payments by insurers for unnecessary services and prescriptions, thereby effectively increasing the pool of resources for care. Financial incentives, however, accomplish this social benefit by involving the personal financial interests of the physician in the therapeutic relationship.

As the above Opinions make clear, incentives should be judged according to the extent to which they allow physicians to maintain their role as advocates for the health of individual patients. Specifically, incentives should never discourage physicians from fulfilling their obligations to disclose all treatment options, to appeal denials of coverage for necessary care, to make referrals on the basis of individual patient needs, or to provide each patient with the treatments they believe will be of material benefit. (For normative standards on limitations to prescription coverage see Opinion 8.135, "Cost Containment Involving Prescription Drugs in Health Care Plans.")

The effect of financial incentives is felt most acutely when there is not a clear clinical course and the physician is called upon to render an objective analysis of several complex considerations. Because it is difficult to maintain true objectivity when a monetary reward or penalty is associated with one of the possible courses of action, placing limits on financial incentives helps protect clinical objectivity. There are several means of limiting the negative effects of these incentives including applying the incentives across groups of physicians and correlating incentives to large pools of patients over a substantial length of time.

The potential to affect the objectivity of physicians is not the only cause for concern about financial incentives. Inducements that are based on the use of resources across physicians' practices compound the conflict between the interests of the physician and those of the patient by introducing conflicts between patients. For instance, bonuses attached to patterns of reduced use encourage physicians to consider which patients need certain services most rather than what an individual patient needs.

Finally, patients have a right to be informed of all factors that could impact their care, including the payment system under which their physician practices. In this case, Mr. Ria should be told that his insurer's extra costs will likely come back as increases in coverage costs or decreases in covered care. A much more difficult question to answer than whether or not to disclose incentives is where the responsibility for providing such information lies. Disclosure prior to enrollment in a health plan is preferable, as the structure of financial inducements could influence the patient's decision to purchase a specific form of coverage. Some obligation, however, exists on the part of the physician to provide this information if it has not already been provided.

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