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# **Do Rural Incentives Payments Affect Entries and Exits of General Practitioners?\***

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## **Abstract**

Many countries use financial incentive programs to attract physicians to work in rural areas. This paper examines the effectiveness of a policy reform in Australia that made some locations newly eligible for financial incentives and increased incentives for locations already eligible. The analysis uses panel data (2008 to 2014) on all Australian general practitioners (GPs) aggregated to small areas. We use a difference-in-differences approach to examine if the policy change affected GP entry or exit to the 755 newly eligible locations and the 787 always eligible locations relative to 2,249 locations which were never eligible. The policy change increased the entry of newly-qualified GPs to newly eligible locations but had no effect on the entry and exit of other GPs. Our results suggest that location incentives should be targeted at newly qualified GPs.

**JEL classification:** I11, I18, J68, L88

**Keywords:** Australia; GP rural incentives, GP geographic distribution; GP location choice; entries and exits

