Obama Health Care Law Exacerbates Primary Care Physician Shortage

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President Obama’s health care law is likely to significantly increase demand for primary care physicians even as the nation already faces shortages of doctors in this field.

According to Kathryn Nix, a health care policy analyst at the Heritage Foundation, decades of overregulation of the health care labor market coupled with an aging population have created a shortage of about 30,000 primary care doctors nationwide.

“I think that there is a pretty big problem, and it’s on track to get worse,” said Nix. “By the end of this decade we’ll need about 90,000 physicians, and after the next decade 125,000.”

Nix points out that when Congress passed the 1997 Balanced Budget Act, it included a cap on the number of residency positions Medicare is allowed to fund. The step wasn’t controversial at the time, and in fact it had the support of multiple organizations, since concerns abounded at the time that the United States had an oversupply of physicians.

Since then, the number of residency positions funded by Medicare has remained unchanged, capped at 1996 levels despite exploding population growth and increased demand. Groups such as the Association of American Medical Colleges (AAMC) and the American Medical Association (AMA) have since changed positions and now support increasing the 1996 cap or eliminating it entirely.

“The biggest concern is that the demand is going up as the population ages,” Nix continued. “We’re going to have more people on Medicare, elderly who need more medical attention. The new health care law will exacerbate the problem, first of all by increasing and subsidizing demand, but several of the provisions of the new law will discourage physicians from staying in the profession and will discourage young people from joining it.”

Overregulation, Under-Reimbursement

Nix says the government expects primary care physicians to work for pennies on the dollar—making it far more profitable to be a specialist.

“Mostly it’s problems with reimbursement.
The new health care law left in place the Sustainable Growth Rate formula which schedules cuts to physicians’ payment rates every year,” Nix added. “If that actually were to go into effect—we all know it’s not going to—but if it did it would be about a 30 percent cut to doctors’ payments. If Congress allowed that to happen, obviously there would be a problem of access for seniors because a lot of doctors can’t afford to see their payments slashed by that much and continue to see those patients. So we left in place that formula, and on top of that the new health care law introduces new provider cuts to Medicare.”

Barriers to Entry a Concern

Devon Herrick, a senior fellow at the National Center for Policy Analysis, agrees overregulation is a major culprit in precipitating current shortages.

“The shortage of primary care physicians is arguably the result of excess government regulation,” said Herrick. “Going back nearly 100 years, the Flexner Report on U.S. medical education was successful in closing about half of [the nation’s] medical schools. State medical societies have been rather adept at erecting barriers to entry into the medical profession. In addition, the Medicare Payment Advisory Commission (MedPAC) recommends weights on relative value units that reimburse specialist physicians who treat Medicare patients at rates much greater than primary care physicians. Private insurers tend to follow Medicare’s example.”

Herrick notes medical schools are already moving to meet the market’s needs.

“Some medical schools are looking at three-year medical degrees for medical students wanting to go into primary care. Texas Tech has a program that allows medical students to skip their fourth year and begin residency. The fourth year of medical school is when medical students are exposed to various specialties that they might want to study,” Herrick said.

Regulations Seen as at Fault

According to Herrick, one way to boost access to primary care is to standardize and relax state laws that prevent advanced-practice nurses and physicians’ assistants from practicing independently. Spencer Harris, a health care policy analyst at the Texas Public Policy Foundation, says nurse practitioners represent one possible path to filling patient needs.

“We can’t afford to train enough new physicians quickly enough to meet the needs that are currently not being met. What we advocate for is an expansion in the scope of practice regulations for advanced practice nurses. Nurse practitioners can address the majority of primary care needs,” Harris said.

Harris notes using nurse practitioners doesn’t just provide a benefit in shortening training time, but could also provide cost savings through Medicaid.

“We can train seven nurse practitioners for the cost and the time that it takes to train one primary care physician,” Harris said. “We’d see an overnight reduction in the cost of our Medicaid program, because Advance Practice Nurses get paid 92 percent of what we pay doctors in Medicaid. Right away you would see an 8 percent decrease.”

“We don’t have an efficient provider infrastructure, and it’s our own fault, because of the regulations we’ve put in place,” said Harris.

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