



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.

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### 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' *2016 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.



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**The American Medical Association:  
The National Economic Impact of Physicians  
Released January, 2018**

This AMA-sponsored report 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

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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



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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 2016 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 2016 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	\$2,746,605
Neurosurgery	\$2,445,810
General Surgery	\$2,169,673
Cardiology (Invasive)	\$2,169,643
Internal Medicine	\$1,830,200
Hematology/Oncology	\$1,688,056
OB/GYN	\$1,583,209
Family Practice	\$1,493,518
Gastroenterology	\$1,422,677
Urology	\$1,405,659

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Cardiology/Non-Inv.	\$1,260,971
Psychiatry	\$1,210,586
Pulmonology	\$1,190,870
Otolaryngology	\$1,066,221
Ophthalmology	\$1,035,577
Neurology	\$1,025,536
Nephrology	\$712,054
Pediatrics	\$665,972

The average annual net inpatient/outpatient revenue physicians in the specialties listed above generate on behalf of their affiliated hospitals is over \$1.56 million.

For a complete copy of Merritt Hawkins 2016 Survey of Physician Inpatient/Outpatient Revenue contact Merritt Hawkins at 800-876-0500.



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## 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:

- ❖ The Growing Use and Recruitment of Hospitalists
- ❖ 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
- ❖ The Physician Shortage: Data Points and State Rankings
- ❖ Physician Supply Considerations: The Emerging Shortage of Medical Specialists
- ❖ RVU FAQ: Understanding RVU Compensation in Physician Employment Agreements
- ❖ The Economic Impact of Physicians
- ❖ Ten Keys to Physician Retention
- ❖ Trends in Incentive-Based Physician Compensation

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

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