

# PHYSICIAN SHORTAGE



## Issue overview and implications

3/27/15

### Overview of the issue

There has been more than a decade-long debate regarding whether there will be a significant shortage of physicians. Despite a moderately increasing pipeline of new physicians, there is a perceived shortage by both consumers and physicians. Twenty percent of individuals report difficulty accessing primary care as a result of a shortage of primary care physicians (PCPs),<sup>1</sup> and 80% of physicians believe they are at capacity or over-extended.<sup>2</sup> Several factors are contributing to physician shortage projections, including variable supply and demand for health care services by geography and specialty and a growing, aging, and increasingly ailing population that is amplifying the demand for care. In addition, maldistribution of physicians by geography and specialty is causing localized shortages. However, improvements in the efficiency of the delivery system, new care delivery models, and other emerging trends have the potential to mitigate these factors.

### Access is critical to Cigna's mission

A physician shortage could negatively impact Cigna's mission *to help improve the health, well-being, and sense of security of the individuals we serve.*

Cigna's Total Health & Network organization strives to achieve this mission by enabling optimized relationships that connect care between providers and customers. This also helps ensure access to quality providers, which is critical to delivering better health, affordability, and experience for our customers. Therefore, it is important to understand the physician shortage issue and its impact on our customers' continued access to quality care.

*"While the widespread physician shortage predicted several years ago may not materialize, impacts will vary at the local market level. Cigna is taking steps to help ensure our customers have access to the right care at the right time by the right provider."*

*– Dr. Alan Muney, Senior Vice President & Chief Medical Officer, Cigna*

### 2008 AAMC study predicted a significant physician shortage by 2020

A 2010 update to a widely cited 2008 Association of American Medical Colleges (AAMC) study confirmed the original study findings and predicted a shortage of approximately 45,000 PCPs and 46,000 specialists by 2020.<sup>3</sup> This is approximately 10% of the projected demand.<sup>4</sup>

**Together, all the way.®**



1. National Association of Community Health Centers (NACHC), "Access is the Answer," March 2014.

2. The Physician's Foundation, "2014 Survey of America's Physicians," September 2014.

3. Association of American Medical Colleges (AAMC), "The Impact of Health Care Reform on the Future Supply and Demand for Physicians Updated Projections through 2025," June 2010.

4. Calculation based on 2010 study cited above.

*The main drivers of the AAMC study projections included:*

- › An increase in physician utilization rates for individuals over the age of 45.
- › A decrease in physician work hours resulting from physician lifestyle changes.
- › Increased access to care resulting from health reform coverage expansion.
- › Moderate growth in graduate medical education, but not significant enough to meet demand.
- › A moderate increase in productivity, but not significant enough to meet demand.

However, much has changed since 2010. Projections relied on fee-for-service based physician-to-patient ratios (i.e., demand projections assumed a constant level of care delivery, reflective of 2008), and did not take into account the impact of health reform on health care system redesigns, incentives to encourage prevention, the growth of “retail” health care, or the use of physician substitutes, and, therefore, may overestimate the extent of the shortage.

## Current situation

**Supply** Currently an “ideal” physician-patient ratio does not exist, which makes it difficult to define the number of physicians truly needed to meet demand. However, there is general consensus that the current physician workforce is maldistributed by both geography and specialty.

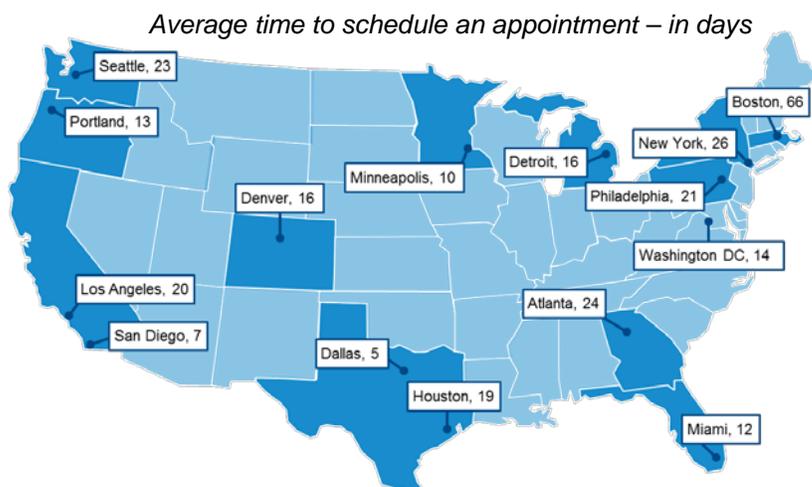
- › The Northeast has a far higher concentration of physicians than the South and West.
- › Many rural areas are severely underserved compared with urban and metropolitan areas.
- › The provider workforce is becoming increasingly specialized. In the 1960s, PCPs comprised about 50% of the physician workforce, compared with approximately 33% today.<sup>5</sup>

**Demand** Demand for health care services is market-specific and driven by factors such as demographics, health status, public perceptions of health care, and system-induced demand. Therefore, a high proportion of physicians to patients does not guarantee adequacy of supply.

- › A growing, aging, and increasingly ailing population is expected to increase demand for PCPs and specialists, particularly those specialists who provide care to the elderly.<sup>6,7</sup>
- › Studies on Medicare spending found that geographies with a greater supply of health care services (e.g., hospital beds, specialists) are more likely to experience greater health care utilization and access issues due to a payment structure that encourages any existing system capacity to be filled.<sup>8</sup>

**Local Impacts** While access is impacted by supply and demand discrepancies, delivery system efficiency and other local market dynamics have a large impact on overall access. For example, although Massachusetts has a far greater concentration<sup>9</sup> of physicians than Texas, Dallas has much shorter average PCP wait times than Boston.<sup>10</sup> These variations are likely driven by differences in the uninsured rate, the use of advanced practitioners, availability of convenient sites of care, income, and overall delivery system efficiency. Delivery systems appear to be able to adjust to physician shortages by adapting to increase the capacity or efficiency of the existing workforce.

## New patient PCP wait times for non-emergent conditions<sup>11</sup>



5. Institute of Medicine (IOM), “Graduate Medical Education that Meets the Nation’s Health Needs,” July 29, 2014.

6. U.S. Department of Health and Human Services, Health Resources and Services Administration, National Center for Health Workforce Analysis, “Projecting the Supply and Demand for Primary Care Practitioners through 2020,” November 2013.

7. Storm, Mike, *IHS*, “Increased Demand for Medical Specialists in the United States: How an aging population accompanied by a growing disease burden will impact the demand for healthcare services,” November 5, 2013.

8. Dartmouth Atlas of Health Care, “Supply-Sensitive Care,” 2014.

9. Association of American Medical Colleges (AAMC), “2013 State Physician Workforce Data Book,” 2013. Concentration refers to the number of active physicians per 100,000 individuals.

10. Merritt Hawkins, “Physician Appointment Wait Time and Medicaid and Medicare Acceptance Rates,” 2014.

11. Merritt Hawkins, “Physician Appointment Wait Time and Medicaid and Medicare Acceptance Rates,” 2014.

## Emerging trends impacting projections

Emerging health care trends have the potential to increase the supply, reduce demand or increase the capacity and efficiency of the health care system, suggesting that the situation may not be as dire as projected by the 2008 and 2010 AAMC studies.

### *Factors easing the projected shortage:*

- › An **increasing physician pipeline**; enrollment in medical schools increased by 28% from 2002–2012, and the number of residents increased 18% from 2003–2012.<sup>12</sup>
- › An **increase in physician capacity** driven by a growing number of advanced practitioners, including nurse practitioners (NPs) and physician assistants (PAs) and their increasing role in the delivery of primary care, new care models that are multi-disciplinary and team based, and technological innovations (e.g., digital engagement) that can increase efficiency in care delivery.
- › A **“retailization” of health care** is occurring in terms of benefit design and provision of care, with an increasing prevalence of consumer-driven health plans (CDHP), extended physician office hours to increase clinic capacity, and site of care alternatives to primary care offices (e.g., retail health clinics, urgent care centers).
- › A **rise in accountable care models/value-based payment models**, which are designed to improve care management, coordination, and overall population health.
- › **Scope of practice laws are expanding** to allow NPs and PAs more autonomy in care provision.

### *Factors expected to continue to exacerbate the projected shortage:*

- › **Demographic trends**, including a growing, aging, ailing, and more culturally diverse population.
- › A rise in **chronic disease**: 66% of all seniors have at least one chronic illness and see seven physicians by age 65; 20% of seniors have multiple chronic conditions, see 14 physicians and average 40 office visits each year.<sup>13</sup>
- › **Health reform** provided health care coverage to approximately 11M previously uninsured non-elderly adults in 2014 through Medicaid expansion and subsidized health insurance exchanges.<sup>14</sup> While increased health insurance coverage was generally expected to increase demand for health care services, early studies suggest that reform is only having a small to modest impact on demand.<sup>15,16</sup>
- › **Physician work trends** that reduce work hours, including retiring early, reducing clinical workload, shifting to employed status, and more female physicians (who are more likely than male physicians to work part time).
- › **Physician administrative burden**. Physicians report spending about 20% of their day on nonclinical tasks.<sup>17</sup>

In March 2015 the AAMC released an update to their 2010 study that accounted for some of the trends discussed above. In addition to updating baseline data and assumptions, including updating care delivery assumptions to reflect the level of care in 2013, the study assessed the impact of health reform, more integrated care delivery, and increased use of retail health clinics and advanced practice nurses on physician demand.<sup>18</sup> The study also analyzed the impact of physician demographic and work style trends on physician supply. The 2015 study concluded that these factors should reduce the shortage projected in 2008 and 2010 (potentially more so for PCPs than specialists). The AAMC now projects a shortage of 46,000–90,000 physicians by 2025 (compared with the 131,000 physicians projected in the 2010 report). The study did not take into account some trends likely to further reduce the physician shortage, including the impact of physician assistants and technological innovation (e.g., email, health information technology, and telehealth) on physician demand.

12. Institute of Medicine (IOM), "Graduate Medical Education that Meets the Nation's Health Needs," July 29, 2014.

13. *amednews.com*, "Coping with the Baby Boomers and Staggering Statistics," September 20, 2010.

14. Garfield, Rachel; Young, Katherine, *Kaiser Family Foundation*, "Adults Who Remained Uninsured at the End of 2014," January 29, 2015.

15. Glied, Sherry; Ma, Stephanie, *The Commonwealth Fund*, "How Will the Affordable Care Act Affect the Use of Health Care Services?" February 2015.

16. Hinchliffe, Emma, *USA Today*, "Affordable Care Act hasn't overwhelmed doctors, study says," March 24, 2015.

17. The Physician's Foundation, "2014 Survey of America's Physicians," September 2014.

18. Association of American Medical Colleges (AAMC), "The Complexities of Physician Supply and Demand: Projections from 2013 to 2025," March 2015.

## Cigna's position\*

It is no longer clear that there will be a significant, widespread physician shortage in future years. Emerging trends suggest that the shortage predicted by the AAMC is likely overstated at a national level. While demand for primary and specialty care will likely increase due to an aging, growing, and ailing population, factors such as new care models, greater use of advanced practitioners, value-based payment models, and technological innovations are likely to increase the efficiency and capacity of the existing workforce. However, there is still cause for concern on a local-market level. Existing deficiencies by geography and specialty, especially primary care, will likely persist unless physicians can be incentivized to alter their current work trends.

**Continued provider workforce specialization could limit efforts to achieve population health improvement – new tactics are needed to meet increased demand for primary care**

### *Supporting public policy changes*

Cigna supports public policy changes that will help ease physician shortages, elevate the role of primary care, and improve delivery system capacity, outcomes, and access. This includes broad payment reform that promotes accountable care models and value-based reimbursement, places greater value on and investment in primary care, and provides incentives to encourage medical students to select primary care and practice in underserved geographies.

### *Access to Care*

Cigna is pursuing the following actions to help ensure continued access to quality care for our customers.

Collaborating with providers to transition to value-based reimbursement to align incentives, optimize outcomes, and minimize demand for unnecessary medical care.

Pursuing strategic relationships with health systems and clinics.

Further developing our retail care delivery network (convenience clinics, urgent care centers).

Leveraging embedded care coordinators in our Collaborative Accountable Care (CAC) arrangements to extend PCP reach.

Enabling providers to be more productive and efficient (e.g., reduce administrative burden).

Considering new reimbursement/incentive mechanisms that promote the use of technology (e.g., telemedicine) and advanced practitioners.

Supporting physicians with resources and tools to become more culturally competent to help ensure access to care for a more diverse patient population.

Considering network models with preferred access to providers for Cigna customers.

## **Cigna Total Health & Network Strategy & Insights**



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