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Doctors and Their Workshops

Economic Models of Physician Behavior

Mark V. Pauly



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Their Workshops



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Doctors and Their Workshops

Economic Models of Physician Behavior

MARK V. PAULY

Doctors are obviously influential in determining the costs of their services. But even more important, many believe, is the influence physicians have over the use and cost of nonphysician health-care resources and services. *Doctors and Their Workshops* is the first comprehensive attempt to use economic analysis to understand some of the physician effects on non-physician aspects of health care.

The author investigates the effect of physician input on hospital productivity and shows how doctors, as providers of some elements of medical care, may affect the productivity of other providers. He explores the ways in which physicians can affect demand for their own and other services by altering the advice they give patients. He examines the assumed relationship between the supply of physicians in a hospital and the use of their own and other medical services—the “availability effect.”

Pauly finds that availability effects are not uniform or pervasive. There are availability effects for physician visits, but these are found mainly among the poorly educated in large, doctor-rich cities. For others, and for hospital admissions and inpatient surgery, no availability effect is discernible. The ability and willingness of physicians to generate demands for their services is far more limited than is commonly supposed.

Doctors and Their Workshops is a significant contribution to the economics of health care. It will

(Continued on back flap)

Doctors and Their Workshops



**A National Bureau
of Economic Research
Monograph**

Doctors and Their Workshops: Economic Models of Physician Behavior

Mark V. Pauly



The University of Chicago Press

Chicago and London

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