



**Sam Houston State University  
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**Physician Financial Incentives and Cesarean Delivery:  
New Conclusions from the Healthcare Cost and Utilization Project**  
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**Abstract:**

This paper replicates Gruber, Kim, and Mayzlin's (1999) analysis of the effect of physician financial incentives on cesarean delivery rates, using their data, sample selection criteria, and specification. Coincident trends explain much of their estimated positive relation between fees and cesarean utilization, which also falls somewhat upon the inclusion of several childbirth observations that had been inadvertently excluded from their estimation sample. The data ultimately indicate that a \$1000 increase, in current dollars, in the reimbursement for a cesarean section increases cesarean delivery rates by about one percentage point, one-quarter of the effect estimated originally.