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Physician Compensation: Stable, but Market Influences Visible

The *Medscape 2014 Physician Compensation Report* Illustrates Effects of Physician Employment Trend, Health Reform Impact

By Bonnie Darves, an independent health care journalist based in the Seattle area

Market forces and the shifting health care delivery landscape in the post-reform era are beginning to have a both visible and, in some cases, almost palpable effect on physician incomes, as evidenced by results of the *Medscape 2014 Physician Compensation Report*. The 2014 survey results, reported in April and accounting for more than 24,000 respondents in 25 specialties, showed several notable trends, including the following:

Uptick in income for self-employed physicians compared to their employed counterparts.

In primary care, self-employed physicians earned a mean income of \$188,000 versus \$180,000 for employed doctors. The split is more pronounced when all physicians are accounted for — \$281,000 for self-employed and \$228,000 for employed.

Top earners show slight shift.

Orthopedics remains the top-paying specialty, at a mean of \$413,000, while cardiology is still in second place, at \$351,000. But the third-place spot now goes to urology, at \$348,000. Gastroenterology is fourth, at \$348,000, and radiology fell from third to fifth place, at \$340,000 (down from \$349,000 in 2013).

Some specialties see declines.

In 2013, nephrology and pathology experienced income declines of 8% and 3%, respectively; and radiology, pulmonary medicine and cardiology incomes all declined 2% compared to the previous year.

Gender income gap still narrowing.

In continuation of a trend, the income disparity between male and female physicians has closed up further. In 2013, male physicians still earned 30% more than female ones, at a mean of \$267,000 to \$204,000, but that's a big change since 2010, when the difference was 40% (\$225,000 versus \$162,000). In internal medicine, the difference was 13% last year. Interestingly, in OB/GYN men earned only \$27,000 more than women OBN/GYNs last year (\$256,000 versus \$229,000), and female urologists actually outpaced their male counterparts slightly.

Accountable Care Organizations (ACOs), health exchanges making inroads.

In a major development, the number of physicians working in the ACO environment has increased dramatically, from 16% in 2012 to 24% last year — and another 10% indicated that they plan to join an ACO. In 2010, that figure was only 8%. In addition, 27% of surveyed physicians indicated they plan to participate in health insurance exchanges (HIEs) soon, but 43% of respondents expected their incomes to decline if they do so.

Primary care incomes see slight increase.

Reflecting a continuing trend, primary care physicians (PCPs) continue to see their compensation steadily increase, albeit slightly. In 2013, both internists and family practice physicians earned an additional 1% over the prior year, at \$188,000 and \$176,000, respectively. A *Medscape* article on the report suggested that the new bonus that kicked in thanks to the Affordable Care Act — an additional 10% reimbursement for physicians who care for Medicare patients — likely contributed to the increase for the PCPs.

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In other findings, practice setting income disparities persist but were not particularly pronounced. The survey found that physicians in single-specialty and multispecialty group practices earned a mean of \$273,000 and \$260,000 last year. That's up from \$265,000 the previous year for single-specialty practicing physicians; the multispecialty mean income remained the same, at \$260,000.

The mean income was \$267,000 for those working in health care organizations, and \$198,000 for those in academic and/or government positions. The bottom of the scale went to outpatient-clinic practicing physicians, whose mean income was \$189,000.

Following are the mean incomes the Medscape survey found for a handful of other specialties and their differences from 2012:

- Nephrology — \$242,000 (down 8%)
- Cardiology — \$351,000 (down 2%)
- Gastroenterology — \$348,000 (up 2%)
- Diabetes and endocrinology — \$184,000 (up 3%)
- Oncology — \$290,000 (up 4%)
- General surgery — \$295,000 (up 6%)
- Rheumatology — \$214,000 (up 15%)

On a side note, specialty physicians continue to look to ancillary services as an actual or potential means of maintaining or increasing their income levels. The survey found that in 2013, 33% of orthopedics physicians and 31% of anesthesiologists offer such services, as do 23% of family physicians and 20% of internists.

In another nuanced finding, the percentage of physicians opting for concierge practice increased from 1% in 2012 to 3% in 2013.

Geographic Income Disparities Persist

Not surprisingly, the longstanding physician-income differences among U.S. physicians in certain geographic regions show little sign of shifting (see "Market

Watch"). The Great Lakes, North Central, and Southeast regions commanded the highest incomes, at a mean of \$258,000, \$257,000, and \$255,000, respectively. In the 2013 report, those respective figures were \$248,000, \$259,000, and \$247,000.

The Northeast and Mid-Atlantic regions, at a mean of \$239,000 and \$240,000, are still the lowest earners. In the Northwest, there was a slight drop in 2013, from a mean income of \$249,000 to \$247,000. In the Southwest, mean incomes were up slightly, from \$242,000 in 2012 to \$245,000 in 2013.

Earnings Satisfaction: Small Changes Seen

The good news is the survey found that physician satisfaction with income remains relatively stable overall — 50% of respondents indicated they think they're fairly compensated, compared to 48% last year. The specialties reporting the highest satisfaction with their income levels included dermatologists (64%), emergency medicine (61%), and pathology and psychiatry (both 59%).

In primary care, 50% of family medicine physicians are happy with their incomes, but only 46% of internists are, too. The specialists least satisfied with their incomes were plastic surgeons (37%), pulmonologists (39%), and endocrinologists and neurologists (both 41%).

As in previous years, female physicians in some specialties continued to report relatively higher satisfaction with their earnings. In the recent survey, for example, income satisfaction was 55% for female gastroenterologists (46% for men), and in OB/GYN, income satisfaction was 47% for women and only 38% for men. ■

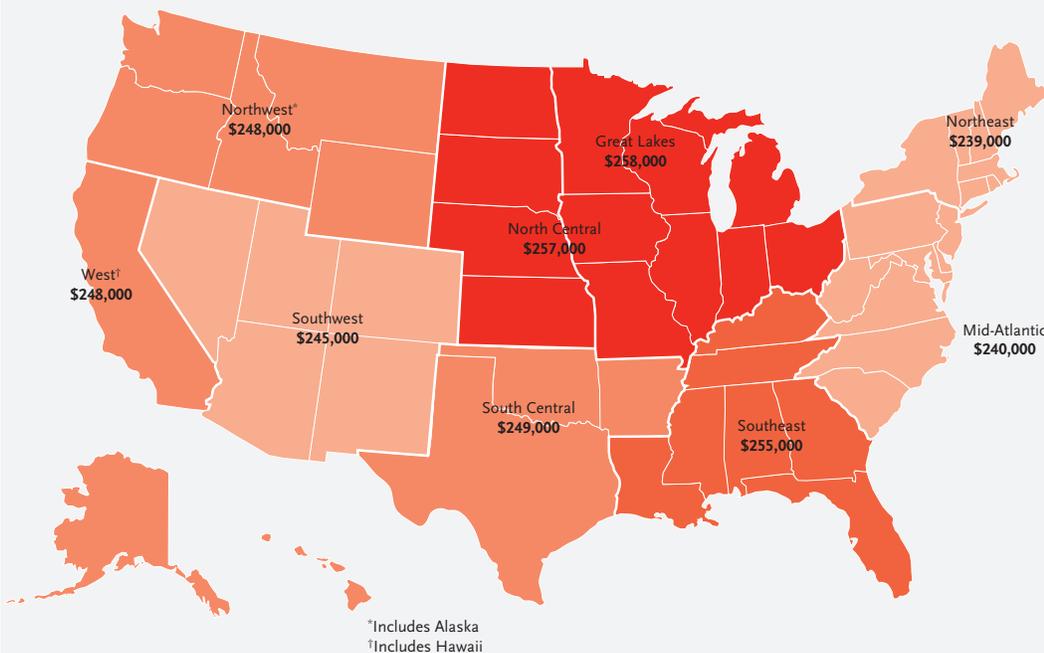
Resources:

To obtain more details on the Medscape Physician Compensation Report 2014, go to: www.medscape.com/features/slideshow/compensation/2014/public/overview.

For the previous survey results, Medscape Physician Compensation Report 2013, go to: www.medscape.com/features/slideshow/compensation/2013/public.

MARKET WATCH

Physician Compensation by Geographical Area



As in previous years' surveys and in keeping with other national data, the highest earners live in the North Central and Great Lakes regions and the lowest in the Mid-Atlantic and Northeast. The Bureau for Labor Statistics also reports that rural PCPs have higher earnings than those who live in cities.¹ This disparity might be attributed to less competition in smaller communities, which usually have to pay more to attract physicians.² The Medicare Modernization Act of 2003 increased Medicare rates for rural physicians, which might also play a role in the differences among regions. On the other hand, higher population concentrations and heavy competition in the Northeast may have resulted in lower compensation in this region. To make matters worse for urban physicians, the cost of living is also lower in rural areas, and one report said this translates to 13% more purchasing power in the country vs the city.³

Source: Medscape Physician Compensation Report 2014

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Citations

¹Hayes K, Bloniarz K. *Advising the Congress on Medicare Issues. Mandated Report: Geographic adjustment of payments for the work of physicians and other health professionals.* October 4, 2012. www.medpac.gov/transcripts/1012_presentation_Geoadjustment.pdf. Accessed February 12, 2013.

²Herman B. *Becker's Hospital Review. 200 Statistics on Hospital Compensation.* April 30, 2012. www.beckershospitalreview.com/compensation-issues/200-statistics-on-physician-compensation-2012.html. Accessed February 12, 2014.

³Reschovsky JD, Staiti A. *Physician incomes in rural and urban America.* Center for Studying Health System Change. Issue Brief 92. January 2005. www.hschange.com/CONTENT/725. Accessed March 11, 2014.

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