

The Effects of Compensation and
Non-Compensation-Based Controls for Chief
Physicians on the Quality of Care: An Empirical
Study

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Outline:

- ▶ Why this paper deserves our attention.
- ▶ Thoughts on improvement.
 1. The setting as a laboratory.
 2. One research question.
 3. Clear predictions.

Why this paper deserves our attention:

- ▶ Most of the research in Accounting and Finance is about how incentives *work*.
- ▶ Pathological incentives are understudied.
- ▶ Quality of care is vital.
- ▶ Excellent work designing a survey to complement archival data.

Thoughts on improvement:

1. The setting as a laboratory.
2. One research question.
3. Clear predictions.

The setting as a laboratory: Germany

- ▶ Every national healthcare system is an experiment in delivery of effective care.
- ▶ Each system has advantages and disadvantages for researchers and patients.
- ▶ The German system deserves consideration *per se*.

The setting as a laboratory: Germany

- ▶ A clear discussion of how your setting lets you see things previous researchers could not.
 - ▶ This will help readers understand your approach and contribution.
 - ▶ A clear taxonomy of healthcare will help. (single payer/single provider/independent doctors/etc.)

The setting as a laboratory: Chief Physicians

- ▶ Why do we need a study about chief physicians?
 - ▶ The title raises this question, it should be clear in the first few paragraphs.

The setting as a laboratory: Chief Physicians

- ▶ If we are interested in quality of care, and incentives (we are), then clarifying the roll of the chief physician in determining quality of care is essential.
 - ▶ In the US context the attending physician has direct influence on the quality of care.
- ▶ A simple model of the hospital's/physician's production function may add clarity.
- ▶ If the production function is not separable (e.g. Cobb-Douglas) and some inputs are unobservable, then positive weights on observables may lead to high pay and zero output.

One research question:

The study lists several research questions:

1. Which performance measures are relevant for chief physicians' compensation-based controls?
2. Which performance measures are relevant for chief physicians' non-compensation based controls?
3. How do compensation-based controls and non-compensation based controls affect the quality of care?

Based on the title, and my interest, I recommend focusing on 3.

Clear predictions:

- ▶ Based on theory and institutional details
- ▶ It seems like you have strong priors about the interaction between compensation and non-compensation controls
- ▶ State them, highlight the tension
- ▶ Focus empirics on the research question

Minor issues:

- ▶ Reconsider the terminology: monetary and non-monetary incentives.
- ▶ Keep monetary/non-monetary separate from qualitative/quantitative performance measures.