



**Position Statement  
on  
Physician Financial Incentives  
(Approved by the Board of Directors: March 21, 1997;  
Amended by the Board of Directors: July 29, 2006)**

Financial incentives are now common features in physician employment agreements with managed care organizations. These incentives generally take the form of bonuses or holdbacks. In the health care marketplace, particularly in managed care settings, financial incentives raise concerns of conflict of interest. Because financial conflicts of interest can adversely affect patient care, the American Academy of Dermatology is opposed to any financial incentive that directly or indirectly reduces or limits medically necessary services to patients.

In evaluating a financial incentive, the relationship between the physician's primary duty and the financial incentive is the main consideration. A physician's principal responsibility is providing quality patient care. We must ensure that patient care and medical judgment are not compromised or do not appear to be compromised by any financial incentive. Physicians must not deny their patients access to appropriate services based upon the promise of personal financial gain or the avoidance of financial penalties. Financial incentives must not interfere with medical judgment and patient care.

A health insurance plan's failure to disclose any financial conflicts of interest at the time of enrollment is inappropriate and fraudulent. Patients must have the necessary information to make informed decisions about their health care. Health insurance plans have an ethical obligation to disclose to patients any restrictions on referrals or treatment options.

Above all, the physician must have the patient's best interests at heart when treating the patient or discussing treatment options. Our contract has always been, and should forever remain, one between the patient and physician.

*This Position Statement is provided for educational and informational purposes only. It is intended to offer physicians guiding principles and policies regarding the practice of dermatology. This Position Statement is not intended to establish a legal or medical standard of care. Physicians should use their personal and professional judgment in interpreting these guidelines and applying them to the particular circumstances of their individual practice arrangements.*