Physician Earnings: Income Is Up, Morale Is Split

Mark Crane -- Apr 25, 2013

Introduction

Physician income overall is on the rise again in almost every specialty, reversing a decline in compensation during the past several years. Eight specialties earned a mean of at least $300,000 last year, and primary care physicians also posted gains.

Doctors aren't ready to break out the champagne just yet, though. Frustration with medical practice is also on the rise, and physicians are making changes in their practice by adding ancillary services, moving toward employment, and scrutinizing their payers, as doctors keep an eye toward the bottom line.

Those are some of the highlights from Medscape's Physician Compensation Report: 2013 Results. The report is based on an extensive survey of almost 22,000 US physicians representing 25 specialties.

"The main dynamic behind rising income is that more and more doctors are leaving private practice," said Tommy Bohannon, Divisional Vice President of Hospital-Based Recruiting for Merritt Hawkins, a physician-recruiting company based in Irving, Texas. "Hospitals and medical groups are offering more competitive salaries to attract physicians. Also, as the economy improves, however slightly, more patients are getting elective procedures they had put off over the past few years."

Some of the major findings from Medscape's 2013 report:

• Orthopedic surgeons again topped the list as the highest earners, with a mean income of $405,000, followed by cardiologists ($357,000) and radiologists ($349,000).

• The lowest-earning specialists were similar to those in Medscape's survey report from last year: internists ($185,000), diabetes physicians/endocrinologists ($178,000), family physicians ($175,000), and pediatricians ($173,000). HIV/infectious disease physicians ($170,000) dropped to the lowest-earning position, which was previously occupied by pediatricians.

• Most physicians posted income gains ranging from modest to significant. Orthopedic surgeons led the field with a 27% boost. Internists had a 9% jump, and family physicians saw a 5% increase. Of the 25 specialties surveyed, only endocrinologists and oncologists saw their incomes decline, by 3% and 4%, respectively.

• The gender gap is narrowing. Overall, male physicians earn 30% more than female colleagues. That's down from 40% the year before. In primary care, the pay gap between men and women narrowed over the past year, from 23% to 17%.
Healthcare reform is clearly making an impact. In last year's survey, only 8% of physicians were either in an Accountable Care Organization (ACO) or planned to be in one in the coming year; that number jumped to 24% in this year's report.

For the third consecutive year, physicians in the North Central region earned the most ($259,000), whereas doctors in the Northeast earned the least ($228,000).

Less than one half of all physicians (48%) believe they are fairly compensated for their work, down from 51% the year before. In primary care, 51% say they are fairly compensated, up from 46% the previous year.

Although a bare majority (51%) of physicians would still choose medicine as a career, there's been a steady decline in overall satisfaction with the field of medicine. In 2012, 54% of doctors said they'd choose medicine again as a career, whereas 69% said that in 2011. Only 42% of doctors would choose the same specialty again, down from 61% 2 years ago.

**Which Specialties Earn the Most?**

For the third consecutive year, orthopedic surgeons earned the most (or were tied for the most), with a mean income of $405,000, and they posted a whopping 27% increase in compensation. Radiologists, who had been tied for the top spot since 2010, fell to third place, at $349,000. Cardiologists moved up from third place to second, with a mean income of $357,000. Gastroenterologists were fourth, at $342,000, whereas urologists were fifth, at $340,000. Anesthesiologists, who came in fourth the previous 2 years, fell to sixth place at $337,000.

Internists earned a mean $185,000 and posted a 9% boost in income from the prior year. Family physicians earned $175,000 and had a 5% gain. Pediatricians earned $173,000 and had a 7% jump. Diabetes physician/endocrinologists ($178,000) saw their incomes decline by 3%, and oncologists ($278,000) had a decline of 4%.

"As the economy has gotten somewhat stronger, many people who have been putting off elective procedures are now getting them," said Tommy Bohannon. "As the population ages, more knees and hips are giving out and need to be fixed. That helps explain the increase for orthopedists. And it isn't surprising that primary care income is going up. There's an intense doctor shortage, and healthcare reform is giving them a bit of a boost for Medicare patients." However, oncologists have been hit pretty hard with reimbursement cuts for chemotherapy, he added.

"Physicians often tend to be 'income targeters,'" said Judy Aburmishan, CPA, a partner in FGMK, LLC in Chicago, Illinois, a firm that represents physicians and other healthcare providers. "That means that they expect to make a certain amount of money. If reimbursements are going down, they'll work harder, seeing more patients and putting in more hours, to increase volume."

"Many more physicians are offering ancillary services to add a cash type of payment to their practices," she said. Indeed, Medscape's survey found that 19% of all physicians have added ancillary services to their practices. That percentage varies by specialty: For example, 30% of anesthesiologists are adding ancillary services, compared with 19% of endocrinologists and 20% of internists."
The Gender Gap Is Narrowing

Male physicians ($259,000) across all specialties earn about 30% more than female doctors ($199,000). This represents a significant narrowing of the pay disparity. In last year’s survey, male doctors earned 40% more than female doctors.

In primary care, male doctors ($189,000) earn 17% more than female colleagues ($161,000). The gap was 23% the year before.

"As more doctors start working regular set hours for large health systems, there's little variance in income based on sex," said Judy Aburmishan.

"The disparity in hours worked and patients seen per day is also narrowing," said Tommy Bohannon. "In the employed model, the gap is narrowing not because female doctors are seeing more patients. It's that men are working fewer hours because of greater emphasis on quality of life."

One reason for the gap, however, is that there are fewer women in the higher-paying specialties. For example, in orthopedics (a high-paying specialty), only 9% of survey respondents were women, whereas in pediatrics (a lower-paying specialty), 53% of survey respondents were women.

Where You Practice Affects Income

For the third year in a row, the highest-earning physicians practice in the North Central region (comprising Iowa, Missouri, Kansas, Nebraska, and South and North Dakota), at a mean income of $259,000 -- up about 11% from 2011. The next-highest earners are physicians in the Great Lakes region, at $248,000. Physicians in the Northeast again earn the least, at a mean income of $228,000 -- up 12% over the previous year.

"These findings aren't a surprise," said Tommy Bohannon. "There's less managed care in the North Central region, fewer doctors per capita, and a lower cost of doing business. The opposite is true in the Northeast." Also, primary care physicians often perform more services in rural areas because there are fewer specialists.

Income Varies by Type of Practice

A physician partner in a private practice earns a mean of $311,000, up slightly since the previous year but significantly more than employed doctors, who earned a mean of $220,000 -- up about 13% from 2011. Physicians in single-specialty group practices were the next-highest earners at $265,000, followed by doctors in multispecialty practices at $260,000.

Employed physicians ($220,000) earn more than solo practice physicians ($216,000) -- a slight reversal since last year's survey, when solo doctors earned about 14% more than employed colleagues.

"Group practices can achieve economies of scale for utilities, staffing, physical space, and other factors," said Tommy Bohannon. "There's a customer service element in multispecialty groups. Patients like the one-stop shopping idea."

Judy Aburmishan agrees, and adds that group practice doctors hold each other accountable. "They have expectations and benchmarks they work toward. You don't want to be the doctor seen as one who isn't producing as much. That competition among themselves can boost income."
Doctors Are Drowning in Paperwork

Whether it's actual paper or computer-based reporting, physicians are spending more time than ever on administrative and compliance tasks. A majority (51%) of physicians spend from 5 to 14 hours per week on these chores. Another 17% spend more than 20 hours per week.

In last year's survey, more than one half of physicians (53%) spent less than 5 hours on paperwork, and 23% spent from 5 to 14 hours.

"There are more and more regulations requiring more reporting," said Judy Aburmishan. "You have to have an electronic medical record, or you'll have trouble getting paid. This all takes up more and more time."

"Emerging reimbursement models are often based on how well you document what you did," said Tommy Bohannon. "It feels like more than half of compensation models have some qualifier relating to the accuracy and timeliness of documentation."

How Much Time Is Spent With Patients?

There's been little change since Medscape's 2012 Compensation Report in terms of how many hours physicians spend in direct patient care. About 30% of physicians spend between 30 and 40 hours a week, the same as in the 2012 survey. Also like last year, 22% of physicians spend less than 30 hours per week in direct patient care, probably because of working part-time.

The number of patient visits per week also has remained steady. Some 20% of physicians see between 25 and 49 patients per week, and an equal percentage see between 50 and 75 patients. One quarter of physicians see more than 100 patients per week, also about the same as the previous 2 years. Those seeing such a large volume of patients are probably working in a clinic or hospital setting.

Despite the pressure on physicians to see more patients daily, doctors still spend an adequate amount of time with each patient. The largest group of doctors (30%) spends between 13 and 16 minutes per patient, and 21% spend between 17 and 20 minutes with each patient. That's about the same as in Medscape's previous survey.

The Impact of Healthcare Reform

More physicians are jumping on the bandwagon for ACOs as a care-delivery and cost-containment method.

In last year's survey, only 8% of physicians were either in an ACO or planned to be in one within 1 year. However, in our 2013 report, 24% of respondents were either in an ACO or planned to be in one in the coming year.

"Many doctors took a wait-and-see approach because ACOs were so new," said Tommy Bohannon. "A year ago, we didn't even know if the Affordable Care Act would be repealed or overturned by the Supreme Court. So it took a while for ACOs to kick in. It's a big undertaking, requiring changes in doctors' attitudes, compensation models, and more."

Would You Choose Medicine Again?

Despite all the frustration at malpractice risks, electronic medical records, reporting requirements, and more, a majority (51%) of physicians would still choose medicine as a career if they could do it all over again. That's down slightly from 54% in 2012 and significantly less than the 69% who said they'd still choose medicine in 2011.
Only 42% of physicians would choose the same specialty -- about the same as in last year's survey, but down considerably from 61% the year before. Only 19% of physicians would choose the same practice setting, down from 23% in the 2012 report and 50% in the 2011 report.

Internists (66%), family physicians (62%), and pulmonologists (59%) are most likely to choose medicine as a career again. The least likely to choose medicine? Dermatologists (37%) and orthopedic surgeons (37%). That's ironic, because both are among the higher-paid specialties and dermatologists have the highest overall satisfaction rate.

"Even though incomes are rising, physicians are dissatisfied with the way medicine is going," said Tommy Bohannon. "They're under pressure to see more patients. Doctors complain of practicing assembly-line medicine. There's still uncertainty about health reform, giving up autonomy as employees, and loss of control over the clinical decisions they make. There's a deep-seated unrest that hasn't changed much."

"Doctors feel unhappy and underappreciated," said Judy Aburmishan. "They feel they aren't being paid appropriately for the effort they put in. It's only partly about money. It's more about respect and the way they see things going."

**Will You Keep Seeing Medicare/Medicaid Patients?**

For more than a decade, physicians have faced a planned annual reduction in pay for Medicare under the government's sustainable growth rate formula that determines physician pay. Each year since 2002, Congress has acted at the last minute to enact a "doc fix" to postpone the cuts. The American Medical Association has frequently warned that many doctors will be forced to stop seeing Medicare patients if the cuts go through.

Medscape's survey found that physicians are reluctant to drop Medicare and Medicaid. Some 59% said they intend to keep treating these patients. About 9% said they would stop seeing new Medicare/Medicaid patients, whereas 2% said they plan to stop seeing current patients as well. Some 29% said they haven't decided yet, adopting a wait-and-see attitude.

"This varies by location," said Judy Aburmishan. "At least in Illinois, most of my doctor clients see Medicare as one of the better payers. Medicaid is a bigger problem because the pay is so low. Most insurers pay some multiple of Medicare. At least with Medicare, doctors know what they'll get and when. Doctors have more trouble getting private insurers to pay on time."

Physicians are putting all insurers under closer scrutiny than ever. Practice management consultants have long advised that doctors review what their insurers pay and drop the lowest-paying insurers -- if they can. Our survey shows that more physicians are starting to do that: Almost one quarter said they are dropping insurers who pay poorly. Another 19% said they can't do this because they need all the payers they can get. Some 18% said it's inappropriate behavior to drop those insurers.

"There's more of a squeeze on income, so doctors have to look for ways to be more cost-efficient, and that means dropping bad payers," said Judy Aburmishan.

**Discussing Cost Issues With Patients**

Fewer physicians are discussing the costs of treatment with patients. Only 30% said they regularly discuss the issue, down from 38% in last year's survey. Another 38% discuss the issue only occasionally, if the patient brings up the subject. That's down from 46% one year ago. Some 16% of physicians said they never discuss the issue, either because they don't know the costs of treatment or they feel it's inappropriate -- about the same as the previous year.
"In general, doctors want to be clinicians and seldom get into conversations with patients about the cost of treatment," said Judy Aburmishan. "They're trained to be doctors. It's a different business than most others. Can you imagine a baker who couldn't tell you what his cakes cost?"

As doctors see more patients, they have less time than ever to discuss costs, said Tommy Bohannon. "In the new employment environment, there's pressure to maintain volume. And if they're working in hospitals or large groups, it's more likely that someone on the administrative staff will have these discussions. More and more, doctors want to detach themselves from concerns about the business aspect of practice."

**The Rewards of a Medical Career**

Anyone who says that doctors are just in it for the money are just plain wrong. Despite some gloom-and-doom attitudes, the majority of doctors found aspects other than money that made their careers worthwhile and rewarding. They especially noted their relationship with patients and the challenge and satisfaction of being able to solve problems and make patients feel better.

Doctors described the most gratifying part of being a doctor: "Being good at what I do, finding answers and diagnoses" (34%); "gratitude for their relationships with patients" (31%); "knowing that I am making the world a better place" (12%); and "making good money at a job I like" (9%). Only 2% of respondents felt there was nothing rewarding whatsoever about being a physician.

For further details on physician compensation, see Medscape's Physician Compensation Report: 2013 Results.