

The Economic Impact of Physicians



A Fact Sheet Examining the Economic Contribution
Physicians Make to Their Communities and to Their
Affiliated Hospitals

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

THE ECONOMIC IMPACT OF PHYSICIANS

A Fact Sheet Examining the Economic Contribution Physicians Make to Their Communities and to Their Affiliated Hospitals

Overview

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 county, 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’ *2013 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.

The American Medical Association: The National Economic Impact of Physicians

Prepared by IMS Health
March 2014

This AMA-sponsored report estimates the total economic impact of patient care physicians in each of the 50 states, the District of Columbia at in the nation as a whole, 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 patient care physicians in the United States is \$1.6 trillion.

Per capita economic output: Each physician supports a per capita economic output of \$2.2 million.

Jobs: On average, each physician supports about 14 jobs.

Wages and benefits: On average, each physician supports a total of \$1.1 million in wages and benefits.

Tax revenues: On average, each physician supports \$90,449 in local and state tax revenues.

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	8,773	\$11.2	\$1,276,644
Alaska	1,559	\$2.0	\$1,282,874
Arizona	13,377	\$21.5	\$1,607,236
Arkansas	5,135	\$6.3	\$1,226,874
California	85,943	\$162.6	\$1,891,952
Colorado	12,263	\$20.1	\$1,639,077
Connecticut	10,209	\$16.6	\$1,626,016
Delaware	2,223	\$3.2	\$1,439,496
District of Columbia	4,405	\$5.6	\$1,271,283
Florida	43,111	\$76.4	\$1,772,170
Georgia	19,021	\$29.7	\$1,561,432
Hawaii	3,562	\$5.3	\$1,487,928
Idaho	2,708	\$3.6	\$1,329,394
Illinois	29,617	\$50.9	\$1,718,608
Indiana	13,298	\$18.2	\$1,368,627
Iowa	5,820	\$7.1	\$1,219,931
Kansas	5,407	\$7.2	\$1,331,607
Kentucky	8,817	\$11.5	\$1,304,299
Louisiana	9,804	\$13.2	\$1,346,389
Maine	3,706	\$5.1	\$1,376,147
Maryland	17,253	\$28.5	\$1,651,887

Massachusetts	23,815	\$39.5	\$1,658,619
Michigan	23,519	\$37.0	\$1,573,196
Minnesota	13,429	\$21.0	\$1,563,780
Mississippi	4,917	\$6.1	\$1,240,594
Missouri	13,735	\$20.3	\$1,477,976
Montana	2,140	\$2.8	\$1,308,411
Nebraska	3,671	\$4.8	\$1,307,546
Nevada	4,723	\$7.0	\$1,482,109
New Hampshire	3,628	\$5.3	\$1,460,860
New Jersey	22,374	\$39.0	\$1,743,095
New Mexico	4,188	\$5.5	\$1,313,276
New York	58,443	\$98.9	\$1,692,247
North Carolina	20,247	\$29.4	\$1,452,067
North Dakota	1,560	\$1.8	\$1,153,846
Ohio	27,766	\$43.4	\$1,563,063
Oklahoma	6,931	\$9.0	\$1,298,514
Oregon	9,953	\$14.8	\$1,486,989
Pennsylvania	33,347	\$53.0	\$1,589,348
Rhode Island	3,101	\$4.8	\$1,547,888
South Carolina	9,354	\$12.6	\$1,347,017
South Dakota	1,733	\$2.1	\$1,211,771
Tennessee	14,026	\$20.1	\$1,433,053
Texas	48,314	\$78.6	\$1,626,858
Utah	5,205	\$8.3	\$1,594,621
Vermont	1,778	\$2.4	\$1,349,831
Virginia	17,888	\$26.2	\$1,464,669
Washington	16,400	\$26.1	\$1,591,463
West Virginia	3,862	\$4.3	\$1,113,413
Wisconsin	13,376	\$18.8	\$1,405,502
Wyoming	987	\$1.2	\$1,215,805

As these numbers indicate, physicians on average generate over a million dollars in all states and close to two million dollars in some states.

For additional information about this report, contact IMS Health, 1725 Duke Street, Suite 510, Alexandria, Virginia.

Merritt Hawkins 2013 Physician Inpatient/Outpatient Revenue Survey

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.

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 2013 version of this survey are indicated below:

Annual Net Inpatient/Outpatient Revenue Generated by Physicians For Their Affiliated Hospitals	
Specialty	Annual Revenue
Orthopedic Surgery	\$2,683,510
Cardiology (Invasive)	\$2,169,643
Family Practice	\$2,067,567
General Surgery	\$1,860,566
Internal Medicine	\$1,843,137
Hematology/Oncology	\$1,761,029
Neurosurgery	\$1,684,523
OB/GYN	\$1,439,024
Urology	\$1,428,030
Gastroenterology	\$1,385,714
Psychiatry	\$1,302,631
Cardiology/Non-Inv.	\$1,232,142
Nephrology	\$1,175,000
Pulmonology	\$1,009,868
Otolaryngology	\$825,757
Pediatrics	\$787,790
Ophthalmology	\$725,000
Neurology	\$691,406

The average annual net inpatient/outpatient revenue physicians in the specialties listed above generate on behalf of their affiliated hospitals is over \$1.4 million.

For a complete copy of Merritt Hawkins 2013 Survey of Physician Inpatient/Outpatient Revenue contact Merritt Hawkins at 800-876-0500.

Conclusion

While physicians are the key to providing quality patient care, they also drive economic development and job creation in their communities and are essential to the financial viability of their affiliated hospitals – all factors which should be taken into account when considering the costs and benefits of physician recruiting.

For additional information on physician revenue generation, physician compensation, physician recruiting strategies and related topics, contact:

Corporate Office:

Merritt Hawkins
5001 Statesman Drive
Irving, Texas 75063
800-876-0500

Eastern Regional Office:

Merritt Hawkins
7000 Central Pkwy NE
Suite 850
Atlanta, Georgia 30328
800-306-1330



www.merritthawkins.com

800-876-0500

