



Examining topics affecting the recruitment and retention of physicians and advanced practice professionals

## The Economic Impact of Physicians

A resource provided by Merritt Hawkins, the nation's leading physician search and consulting firm and a company of AMN Healthcare (NYSE: AMN), the largest healthcare workforce solutions company in the United States.

**Corporate Office:**  
Merritt Hawkins  
8840 Cypress Waters  
Blvd #300  
Dallas, Texas 75019  
800-876-0500

**Eastern Regional Office:**  
Merritt Hawkins  
100 Mansell Court East  
Suite 500  
Roswell, GA 30076  
800-306-1330

© 2021 Merritt Hawkins

[www.merrithawkins.com](http://www.merrithawkins.com)



### Introduction

As the “quarterbacks” of the healthcare delivery team, physicians play a decisive role in maintaining and enhancing the quality of care patients receive in medical offices, hospitals, urgent care centers, government facilities, community health centers and other sites of service nationwide.

Each year, physicians handle approximately 1.3 billion patient encounters at medical offices and hospital emergency rooms throughout the country, at a rate of 4.3 physician visits per person, according to the Centers for Disease Control (CDC). Through these encounters, physicians administer or direct much of the care patients receive, enhancing quality of life and, in many cases, saving the lives of their patients. There is, of course, no dollar value that can be placed on the clinical services physicians provide.

However, physicians also play a central role in healthcare economics. Through patient admissions, tests, prescriptions, procedures and other activities, physicians receive or control 87% of all spending on personal health in the United States (see *Health Costs Absorb One Quarter of Economic Growth*, Boston University School of Public Health, Feb. 9, 2005).

Several studies have been conducted to measure the economic impact of physicians per capita or by specialty. Summaries of two of the most recent of these studies are included below, including numbers from Merritt Hawkins' *2019 Survey of Physicians Inpatient/Outpatient Revenue*.

These studies underscore the important contributions physicians make to the local economic development of their communities and to their affiliated hospitals, and may be useful to physician recruiting professionals, hospital executives, hospital trustees and others considering the overall impact and benefits of physician recruiting.

Examining topics affecting the recruitment and retention of physicians and advanced practice professionals

## The American Medical Association: The National Economic Impact of Physicians

This AMA-sponsored report, released in 2018, estimates the total economic impact of office-based physicians in active patient care in the U.S., using as barometers physician output, jobs, wages and benefits and state and local tax revenue. Highlights of physician economic contributions include:

**Total economic output:** The combined economic output of office-based physicians in the United States is \$2.3 trillion based on 2015 data, up from \$1.6 trillion based on 2012 data.

**Per capita economic output:** Each physician supports a per capita economic output of \$3.1 million based on 2015 data, up from \$2.2 million based on 2012 data.

**Jobs:** On average, each physician supports about 17 jobs based on 2015 data, up from 14 jobs based on 2012 data.

**Wages and benefits:** On average, each physician paid a total of \$1.4 million in wages and benefits based on 2015 data, up from \$1.1 million in wages and benefits.

**Tax revenues:** On average, each physician supports \$126,129 in local and state tax revenues, based on 2015 data, up from \$90,449 based on 2012 data.

The chart below indicates the average economic output of physicians by state (numbers do not include economic output physicians contribute to the national economy, only the output in their states):

Average Per Capita Economic Output of Patient Care Physicians By State			
State	Number of Physicians	Output (in billions)	Output per Physician
Alabama	8,723	\$16.70	\$1,914,479
Alaska	1,492	\$3.80	\$2,546,917
Arizona	13,993	\$33.50	\$2,394,054
Arkansas	4,989	\$9.10	\$1,824,013
California	89,933	\$232.00	\$2,579,698
Colorado	12,840	\$31.10	\$2,422,118
Connecticut	10,443	\$24.10	\$2,307,766
Delaware	2,286	\$4.80	\$2,099,738
District of Columbia	4,528	\$8.00	\$1,766,784
Florida	45,399	\$113.80	\$2,506,663
Georgia	19,443	\$44.40	\$2,283,598

*Examining topics affecting the recruitment and retention of physicians and advanced practice professionals*

Hawaii	3,732	\$8.50	\$2,277,599
Idaho	2,738	\$5.20	\$1,899,196
Illinois	30,258	\$73.20	\$2,419,195
Indiana	13,306	\$26.40	\$1,984,067
Iowa	5,324	\$9.80	\$1,840,721
Kansas	5,285	\$10.40	\$1,967,833
Kentucky	8,106	\$15.40	\$1,899,827
Louisiana	10,062	\$19.90	\$1,977,738
Maine	3,090	\$6.40	\$2,071,197
Maryland	17,633	\$39.50	\$2,240,118
Massachusetts	25,111	\$58.20	\$2,317,709
Michigan	23,591	\$51.90	\$2,199,992
Minnesota	13,401	\$30.50	\$2,275,950
Mississippi	4,670	\$8.20	\$1,755,889
Missouri	13,797	\$29.20	\$2,116,402
Montana	1,856	\$3.70	\$1,993,534
Nebraska	3,653	\$7.00	\$1,916,233
Nevada	5,056	\$10.90	\$2,155,854
New Hampshire	3,614	\$8.00	\$2,213,614
New Jersey	22,697	\$55.40	\$2,440,851
New Mexico	4,184	\$8.00	\$1,912,046
New York	60,444	\$141.20	\$2,336,047
North Carolina	20,876	\$44.90	\$2,150,795
North Dakota	1,441	\$2.70	\$1,873,699
Ohio	28,795	\$63.50	\$2,205,244
Oklahoma	6,915	\$13.40	\$1,937,816
Oregon	10,411	\$22.40	\$2,151,570
Pennsylvania	33,984	\$77.30	\$2,274,600
Rhode Island	3,259	\$7.40	\$2,270,635
South Carolina	9,660	\$18.90	\$1,956,522
South Dakota	1,709	\$3.30	\$1,930,954
Tennessee	14,096	\$29.10	\$2,064,415
Texas	51,333	\$117.90	\$2,296,768
Utah	5,489	\$12.30	\$2,240,845
Vermont	1,538	\$3.10	\$2,015,605



*Examining topics affecting the recruitment and retention of physicians and advanced practice professionals*

Virginia	17,758	\$37.20	\$2,094,830
Washington	16,880	\$37.10	\$2,197,867
West Virginia	3,579	\$6.30	\$1,760,268
Wisconsin	12,598	\$25.80	\$2,047,944
Wyoming	875	\$1.50	\$1,714,286

As these numbers indicate, office-based physicians on average often generate over two million dollars to their state economies not including what they add to the national economy.

### **Merritt Hawkins 2019 Physician Inpatient/Outpatient Revenue Survey/Impact of COVID-19**

Physicians do not only contribute to their local economies through hiring, purchases, wage generation and related factors. Through patient admissions, prescriptions, tests, and procedures, they also contribute revenue to their affiliated hospitals. Their influence on healthcare economics has been dramatically illustrated by COVID-19. When the pandemic caused elective procedures to be banned at many facilities, hospitals, medical groups and private practices lost billions of dollars. Many healthcare professionals were laid off or furloughed, including physicians, which was a unique occurrence in Merritt Hawkins 34-year history.

In order to track the revenue physicians generate on behalf of their affiliated hospitals, Merritt Hawkins periodically conducts its Survey of Physician Inpatient/Outpatient Revenue. In this survey we ask hospital chief financial officers (CFOs) to quantify the average net inpatient/outpatient revenue physicians in various specialties generate for their hospitals per year.

These revenues are not considered in the economic output data cited in the AMA/IMS Health data included above.

Some of the results of the 2019 version of this survey are indicated below:

<b>Annual Net Inpatient/Outpatient Revenue Generated by Physicians For Their Affiliated Hospitals</b>	
<b>Specialty</b>	<b>Annual Revenue</b>
Orthopedic Surgery	\$3,286,764
Neurosurgery	\$3,437,500
General Surgery	\$2,707,317
Cardiology (Invasive)	\$3,484,375
Internal Medicine	\$2,675,387
Hematology/Oncology	\$2,855,000

*Examining topics affecting the recruitment and retention of physicians and advanced practice professionals*

OB/GYN	\$2,024,193
Family Practice	\$2,111,931
Gastroenterology	\$2,965,277
Urology	\$2,161,458

The average annual net inpatient/outpatient revenue that all specialties included in the survey generate on behalf of their affiliated hospitals is over \$2.4 million.

Whether measured by the economic benefits physicians bring to their communities or the revenue they generate on behalf of their affiliated hospitals, physicians continue to play a vital economic role in addition to their key role as caregivers.

For a complete copy of Merritt Hawkins 2019 Survey of Physician Inpatient/Outpatient Revenue contact Merritt Hawkins at 800-876-0500 or access [www.merrithawkins.com](http://www.merrithawkins.com).



*Examining topics affecting the recruitment and retention of physicians and advanced practice professionals*

## About Merritt Hawkins

Established in 1987, Merritt Hawkins is the leading physician search and consulting firm in the United States and is a company of AMN Healthcare (NYSE: AMN), the largest healthcare workforce solutions organization in the nation. Merritt Hawkins' provides physician and advanced practitioner recruiting services to hospitals, medical groups, community health centers, telehealth providers and many other types of entities nationwide.

The thought leader in our industry, Merritt Hawkins produces a series of surveys, white papers, books, and speaking presentations internally and also produces research and thought leadership for third parties. Organizations for which Merritt Hawkins has completed research and analysis projects include **The Physicians Foundation, the Indian Health Service, Trinity University, the American Academy of Physician Assistants, the Association of Academic Surgical Administrators, and the North Texas Regional Extension Center.**

This is one in a series of Merritt Hawkins' white papers examining a variety of topics directly or indirectly affecting the recruitment and retention of physicians and advanced practice professionals, including physician assistants (PAs) and nurse practitioner (NPs).

Additional Merritt Hawkins' white papers include:

- ❖ Supply, Demand and Recruiting Trends in Family Medicine
- ❖ Ten Keys to Enhancing Physician/Hospital Relations: A Guide for Hospital Leaders
- ❖ Rural Physician Recruiting Challenges and Solutions
- ❖ Psychiatry: "The Silent Shortage"
- ❖ Nurse Practitioners and Physician Assistants: Supply, Distribution, and Scope of Practice Considerations
- ❖ Supply, Demand and Recruiting Trends in Internal Medicine
- ❖ Physician Supply Considerations: The Emerging Shortage of Medical Specialists
- ❖ RVU FAQ: Understanding RVU Compensation in Physician Employment Agreements
- ❖ Supply, Demand and Recruiting Trends in Radiology
- ❖ Visa Considerations for International Physicians
- ❖ Trends in Incentive-Based Physician Compensation

For additional information about Merritt Hawkins' services, white papers, speaking presentations or related matters, contact:

**Corporate Office:**

*Merritt Hawkins*  
8840 Cypress Waters Blvd #300  
Dallas, Texas 75019  
800-876-0500

**Eastern Regional Office:**

*Merritt Hawkins*  
100 Mansell Court East  
Suite 500  
Roswell, Georgia 30076  
800-306-1330