer joined the Melbourne Institute as a Research Fellow of Health Economics in November 2007. She recently defended successfully her PhD on The Role of Unobserved Heterogeneity in Labour and Health Economics (Ruhr Graduate School in Economics, Germany) and has an MSc in Economics (University of York, UK). Stefanie spent one year during her PhD as a research visitor at the Health, Econometrics, and Data Group (HEDG) of the Centre for Health Economics at the University of York. Her main areas of interest are panel data econometrics, health and labour economics.