

PROFESSIONAL ISSUES

## Physician income not rising as fast as other professional pay

**A survey shows that doctors' net income, when adjusted for inflation, has declined over almost a decade.**

By [Damon Adams](#), *AMNews* staff. July 24/31, 2006.

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A new study on physician income won't help family physician leaders who are struggling to interest more medical students in their specialty instead of higher-paying ones.

The average net income for primary care physicians, after adjusting for inflation, declined 10% from 1995 to 2003 to \$121,262, according to a national study by the Center for Studying Health System Change. The average adjusted net income for medical specialists slipped 2% to \$175,011 during the same period.

"How do you blame a medical student [for not choosing family medicine] when they come out with this huge debt, the work effort and a reimbursement system that works against them?" said Rick Kellerman, MD, president-elect of the American Academy of Family Physicians.

Dr. Kellerman and other physician leaders said the study, released in late June, reflects what they are seeing: Income is sliding.

"The study confirms what physicians already know in the office -- that their income is not keeping up with inflation" said American Medical Association Board Chair Cecil B. Wilson, MD.

The study said the average net income adjusted for inflation for all physicians dropped 7% from 1995 to 2003, the last year studied in the survey. In contrast, income for non physician professionals increased 7% during that time.

## **The average physician net income in 2003 was \$203,000.**

Yet medicine remains one of the best-paid professions, according to the study based on surveys of more than 6,600 physicians. At least half of all patient care physicians earned more than \$170,000 in 2003, and the physician average net income was about \$203,000.

Surgical specialists were the highest-earning physicians, with an average income of about \$272,000. Strong growth in tests and procedures partly explained why medical specialists saw incomes grow at a faster rate than primary care physicians, who rely more on evaluation and management of patients to generate revenue, the study said.

The study also found that physicians are spending more time on direct patient care than they did in the mid-1990s. Physicians are moving into larger practices where more administrative staff and information technology allow doctors to spend less time on billing and other office tasks.

"Some of the management tasks physicians might have done are now being done by non physicians," said Paul B. Ginsburg, PhD, co-author of the study and president of the Center for Studying Health System Change.

## **Low reimbursements hurting income**

Researchers said declining or flat fees from public and private payers were largely responsible for income declines. Medicare payment rate increases for physician services were 13% from 1995 to 2003 while inflation increased 21%, the study said.

Dr. Wilson said the government plans to cut Medicare payments to physicians 37% over the next nine years, but the cost of caring for patients is expected to rise at least 22%. He said the cuts, combined with sliding physician incomes, paint a troubling picture of future patient care.

Lynne M. Kirk, MD, president of the American College of Physicians, said the ACP also is concerned about low reimbursements and problems attracting doctors to primary care medicine. "We're really worried about the pipeline. We hear students saying, 'I just can't choose to go in that direction because I have this debt,' and they see the challenges in providing that type of care," she said.

The makeup of the physician population changed between 1995 and 2003, with the proportion of medical specialists up from 32% to 38%. The proportion of primary care physicians and surgical specialists each dropped by about 3%.

The study and hiring experts say many physicians are showing preferences for specialties that provide better control over work hours.

"A lot of our doctors are saying, 'I want to watch my children grow up,' " said Kurt Mosley, vice president of business development for national physician search firm Merritt, Hawkins & Associates.

But there are encouraging signs for primary care doctors. From 2003 to 2004, family physicians saw a 2% rise in median compensation to \$156,011, while internists had a 5% hike to \$168,551, according to a survey by the Medical Group Management Assn.

Internists and family physicians were at the top of the recruitment list for hospitals and medical groups for the first time this year since the 1990s, according to a review done by Merritt, Hawkins & Associates.

Some employers are offering incentives such as signing bonuses. And some experts believe primary care physician incomes will increase because they are in demand as fewer physicians have chosen to go into family medicine or general internal medicine.

"There's such a shortage of [primary care] doctors -- anything to sweeten the deal," Mosley said.

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## **ADDITIONAL INFORMATION:**

### **Falling behind**

Physician income has increased, but it has not kept up with inflation, according to a new study.

	<b>Average net income</b>		
	<b>1995</b>	<b>2003</b>	<b>Decrease</b>
<b>All patient care physicians</b>	\$180,930	\$168,122	7%
<b>Primary care physicians</b>	\$135,036	\$121,262	10%
<b>Medical specialists</b>	\$178,840	\$175,011	2%
<b>Surgical specialists</b>	\$245,162	\$224,998	8%

Note: Figures for 2003 are adjusted for inflation to 1995 dollars. Percentages are rounded.

Source: Center for Studying Health System Change