PHYSICIAN COMPENSATION: CHANGING EMPLOYMENT MODEL SHOWING EFFECTS

Medscape annual compensation report shows that the trend toward employment might be softening income for some physician groups.

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

The newly released Medscape Physician Compensation Report 2015, based on a survey of more than 19,500 physicians in 25 specialties, didn’t produce any major surprises but did yield a bit of good, somewhat unexpected news: the health reform-induced market changes aren’t significantly affecting physician earnings. Although health economists have forecast that surgeons and other high-earning specialists would see declines as a direct result of the Affordable Care Act and Medicare’s incremental move to value-based payment methodologies, those forces have yet to hit the bottom line of physician earnings. This predicted decline might start occurring in the near future, the Medscape report indicated, as several factors come into play. These include the end of accountable care organization (ACO) shared savings contracts, the emergence of retail clinics, and penalties for not meeting Centers for Medicare & Medicaid Services meaningful use requirements.

Overall, primary care physicians earned an average of $195,000, and specialists earned $284,000. The top earners have changed little since the previous survey. They remain: orthopedics, at $421,000; cardiology, at $376,000; gastroenterology, at $370,000; and anesthesiology, at $358,000. The lowest earning specialties were pediatrics, at $189,000 on average; family medicine, at $195,000; and endocrinology and internal medicine, both at $196,000. In the middle of the range, four specialties — cardiology, endocrinology, gastroenterology, and general surgery — all experienced a 7% increase. Another four specialties, including dermatology, family medicine, plastic surgery, and psychiatry, saw incomes increase 10% from last year’s report.

Regardless of their specialty, however, there is apparent discontent among physicians about their compensation: Only 47% of primary care physicians (PCPs) and 50% of specialists believe that they are fairly compensated. Among surveyed PCPs, this sentiment hasn’t changed markedly in recent years. However, the Medscape survey findings suggest deepening earnings dissatisfaction among specialists; in 2011, 52% of specialists considered themselves fairly compensated.

Not surprisingly, as surveys frequently find, dermatologists remain the most satisfied with their earnings — 61% feel their compensation is fair. Close behind, at 60%, are emergency physicians and pathologists, both of whom saw their incomes jump in 2014. At the bottom of the compensation-satisfaction scale are ophthalmologists, allergy and immunology physicians, and general surgeons, at 40%, 41%, and 41%, respectively.

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Employment model evolution affecting earnings

What has changed, dramatically, with the evolving medical services market-place is the allocation of U.S. physicians by employment model. The Medscape survey found that 63% of physicians are now employed, primarily by hospitals or health systems, versus approximately 10% a little over a decade ago, and only 32% of respondents reported still being in private practice.

Further differentiation is seen in employment model by gender. Fully 72% of female survey respondents were employed, compared to 59% of male respondents. In the employed sector, average compensation for male physicians across all specialties was $249,000, compared with $203,000 for female physicians. This disparity is likely due in part to the fact that relatively few women in medicine practice in high-earning specialties, and also to the longstanding reality that more female physicians work either part time or fewer hours weekly than do male physicians.

The shift toward employment does appear to be affecting physician earnings — generally by reducing compensation, relative to private practice models. The Medscape survey found that self-employed PCPs earned $212,000 on average, compared with $189,000 for employed PCPs. In the specialist sector, average compensation was $329,000 for self-employed physicians and $258,000 for their employed counterparts.

In an interesting development, the recent Medscape survey tracked the changes in physician compensation for non-patient care activities, such as speaking engagements, product sales, and expert witness duty. Orthopedic physicians earned $29,000 annually for non-care work, and the figure was $16,000 for dermatologists, plastic surgeons, and urologists. At the other end of the scale, anesthesiologists, pediatricians, and radiologists earned $8,000, $7,000, and $6,000, respectively, from those non-care activities.

Career satisfaction wanes on some fronts

In perhaps the most telling finding in this year’s Medscape survey report, practicing physicians are experiencing a serious case of second thoughts about their careers. Only 64% of physicians surveyed would choose medicine again — this is down from 69% in 2011 — and only 45% would elect to practice in the same specialty if given the chance to start over.

In addition, physicians appear generally dissatisfied with their choice of practice setting. In 2011, the Medscape survey found that about half would choose the same practice setting again, compared with only 24% in the new survey.

The picture changes somewhat in looking at overall career satisfaction within specific specialties. The survey found that 73% of family medicine physicians would choose medicine again, and that 72% of rheumatologists, 71% of internists, and 70% of critical care physicians would choose medical practice. At the low end of the spectrum, only 49% of radiologists and 30% of orthopedists would repeat their career choice.

In terms of specialty choice, 73% of dermatologists would choose their field, but only 12% of family physicians and internists would stay in theirs.

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The Medscape report identified several additional noteworthy trends or shifts in the physician compensation marketplace. These included:

Regional variations show surprises.

In an unprecedented shift, the highest earning region was the Northwest, with an average of $281,000, followed by the South Central region, at $271,000, and the North Central region, at $270,000. The Southeast, which many surveys have historically pegged at the highest earning area, was a close fourth, at $269,000, followed by the Great Lakes, at $268,000, and the Southwest, at $263,000. The West came in at $262,000, and unsurprisingly, the Northeast and Mid-Atlantic regions brought up the rear, at $233,000 and $254,000, respectively.

“Winners” and “losers” line up by state.

The top states for physician compensation, across all specialties, were North Dakota and Alaska, at $310,000 average, followed by Wyoming ($312,000) and Wisconsin ($309,000). Only one Northeast state, New Hampshire, also made it into the $300,000 category (at $300,000). The lowest-paying states were the District of Columbia, at $187,000, and Rhode Island, at $217,000.

Compensation increases, declines by specialty changing.

The specialties that experienced the most substantial increases in 2014 were infectious disease specialists, at 22%, and pulmonologists, at 15%. Pathology and emergency medicine each saw compensation increases of 12%, and four specialties — psychiatry, dermatology, plastic surgery, and family medicine — tallied a 10% increase. On the decline side, rheumatology income was down 4% and urology 1%.

Part-time practice status shows shift.

Overall, 24% of women physicians reported working part time, compared with 13% of male physicians. Interestingly, the trend toward part-time status is emerging not just in expected physician sectors but also in unexpected ones. For instance, 12% of physicians 35–49 years of age work part time, and 14% of those 50–64 years of age, compared with 6% of those under age 35. Not surprisingly, 26% of practicing physicians 65 years of age and older work part time.

Payment model shifts continue.

Participa-
tion in ACOs took another jump last year, from 24% in 2013 to 30% in 2014, among all physicians — up from only 3% in 2011. Among PCPs, ACO participation hit 35% last year. On the no-news front, despite the considerable fanfare about concierge and cash-only medical practice, those models aren’t gaining ground rapidly. Only 3% of physicians surveyed reported being in concierge practice in 2014, unchanged from the previous year, and cash-only practice participation declined slightly, from 6% in 2013 to 5% in 2014.

Patient care workload lightens, but paperwork load remains heavy.

The survey found that 57% physicians work in direct patient care 30–45 hours a week, 18% work 46–55 hours, and only 7% spent 56–65 hours seeing patients. On the downside, the paperwork burden remains heavy in primary care. Fully on third (33%) of self-employed PCPs spend 10–14 hours weekly on administrative tasks, versus 27% of employed PCPs.

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