how is capitation different from farm subsidies to not plant crops or dump milk?

providers already shoulder the malpractice risk, now shoulder greater economic risk for other providers care

Lesson Three: As a method of payment, capitation can be effective at encouraging coordinated care, but payment methods should vary across ACOs depending on an organization's ability to assume risk.

Capitation has been vital to encouraging coordinated care by California's providers, as it has forced financial discipline, and allowed for investment in the infrastructure necessary to manage care across the continuum of providers. Fee-for-service (FFS) payments do not offer the same incentive for providers, and it is unclear whether FFS with shared savings—one of the reimbursement strategies that will be used by Medicare in its ACO pilot—will be enough to incentivize providers to transition from volume to value, or to invest in the infrastructure needed for ACOs to provide effective care management. However, accepting capitation payments necessitates that providers shoulder more risk than they currently face, and accepting this risk in steps is advisable in order to maintain stability in the health care sector. California's provider organizations have gone through periods of strength and volatility over the past decades; for example, between 1998 and 2002, there was a great deal of instability in California's health care market that resulted in the closure of 147 physician organizations providing care for 4 million HMO enrollees. Despite this turbulence, a large number of the organizations that emerged continue to assume financial risk for the care they deliver.

Lesson Four: Health plans acting in concert on payment methods and performance measurement helped facilitate the growth of California's provider