Doctor Pay Tops $257K For Primary Care, $425K For Specialists

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- Specialists’ compensation increased only slightly to $425,136 last year from $423,392 in 2016

Primary care physician compensation has surpassed $257,000 a year, rising much faster than specialist pay that isn’t even keeping up with inflation at $425,000 as doctor pay shifts to value-based models that emphasize outpatient care.

The new Medical Group Management Association annual compensation survey shows median primary care doctor compensation rose nearly two percent to $257,726 in 2017 from $253,629 a year earlier. Meanwhile, specialists’ compensation increased only slightly to $425,136 last year from $423,392 in 2016, according to the 2018 MGMA DataDive Provider Compensation, which comes from a dataset of more than 136,000 providers from more than 5,800 organizations including doctor, hospital and academic-owned practices.

Over the last five years, specialist compensation has risen only 5.69% thanks to new value-based pay models from insurance companies and Medicare that reward primary care doctors who work to keep patients healthy and out of the more expensive hospital setting. Meanwhile, all primary care compensation has risen 10.62% to $257,726 in 2017 from $232,989 in 2013.
Given the move from fee-for-service medicine to value-based care, there’s also a greater need for primary care physicians, exacerbating the physician shortage. There will be a shortage of to 120,000 physicians “across a number of disciplines by 2030,” the Association of American Medical Colleges has said.

“With a nearly two-fold rise in median compensation for primary care physicians over their specialist counterparts and increased additional incentives, we can now see the premium organizations are placing on primary care physicians’ skills to combat this shortage,” MGMA president and CEO Dr. Halee Fischer-Wright said.

The trend toward away from volume of care delivered in a fee-for-service system to getting patient care in the right place, in the right amount and at the right time is unlikely to change. Major insurers including Aetna, Anthem, Cigna, Humana and UnitedHealth Group are shifting rapidly to value-based models with more than half of their reimbursements to doctors paid based on outcomes and quality measures. That means more reimbursement to doctors will come via bundled payments, accountable care organizations (ACOs), medical home models and pay-for-performance contracts.

UnitedHealth Group, for example, reported earlier this year that nearly 60% of the insurer’s $130 billion in annual medical spending is value-based models.

Other highlights of the survey include:

- The District of Columbia is the “lowest paying with $205,776 in median total compensation” for primary care physicians.
- Nevada is the “highest paying state with $309,431 in median total compensation” for primary care physicians.
- Non-physician provider compensation has increased at a rate of 8 percent over the last five years.