Finance: How Does Your Pay Stack Up?

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By Shirley Grace [2]

Find out with our Second Annual Physician Compensation Survey. With help from the physician recruiting firm Merritt, Hawkins, we offer data you can use to judge your own compensation against your peers.

Jill Rosenstock’s parents tried to dissuade her from becoming a doctor, citing the huge pile of debt she’d accumulate in medical school and the malpractice litigation scare going on at the time in their home state of Florida.

Rosenstock took the plunge anyway, becoming a primary-care physician and, in the process, running up a bill so big that she jokes about taking some of it to her grave, just as her parents predicted. Fortunately, she has not been sued.
But would she do it all over again if she could?
“Yes, crazy as it sounds,” she says with a laugh. Currently with MedPeds, a six-provider family practice in Laurel, Md., Rosenstock has nearly a decade of practicing behind her now. “I like the long-term relationship. It’s fun to see multiple generations.”
Fun? Really?
“Don’t get me wrong, it’s very frustrating,” says Rosenstock, who is intimately acquainted with all the downsides. Still, her take on primary care reflects many of the results of our second annual Physician Compensation Survey, administered by the national recruiting firm Merritt, Hawkins and Associates. As a group, physicians are underwhelmed with their earnings and frustrated with insurance companies, but you’re not ready to trade it all in for a taco stand on a warm beach. You love your job and your patients.

Mo’ money — sort of
The average salary for a primary-care physician in the United States jumped 11 percent to $161,000 this year, easily outpacing the 3.24 percent inflation rate. At the upper end of the pay scale, the percentage of physicians earning $300,000 or more surged to 13.4 percent from 9.5 percent during the same period last year. Indeed, primary care physicians at every salary range enjoyed at least a 5 percent increase.

The good news was tempered by the fact that overhead increased along with salaries. Merritt, Hawkins considers an overhead margin of no more than 50 percent of practice revenues as a sign of a healthy practice. This year, however, more than 62 percent of respondents reported overhead
beyond this cutoff — a 12 percent increase from the year before. Even worse, the number of those mired in the “80 percent to 100 percent” overhead range more than doubled since last year, from 2.4 percent to 5.2 percent. None of this comes as too much of a surprise, though. The pressure to enhance productivity, strengthen collections, and cut waste — ways of contending with high overhead, as noted in last year’s survey — shows no signs of abating, which won’t do much to decrease stress or increase career satisfaction. On the other hand, making these changes can actually lighten one’s stress load. While primary-care physicians made more money this year on average, they had to work even harder than before to earn it. In 2006, just one of every 10 survey respondents chose to characterize their incomes as “excellent” when viewed as a sort of ratio of effort to earnings, while a sizeable 53 percent considered it “disappointing.” That was bad. This year was worse. Now only 8.7 percent think of their incomes as excellent, while the bummed-out crowd has swelled to 58.5 percent. Internists are particularly begrudged: 67.3 percent are “disappointed” with their earnings. There’s good reason for their frustration. Focusing on the adult population, internists find themselves doing more and more pulmonary and cardiology work as the baby boomers edge toward their shuffleboard years. Usually, an internist “is not certified in pulmonology, but he’s as competent as anyone I’ve ever met,” says Kurt Mosley, vice president of business development for Merritt, Hawkins. “A lot of internists become ‘junior pulmonologists.’ But they still get compensated as internists.”

The work is interesting and definitely secure — by 2020 the U.S. Census Bureau predicts there will be 250,000 centenarians — but geriatrics is far from financially lucrative. “A lot [of physicians] are frustrated because it takes more time and effort, but they don’t get paid as much because many of these patients rely on Medicare.”

Mosley observes that such is often the way with healthcare roles. “A nurse practitioner says, ‘Gosh, I do as much as an internist, I should get paid as much.’ An internist does as much as a specialist, so he thinks he should also make more.” Specialists do go through more training. Is it really fair to begrudge them a monetary gain from that? No, says Rosenstock, and she doesn’t. “I don’t have a problem with what specialists make. They go through a very tough fellowship. What’s more frustrating to me is the amount of uncompensated time we spend as primary-care physicians. I spent an hour at a nursing home this morning. That’s
uncompensated time. A lot of what we do is uncompensated. Phone calls, e-mail — all uncompensated.”

Family practitioners shook up the stats even more for income relative to perceived effort: 59.3 percent now report disenchantment with their pay packages — a full 10 percent increase from the year before.
However, pediatricians veer from the pack on this point. Though they make less than family practitioners and internists, more than half (54.9 percent) consider their paychecks to be acceptable or better. Specifically, 41.5 percent think their pay is “appropriate” and 13.4 percent describe it as “excellent” — an overall satisfaction increase of 6.6 percent over last year. “They go in it for the love of the game,” says Mosley. “A lot, even after they retire, still take on other work like summer camps or giving free physicals. They’re not as money-driven as the IMs or FPs.”

Poised for change
The percentage of physicians identifying themselves as “very satisfied” dipped from 24.3 percent to 18.3 percent, while the percentage saying they are “very dissatisfied” increased to 13.2 percent from 9.4 percent.
Nevertheless, fewer docs this year than last said they would steer clear of medicine if they could turn back time (21.8 percent this year compared to 28.6 percent last year). While it’s true that not all of
them would choose primary care again, 39.5 percent would, up slightly from last year. But there are always a certain number of people plagued by the shoulda-coulda-wouldas regardless of occupation. And, of course, no one’s denying there are in fact some good reasons to bow out of primary care.

A new question to this year’s survey reveals trepidation among primary-care physicians. Forty percent said “yes” when asked if they believed primary care will continue to play a vital role in healthcare in the United States. Less than 14 percent believe it will disappear. Despairing physicians are likely to be buoyed by predictions that the current payer-driven model, with its diminishing physician reimbursements and increasing out-of-pocket costs for patients, will not hold up much longer. Changes are coming, say experts. The standard, patient-volume practice model, driven by today’s multipayer system, will eventually fail, says Brian McCartie, a regional vice president for the national recruiting firm Cejka Search. But not just yet.
"I think it's going to get worse before it gets better. The boomers are still taking the bulk of the work. They're still the basis of our primary care today. But what happens when they start retiring? They're not being replaced by the same." By this McCartie means that the old guard is set in its ways, and until more retire the current system will likely remain in place. But it's just a matter of time. Notably, the new docs coming out of medical school have a different perspective on their careers. Unlike their predecessors, they place much more emphasis on the concept of "work-life balance."

Count on physicians starting out to have both a keen dedication to clinical care and an equally keen commitment to honoring outside interests. One way they achieve this is by opting for nontraditional schedules, says Mosley. "As newer docs come in, working part-time when others retire, there's not a one-to-one replacement."

Another factor is that the majority of new physicians (53 percent) are women. Many of them have a different outlook on work than do their male counterparts, says McCartie. "They'll be 27 or 28 years old" when they graduate medical school, he says. It's a prime time to start a family. "The female is still the nurturer," says McCartie. "No matter if they're a vascular surgeon, when their kid has soccer or is sick, he wants his mother."

This may strike some as politically incorrect. But the point must be acknowledged. Moreover, the influx of women into the field, including those who choose to work part time, could drive positive change for primary care. The law of supply and demand always prevails, and it will change how employers attempt to recruit female physicians, says McCartie.

He adds that even if they are full-time, female doctors treat about 80 percent of the patient volume that their male counterparts treat. "[Female doctors] are more likely to get to know their patients and reach out on an emotional level. They have a different approach — and much better if you ask me."

Rosenstock is a good example of today's female physician. On the books, she works 22 hours a week (although in reality it's more like 40 to 45, she says, thanks to all the "gratis" work). Trained as an unusual hybrid — internist/pediatrician — she loves her profession, but she also wants to be there for the finger-painting years of her own kids. And who can blame her for that?
Now wait just a minute

Another major clue that the current primary-care model is not long for this world is the recent proliferation of retail clinics staffed by nonphysician providers. Is this a good development? Maybe. Maybe not. A sizeable 28.1 percent of surveyed physicians expressed consternation that nonphysician providers will “take over” primary care.

Naturally, insurance companies embrace nonphysician providers because they are less expensive, Mosley says. But their presence in the medical world is nothing new, he adds. “Nurse practitioners and physician assistants have been around for a long time,” says Mosley. “They were the only faction that increased its numbers back in the ’90s,” when primary-care physicians were highly sought after to be the gatekeepers and the glue for managed care. It’s easier (and cheaper) to become a nonphysician provider, education-wise.

Over the years, this highly organized group of allied health professionals has lobbied successfully for more and more privileges resembling those belonging to primary-care physicians. Threatening? Maybe. But “resemble” is not synonymous with “replace.” Mosley thinks replacement fears are unfounded, pointing out as an example that certified registered nurse anesthetists haven’t replaced anesthesiologists. “There are still many patients who want to see an MD,” he says.

Rosenstock has no fears that primary care will be swallowed up by nonphysician providers, although she does predict increasing collaboration by the two. Instead, she sees allied health professionals as just that: allies, supporting a common cause. MedPeds’ nurse practitioner Debbie Davis is well-loved by her ever-growing patient panel, says Rosenstock. “We have to take some pressure off primary-care doctors” by reducing the number of patients they see, and nonphysician providers fill that need.

Half full or half empty?

Sixty percent of primary-care physicians surveyed said they wouldn’t go into primary care again if given the chance. That seems really bleak, but it’s actually better than last year, when 62 percent said they’d go in a different direction professionally. And when asked if they would retire today if they had the financial means or hang in there a few more years, this year’s answers echoed last year’s: 45 percent said “today,” and 55 percent said “hang in there.”
To be fair, there was a noticeable increase in those who would stay in medicine but go for a specialty over primary care. But that's pretty understandable, really, given today's model that, McCartie says, does not properly recognize cognitive medicine: “If you look at physicians, the ones that make money are procedurists; they cut something or insert something. [Primary-care doctors] have to be high in their class to get into medicine — years of training. Then they come out, and their cap is in the $160,000 to $170,000 range. … Reimbursements for primary care are terrible. The setting up of a practice is difficult. They have a lot of call. It’s hard work.”

Changes on the job front
Pediatricians outpace both internists and family practitioners when it comes to a positive outlook. Although all three groups express more optimism regarding the job market than they did a year ago, the results show that one out of every five pediatricians — more than triple the figure from last year — believes that future job trends look pretty rosy for primary care. Mosley describes recruiting as akin to calling a “plumber in the middle of the night. You don’t call us until the demand is really there.” Lately, those calls for primary care have really been coming in. Between April 1, 2006, and March 31, 2007, Merritt, Hawkins tallied 639 client requests for generalists — more than any other specialty, and nearly double the number in 2003.
The physicians themselves are noticing the change too. Nearly a third report receiving four to six recruiting calls within the past year; and more than 17 percent say they’ve received up to 10. And although roughly half claim they’re being recruited at about the same rate as two years ago, 37.4 percent think it has increased — more than double that of last year. This should help with sagging physician morale, says Mosley. “When you have that optimism of ‘I’m going to be needed,’ the market picks up.”

Some damage was certainly done when managed-care organizations pushed for primary-care docs to serve as gatekeepers back in the ‘90s. Many medical students shied away from choosing primary care after that. Illustrating the point, just one of the 25 internal medicine residents at Yale Medical School intends to pursue primary care, McCartie discovered during a recent visit. Clearly, supply is not keeping up with demand at the moment.

This shortage has made recruiting for the field “brutally hard,” says McCartie. “Ten years ago, when everyone thought primary cares were going to rule the roost, and you got a primary-care search, you
were delighted. Today, those are hard searches.”

**They love me, they love me not**

Primary-care physicians continue to struggle with their perceived standing, both within the medical hierarchy and society at large.

*Fewer than 15 percent of surveyed physicians* see themselves as being treated as equal partners with specialists. A majority (53.6 percent) say they’re treated as “2nd class” citizens, up 5.7 percent from 2006. Internists and pediatricians voiced the biggest change in attitude, with internists at 60.1 percent and pediatricians at 48.8 percent (both rising roughly 8 percent). The family practice figure also rose, but more modestly, from 48 percent to 51.3 percent.

But what’s at the root of this suspicion that the medical world doesn’t respect them? As Rosenstock points out, specialists realize a more consistent return on the clinical care they give: A distressing percentage of what primary-care docs do is uncompensated. A provocative and volatile situation, for sure, but not necessarily the specialists’ fault. Rather, it’s the way the current reimbursement model is structured. Still, who wouldn’t feel undervalued, working just as hard as a specialist but being reimbursed for so much less, regardless of where the fault lies?

Rosenstock believes the physicians in her practice do receive the respect they deserve from most specialists. “If we figure out that somebody doesn’t value us, there are so many that do,” she says. She largely credits the EMR her practice adopted three years ago, which greatly facilitated communications between MedPeds and specialists. “That makes us feel less out of the loop. They’re more prepared when they see our patients, so it’s better. There’s really no excuse not to communicate with us anymore,” she says.

**Medical home, sweet home**

Despite a decade of being kicked around, primary-care practices persevere. Why? Because they offer what no specialist can: A medical home. “Even if our patient sees a specialist,” says Rosenstock, “we still get the call, ‘I’m still having stomach pain.’ The specialist is better at saying ‘I’ll see you in two weeks.’ And a lot of people don’t feel comfortable calling a specialist.”

That feeling can go both ways. A specialist is essentially a diagnostic expert in a particular subject — a scientist. Very valuable for illness, but potentially less so for patient interaction. “Many specialists don’t spend a lot of time with patients,” says Mosley. “Radiologists are now in another year of residency because they’d say to the patient, ‘You have a cancerous mass’ and walk away.”

Patient interaction is, of course, the bailiwick of primary-care physicians. “A primary-care doctor will say, ‘How are you feeling? Are you doing better?’” says Mosley. He likens such physicians to priests, noting that most feel called to the profession and provide more than just clinical care. They embrace the philosophy that a person is more than the sum of his illnesses. But today’s business model precludes them from offering what patients both need and want.

But if nothing else, our survey shows a reawakening of spirit among primary-care physicians. If perception has not quite caught up with reality, it soon will. “It’s like a gangly kid who’s changed into a beautiful young adult — they may not know their value yet,” says Mosley.
Or at least, they’ve forgotten because through it all their focus has remained on their patients. “I love my patients and being part of the medical community,” says Rosenstock. “The only thing I would say I’m frustrated and dissatisfied with is the pressure I’m faced with, having to see more patients and having to take good care of my patients at the same time. It eats on you, and you’re sacrificing something.”

“But,” she says, qualifying her situation, “most people have a significant level of frustration with their jobs. I don’t think mine’s more. Maybe even less.”

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