

French physicians' responses to overbilling restrictions

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Abstract

This paper uses a French reform to evaluate the impacts of overbilling restrictions on specialists' care provision, fees, and incomes. In 1990, this reform introduced conditions self-employed physicians must fulfil to be allowed to bill freely. As a consequence, we observe a discontinuity in the proportion of physicians allowed to set their prices freely. We evaluate the impact of the "Sector-2 freezing" on some specialists' behaviour, using an exhaustive administrative data set that we restrict to 4 specialists observed in 2008: technical specialists (dermatologists and gynecologists) and medical specialties (psychiatrists and pediatricians). We use fuzzy regression discontinuity methods to estimate local causal impacts for specialists who established practice in 1990 and who were constrained by the new regulation to charge regulated prices (compliers). Our results show that medical specialists were strongly reacted by the reform: those constrained to charge regulated fees experience a decrease in their prices, that they did not compensate by an increase in their total level of activity. This leads to a decrease in their income. Specialists who combine both technical and medical procedures and were constrained to charge regulated fees also experience a decrease in their prices, that they compensated by a strong increase in the number of consultations including a technical procedure, either a surgical or non surgical one. Overall, this had a strong impact on their income: physicians constrained to practice in sector 1 experience a higher income than those allowed to practice regulated fees.