Primary-care physicians are still making less than subspecialists. Is that about to change in the shift to value-based care?

**Source:** Physicians Practice

Physician income is stuck in neutral. According to this year's *Physicians Practice* Physician Compensation Survey, only 31.8 percent of physicians saw their salaries go up from 2015. In last year's survey, this number was 31.7 percent. Moreover, nearly 40 percent of respondents say their personal income was about the same from last year, which was essentially identical to last year's survey as well.

What about the difference between specialists and primary-care physicians? There is evidence suggesting that the gap in pay between primary-care physicians and specialty physicians is decreasing. Last year, 52.5 percent of family physicians made between $175,001 and $250,000 in income; this year that's gone down to 45.8 percent. Meanwhile, the number of family physicians making $250,001 to $350,000 has gone up from 5 percent to 26.39 percent over the past year.

"Primary-care [salaries] have gone up. The demand is there, it has and will continue to grow. From our data … family practice is the number one searched [physician specialty for potential jobs], which correlates to a higher demand," says Kurt Mosely, vice president of strategic alliances for Irvine, Calif.-based physician recruiting firm, Merritt Hawkins, who says demand has increased the overall pay of these family physicians.

Yet, Mosely is quick to add, "There is still that gap."

**Is Primary Care Underpaid?**

Indeed, while family-medicine physicians say they are bringing in more money than in the past few years, medical specialists are still in the upper echelon of income when compared to other physicians. For instance, of the surgical specialists who answered the compensation survey, nearly 40 percent said they make more than $450,001 per year — which was by far the highest salary tier for any specialty. Only 2.3 percent of responding family-medicine physicians made that much.

Will Latham, a Chattanooga, Tenn.-based consultant who advises practices on compensation structure, says that primary-care physicians saw small increases in pay during the 1990s and the early days of Medicare's resource-based relative value scale (RBRVS). However, he says, over time those financial gains slowed down for primary-care physicians, while specialists, with a major leg up from their advocacy groups that petitioned Congress for better Medicare reimbursement, continued to see increased compensation. He adds that medical specialties benefit from "big-ticket items," such as MRIs or CT scans, which can be additional avenues of income, whereas primary-care physicians don't really have that. "Most family physicians realize they have to see a [certain] volume of patients to generate income, five to 10 minutes is what they are shooting for. It's a short period of time," Latham says.

William Creevy, a Boston-based orthopaedic surgeon as well as the vice chair of the American Association of Orthopedic Surgeons' (AAOS) Coding, Coverage, and Reimbursement Committee, says that primary-care physicians also do a lot of work that doesn't get reimbursed. "If the patient calls and you spend 15 minutes on the phone explaining and answering their questions, although there are CPT codes that describe doing work over telephone, hardly any insurance companies recognize that. There is a lot of work coordinating care, doing these phone calls, reviewing things, it's extra work but there is no reimbursement for it. Good primary-care physicians do this every day," he says. John Meigs Jr., a family-medicine physician in Centreville, Ala., and president of the American Academy of Family Physicians, leaves no doubt on the topic of whether primary-care physicians are underpaid compared to other medical specialties. "Certainly, there's research out there, there's data that shows that family physicians provide the most complex care of any medical specialty. We bring value to the system," he says. "The problem in our current fee-for-service system ... [is] it rewards volume more than value."
A Shortage of Primary-Care Doctors

At the same time a debate is forming over their pay, primary-care physicians are seeing a dearth of new recruits coming into the field, according to a recent analysis from the American Academy of Medical Colleges (AAMC). AAMC says there will be a shortage of up to 31,100 primary-care physicians by 2025.

However, Matthew Schick, senior legislative analyst at AAMC, says money isn't the main issue. He says AAMC's analysis has found, when picking a specialty, medical school graduates aren't looking at income potential and debt so much as whether the specialty fits their personality, offers interesting content, and provides a work-life balance. According to AAMC's own data, he says less than half of recent medical school graduates say they looked at income potential and medical school debt when picking a specialty.

Mosley's data similarly found potential income ranked below other factors when choosing a specialty. For Meigs and Creevy, neither said they went into their specialty with finances in mind. It was the job's day-to-day activities that drew them to their fields.

Yet experts recognize that money plays some factor into physicians' career decisions. After all, according to the New England Journal of Medicine, the difference in income over a 35-year to 40-year career between subspecialists and primary-care physicians is $3.5 million. "I think people do [look at potential income], probably students, particularly if they are incurring substantial debt. Your ability to pay off debt is going to be different if you are an orthopaedic surgeon with a proposed income in the low [$400,000 range] compared to primary care, where it's less than half of that," Creevy says.

In that regard, Meigs says in order to increase the number of medical students going into primary care, they have to be exposed in medical school to the breadth, complexity, and engagement that family medicine physicians have with their patients. They also have to be paid appropriately. "It's got to start with the right people getting into medical school, the right exposure in medical school, and appropriate payment for the value we bring into the system," he says.

The Potential of Value-based Care

If it seems the word value keeps coming up in connection with primary-care physician compensation, there is a reason why. Experts conclude that through the shift to value-based care payment models, primary-care physicians are going to see a bigger piece of the revenue pie. Specifically, Medicare reimbursement under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) will lead the charge, they predict.

"MACRA begins Medicare's transition from volume-based payment to value-based payments. MACRA is a complex law; it's not perfect. But it does begin the shift toward recognizing team-based care and payment for non-face-to-face services, [care] coordination, and efficient, high-quality healthcare," says Meigs, who adds that when medical students see the prominence of primary-care physicians in this value-based environment — including an increased income — they'll be more likely to choose that career path.

Merritt Hawkins' Mosley agrees and says it's already started to happen. "... as we go to value-based care, if [physicians are] in a Patient-Centered Medical Home (PCMH) ... there is a chance for them to make more money than they ever have in the past [for coordinating care]," he says. "Value-based care is centered around primary-care [physicians] because they are the first point of contact."

Value-based care will lead to more than just an increase in primary-care income, Creevy says. He predicts that he and his fellow specialty doctors will be less in demand. While their income may not go down as much, he says there will be less need for specialists overall. "Let's say people cut down on the number of MRIs they do. I don't think you'll see radiologists making less money; I think you'll see less radiologists. That sort of supply and demand is truly a market force," he says.

Even with MACRA on the horizon, this shift is still a work in progress and most physicians are still not seeing any returns from value-based care. According to the Physician Compensation Survey, 67.6 percent of respondents say none of their compensation is tied to value-based care, while another 16 percent say only 1 percent to 5 percent of their compensation is tied to value.

Advice

How much that will shift in the near future is anyone's guess. In the meantime, Mosley has advice for primary-care physicians frustrated with any income-related issues, whether it's on their own or in relation to how much specialists make.

"It's good to sit down with your fellow physicians first ... be open about it," he says. "If you do want to renegotiate [compensation], do your homework on what other doctors are making in your area. Are relative value units being compensated the same in your group compared to others in the state?" This transparency he says can help physicians negotiate with administrators, payers, and other important stakeholders.
For those who are solo, Latham advises there is strength in numbers. He recommends independent and small group practices merge or at least band together as an independent physician association. He also advises physicians to support advocacy groups that can lobby Congress for higher Medicare incomes for their specialty.

Schick at AAMC says there are opportunities for primary-care physicians to get involved with loan repayment programs, especially if they practice in a rural and underserved areas. This can curb any concerns they might have over debt and less pay for primary care. He also says look at the big picture.

"From my own perspective, at some point while income is important, you have to be happy. It's looking at work-life balance, it's looking at what you're going to do on a daily basis and making sure it's not just something you are comfortable with, but that's going to bring you back into the door every day," he says.

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