HOSPITAL PHYSICIAN

Physician Employment in 2000 and Beyond

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For the past two decades, physician recruiters have lived by the maxim, “There is no such thing as an unemployed physician.” Is this maxim still true today, and will it hold true for the next two decades? “Yes!” is the answer. Most of today’s physicians and the physicians practicing within the next two decades will be able to pursue their respective specialties, although perhaps not in the location that they most desire.

Most academic and other physician supply experts agree that the United States currently has too many physicians and that the days of full physician employment are numbered. A 1994 article in *JAMA* forecast that the United States will have a surplus of 160,000 physicians by the year 2000, including a surplus of 135,000 specialists and 25,000 primary care physicians.1 A survey published in *JAMA* in 1998 indicated that, of the residents who completed their training in 1996, 11% of the physicians seeking jobs as general internists were still unemployed 6 months after completing their residencies, as were 6.7% of radiology residents, 7.3% of anesthesiology residents, and 9.4% of pediatric residents.2

Several organizations, including the Pew Health Professions Commission (San Francisco, CA) and the National Academy of Sciences Institute of Medicine (Washington, DC), have advocated a reduction in the number of residency programs, residency positions, or both. (Washington, DC), have advocated a reduction in the number of residency programs, residency positions, or both.

In the 1960s, fears about a physician shortage loomed as the Baby Boomer generation began to enter adulthood. According to the Bureau of Health Professions (Washington, DC) increased funding became available for new medical schools and between 1965 and 1988, 40 new medical schools were established, and medical school enrollment doubled. Congress relaxed immigration restrictions, which led to an influx of international medical graduates (IMGs). From 1980 to 1993, the number of practicing physicians in the United States grew by 40%, whereas the general population only grew by 8%.4

**HISTORIC VIEW OF THE PHYSICIAN EMPLOYMENT MARKET**

**Early 1900s**

At the turn of the 20th century, America was rife with physicians who were pouring out of 130 medical schools—more medical schools that exist today. Although the ratio of physicians per 100,000 population in 1900 approached current levels, the number of physicians at that time was less of a critical issue than was the quality of their training (Table 1). Without strict state licensing policies and high educational standards, the process of becoming a physician (or at least assuming the title) was relatively easy. With the Flexner Report3 and the advent of rigorous licensing procedures, the landscape of medical education and licensing changed. By 1925, the ratio of physicians per 100,000 population decreased dramatically and the number of medical schools decreased to approximately 80. The physician supply was limited for the next 40 years because of educational and licensing requirements; however, this constraint did not precipitate a health care crisis.

**The 1960s: Fear of a Physician Shortage**

An increasing number of affluent or needy patients from other countries are seeking out United States medical care, making the American health care system a “growth market.” In addition, the development of new pathologies (eg, AIDS) or the effect of environmental or man-made disasters on the need for physicians is also difficult to predict. In the long term, society may be better off having too many physicians rather than too few.

**SUMMARY**

Physicians should not plan their careers around the latest physician employment prognostications. As the renewed demand for specialists shows, the medical market is mercurial. One cannot time trend changes any more than one can consistently time the stock market—and trying to do so is a mistake. A well-trained physician, with good leadership skills and a true passion for his or her specialty, will find a welcome employment opportunity. Physicians must choose their career path accordingly.

**NOTE**


**REFERENCES**

5. Medical Education in the United States and Canada: A Report to the Carnegie Foundation for the Advancement of Teaching. LC78-180575, 1910.
helping to fill a market-driven need. Now that specialists are back in demand, there is evidence that the demand for primary care physicians is slowing down. Although more than 50% of United States graduating fourth-year medical students will begin training in primary care this year, the overall number of family practice matches among United States medical school graduates was 7.8% lower than in 1998, according to the AAMC. Internal medicine matches also decreased, whereas pediatric matches increased slightly. Should any real physician glut materialize, the market will adjust for it. Fewer students and their families will make tremendous sacrifices to enter a field in which employment opportunities are difficult or impossible to attain.

The growing number of women in medicine will also affect physician employment, particularly in primary care. The AAMC reports that currently 60% of obstetrics/gynecology residents are female, as are 56% of pediatric residents, 41% of family practice residents, and 32% of internal medicine residents (personal communication, 1999).

Clearly, the primary care providers of tomorrow will be heavily represented by women. According to the AMA, female physicians work 7 fewer hours per week than their male counterparts, which will significantly reduce total hour requirements, thus making tremendous sacrifices to enter a field in which employment opportunities are difficult or impossible to attain.

Patient Demographics
Patient demographics will also play a role in the trends of the physician employment market. According to the Health Care Financing Administration, adults older than age 50 years spent hundreds of billions of dollars on health care in 1999 and will spend approximately twice as much by 2007. The United States Census Bureau reports that the number of people age 65 years or older will grow from 35 million today to 75 million in the year 2030. This trend provides a great opportunity for physicians, although a different opportunity than was expected 15 or 20 years ago. The elderly may not be as chronically ill. Through medical care, the average stay in the hospital will decrease, whereas pediatrics increased slightly. Should any real physician glut materialize, the market will adjust for it. Fewer students and their families will make tremendous sacrifices to enter a field in which employment opportunities are difficult or impossible to attain.

Table 1. Patient-Care Physicians* Per 100,000 Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Patient-Care Physicians</th>
<th>Patient-Care Physicians per 100,000 Population</th>
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</thead>
<tbody>
<tr>
<td>1965</td>
<td>259,418</td>
<td>132</td>
</tr>
<tr>
<td>1970</td>
<td>278,535</td>
<td>134</td>
</tr>
<tr>
<td>1975</td>
<td>311,937</td>
<td>142</td>
</tr>
<tr>
<td>1980</td>
<td>376,512</td>
<td>163</td>
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<tr>
<td>1985</td>
<td>448,420</td>
<td>185</td>
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<tr>
<td>1990</td>
<td>503,870</td>
<td>200</td>
</tr>
<tr>
<td>1995</td>
<td>582,131</td>
<td>222</td>
</tr>
<tr>
<td>1997</td>
<td>620,631</td>
<td>232</td>
</tr>
</tbody>
</table>

*The term patient-care physicians refers to physicians who actively provide patient care and excludes licensed physicians who are no longer providing full-time patient care (eg, physicians in a research setting).

Adapted with permission from Physician Characteristics and Distribution in the U.S. Chicago, IL: American Medical Association, 1999.
Although demand for many specialists is not reflected in 1997 income growth, that trend may change when income figures for 1998 and 1999 are eventually analyzed. The income for primary care physicians has increased sharply over the past 5 years and may be reaching a plateau.

Meanwhile, what type of employment market do physicians face today?

**CURRENT PHYSICIAN EMPLOYMENT MARKET**

**General Considerations**

With some exceptions, today’s national physician employment market is quite favorable. Although the market for primary care physicians has cooled recently, this slight downturn in the market is only relative to its previous heat. In 1997 and 1998, Merritt, Hawkins & Associates conducted 585 searches for family practitioners, more than any other specialty, followed by 231 searches for internists, 124 searches for obstetrician/gynecologists, and 97 searches for pediatricians. It appears that these specialties will also be the most requested searches in 1998 and 1999 from Merritt, Hawkins & Associates (data is still being compiled and assessed).

Primary care physicians can still find practice opportunities in most sections of the country. However, their “superstar” status has diminished for several reasons, one of the reasons being the slowing of the managed care juggernaut alluded to earlier in this article. Another reason is a Newtonian reaction: Hospitals, health networks, and medical groups focused so exclusively on establishing primary care networks in the past several years that many ignored their specialty services. These organizations are now addressing these previously neglected needs.

In addition, anecdotal evidence suggests that a higher percent of older physicians are choosing early retirement to opt out of managed medicine, creating service gaps. A number of hospitals that work with Merritt, Hawkins & Associates in smaller to mid-sized communities are fighting patient migration to metropolitan areas by augmenting their specialty services through recruitment.

**The Relationship of the Primary Care and Midlevel Provider Markets**

The market for primary care has also cooled for yet another reason. Midlevel providers, such as physician assistants (PAs) and nurse practitioners (NPs), are increasing in number and influence. According to the American Academy of Physicians Assistants (Arlington, VA), currently in practice are 34,000 PAs (18% more than in 1996) and 63,000 NPs (more than twice the number in 1996) (personal communication, 1999). Furthermore, the Balanced Budget Act of 1997 expanded settings in which PAs and NPs can work and increased their Medicare reimbursement levels, enhancing their attractiveness to employers. Some of the clients of Merritt, Hawkins & Associates, who in the past probably would have added a family practitioner to their practice, have added a PA or an NP instead.

Long-term, however, this author does not believe that midlevel providers are a threat to physician employment. The reason is twofold—technological trends and the nature of American society. This era is one of specialization, in which every field (regardless if it is law, sports, broadcasting, dining, or travel) is evolving away from the general and toward the technical. This trend is particularly true in medicine. Whether this evolution occurs through performing more angioplasties, improving cataract surgery, access to better diagnostic equipment, performing more joint replacements, development and use of new drugs, or development and use of genetic testing, medicine is becoming more technical and more specialized.

Meanwhile, the American consumer, who is benefiting from a booming economy, is becoming more demanding. Many patients have the income to afford health plans that offer “choice.” The concept that patients are content consulting a family physician when they want to consult a dermatologist or a gastroenterologist or that patients will consult a PA when they want to consult a pediatrician or an internist seems untenable.

**Geographic Considerations: Physician Opportunities in the United States**

Although physicians may not be able to find secure practices in some regions, particularly major metropolitan centers of the Northeast and West Coast, many communities exist in which physicians can find practices with immediate financial security and long-term growth potential. Table 2 and Figure 1 show markets that have lower-than-average physician-to-population ratios for both primary care and specialist physicians. Physicians who are seeking employment opportunities may wish to consider these communities.

**Other Market Considerations: Training**

A physician’s skill and level of training are important factors when considering the current physician employment market. Medical training in the United States generally is preferred by most employers who hire physicians. Data indicate that IMGs have more difficulty finding jobs than American medical graduates. The Survey of Final Year Medical Residents,11 conducted by Merritt, Hawkins & Associates in 1999, shows that IMGs in primary care receive significantly fewer job solicitations than United States medical graduates. According to the 1998 JAMA study,12 of IMGs with green cards had difficulty finding a job, whereas only 28% of United States medical graduates had difficulty.

In addition to having trained in the United States, most hospitals and medical groups are looking for physicians who are likely to be active for an extended period, and therefore prefer physicians in their 40s or younger. Female physicians, particularly obstetricians and gynecologists, are in great demand. These observations are based on what this author and colleagues have seen in the market.

Perhaps even more important, employers are seeking physicians who are adept at practicing in today’s medical environment, which emphasizes teamwork, patient satisfaction, and conservative utilization of resources. Physicians with good patient rapport and the ability to provide quality care with an eye to appropriate utilization are at a premium.

These many factors are the reasons that most hospital administrators with whom this author speaks do not subscribe to the notion of a “physician glut.” From the perspective of a potential employer of a physician, few candidates who fit their specific parameters are still available. If a physician glut truly existed, the thousands of physician recruiters and hundreds of recruitment firms would not be in business in the United States today.

**FUTURE PROSPECTS: WHERE THE PHYSICIAN EMPLOYMENT MARKET IS HEADED**

**General Considerations**

Twenty years ago, health care experts predicted a major physician surplus by the year 2000, which did not occur. Is a surplus on the horizon? This author does not believe so.

The market is an effective regulator of physician supply. In the past 5 years, students gravitated toward primary care,