AAOS Now

The coming manpower shortage in medicine

By John C. Nordt III, MD

Manpower shortages in medicine are anticipated in the next 10 or 15 years because fewer qualified people are entering the field. In Florida, where I practice, 801 graduates finish medical school annually; more than half of them leave the state for postgraduate training and never return. Our two university orthopaedic residency programs produce 11 residents a year. The past 2 years, all these graduates have left the state. Why? Perhaps because they can't afford to practice medicine here.

At the end of postgraduate training, medical students are in debt for more than $200,000. The average cost of a house in the South Florida area exceeds $1 million. Tuition for private schools is approximately $20,000 a child. The cost of living in South Florida is incredibly high.

Not only is the cost of living high, maintaining a practice is also expensive. Paying $150,000 a year for medical liability coverage that has a $250,000 per claim cap and a lifetime cap of $750,000 doesn't make economic sense, especially when average settlements are closer to $1 million. Other states that have enacted tort reform are more attractive to new practitioners.

In addition, reimbursement is low. Preferred provider organizations and health maintenance organizations (HMOs) in the Miami area set their reimbursement levels at 80 percent of Medicare or less. Unfortunately, Medicare has set an unrealistic reimbursement standard under which an orthopaedic surgeon replacing a hip receives approximately $1,500 today, compared to the $5,000 he or she received back in 1984. Is it any wonder that total hip arthroplasty fellowships are going unfilled and the two most popular fellowships in orthopaedics are spine surgery and sports medicine?

Health insurance doesn't help

Most people equate the cost of health insurance with the perceived cost of medical care. But the monthly premium people pay for health insurance must cover administrative costs and profits, as well as medical care, and profits are soaring.

In my opinion, the profits of health insurance companies should be limited, just as my state limits by law the profitability of Florida Power and Light, the sole provider of energy in South Florida. Under current regulations, the government pays more to insurance companies under Medicare than it does to physicians. This money should be going to medical care, not to excess

profits.

As Donna Shalala, president of the University of Miami, said last year, the insurance company is the interface between the patient and the actual cost of medicine. The perceived cost of medicine is the premium paid. The actual cost is the combination of physician's fees and hospital fees. Unfortunately, when people pay their health insurance premiums, they don't actually know what they are purchasing.

Depending on the contracted arrangement between a hospital and an insurance company, the hospital will bill anywhere from 100 percent of their stated rates down to 25 percent of their stated rates. Some insurance companies have fee schedules that are so low, hospitals will not accept their coverage. Reductions in physician reimbursement mean that doctors receive less than 15 percent of the overall medical dollar.

It's not just orthopaedics

At such levels, an orthopaedic surgeon cannot sustain a viable medical practice. If reimbursement rates continue to drop, the practice of medicine will become a technical exercise, and physicians will go by the wayside.

Orthopaedics isn't the only specialty that is affected. A heart surgeon who used to be paid $6,000 or $7,000 for a valve replacement or triple bypass now receives just $1,200 to $1,500 per surgery, and few are in private practice. Residencies in cardiovascular surgery are going unfilled, which will continue to reduce the number of surgeons.

A recent article in the Wall Street Journal noted that general surgeons are also in short supply, and many are turning to full-time "temporary" work instead of establishing private practices. Is it any wonder that general surgeons would opt for a salary when reimbursement for a gallbladder surgery is just $800 instead of the $3,000 they once received?

Fewer medical students are opting for geriatric or primary care training due to the work load and poor reimbursement. Despite the increasing number of women entering medical school, lifestyle choices by medical graduates are resulting in more physicians turning to part-time practice, limiting their availability for medical care. The up-welling of baby boomers—those born after 1945 and rapidly approaching retiring—will seriously tax the healthcare system.

Many doctors are anxious to be employed because they realize that opening a practice is a huge expense and that reimbursement levels are insufficient to sustain a practice. But an employed physician must give up some autonomy and perhaps the out-of-the-box thinking that really good medical care sometimes requires. Additionally, physician allegiance will shift to the employer and away from organized medical associations such as the AAOS.

We're losing the best and brightest

The son of a good friend of mine recently finished his junior year at the Massachusetts Institute of Technology with straight As. He has been advised not to take the MCATs or to go into medicine because he is too smart. I believe that we will see more of this; colleges will not recommend medicine as a career choice for graduates.

I wonder whether the increased involvement by physicians with industry over the years could be linked to the reimbursement reductions by Medicare and subsequently adopted by insurance companies? When I recently asked this question at a Board of Councilors meeting, the silence

was deafening. I have always suspected a serious disconnect exists in organized medicine in trying to correct this problem.

My solution would be for the AAOS to adapt and distribute a fee schedule for all orthopaedic procedures (equivalent to payments received in the mid 1980s). Such a schedule would be an alternative to the Medicare schedule. Physicians should also be able to deduct from our taxes that which we cannot collect.

I do not think physicians should be second-class citizens, nor should patients have their care rendered by the government. Medical care should not be hugely profitable. There is good money for support of systems without windfall profits.

Private practitioners who are in the trenches earning their own salaries must be championed by the AAOS. Their economic stability must be preserved to remain a viable deliverer of musculoskeletal healthcare.

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