The Impact of Health Care Reform on the Future Supply and Demand for Physicians Updated Projections Through 2025
June 2010

Overview

Health care reform (the Patient Protection and Accountable Care Act—PPACA) signed into law in March 2010 is expected to make health insurance coverage available to more than 30 million previously uninsured Americans by 2014. It will also improve coverage and access to care for many others. Questions have been raised as to whether there will be a sufficient supply of physicians and other health professionals to serve the nation, especially in light of concerns that the nation was facing potentially significant shortages even before health care reform.

A 2008 AAMC report indicated that the nation was likely to face a significant shortage of physicians in the future under a variety of scenarios. While the report included a scenario of universal coverage, that scenario does not adequately reflect the final PPACA provisions. Therefore, in order to assess the potential impact of the PPACA on the expected shortage, the AAMC Center for Workforce Studies, working with The Lewin Group (who assisted AAMC on the development of the original projections) has updated the 2008 projections to reflect the actual PPACA provisions, and also incorporated more recent physician supply and utilization data and updated population projections. Based on these revisions, under our most plausible scenario, described below, we project an overall shortage of 91,500 and 130,600 active patient care physicians in 2020 and 2025 respectively, and a primary care shortage of 45,400 and 65,800 physicians in 2020 and 2025, as indicated in the table below.

Projected Supply and Demand, Full-time Equivalent Physicians Active in Patient Care, 2008-2025

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply – All Specialties</th>
<th>Demand – All Specialties</th>
<th>Shortage – All Specialties</th>
<th>Shortage – Primary Care</th>
<th>Shortage – Non-Primary Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>699,100</td>
<td>706,500</td>
<td>7,400</td>
<td>7,400</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>709,700</td>
<td>723,400</td>
<td>13,700</td>
<td>9,000</td>
<td>4,700</td>
</tr>
<tr>
<td>2015</td>
<td>735,600</td>
<td>798,500</td>
<td>62,900</td>
<td>29,800</td>
<td>33,100</td>
</tr>
<tr>
<td>2020</td>
<td>759,800</td>
<td>851,300</td>
<td>91,500</td>
<td>45,400</td>
<td>46,100</td>
</tr>
<tr>
<td>2025</td>
<td>785,400</td>
<td>916,000</td>
<td>130,600</td>
<td>65,800</td>
<td>64,800</td>
</tr>
</tbody>
</table>

Description of Methodology

The general methodological approach used for the AAMC projections report was the development of a baseline projection reflecting current supply, practice, utilization and disease patterns, applied to the projected population in the future. Alternate projections are made using alternative assumptions and scenarios. For example, while it is known that current supply and utilization patterns will change in the future, how they will change is uncertain. Therefore, the alternate scenarios assess the impact of possible changes in specific factors influencing supply and/or demand.

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2. Primary care includes physicians whose specialty is listed as internal medicine, family medicine or pediatrics in the AMA Masterfile.
3. “Non-primary care” includes physicians in all specialties except primary care specialties.
In addition to modeling an increase in health care coverage in 2014 and beyond due to the PPACA provisions, the projections displayed here represent an update to the “most plausible” scenario, which included the following combination of influences considered most likely to occur:

- An increase in physician utilization rates per person over 45 (reflecting the fact that visit rates have been rising steadily over the past 30 years for those over 45);
- A decrease in working hours for physicians due to gender and generational changes in the physician workforce;
- A moderate growth in graduate medical education (GME) from 25,000 new entrants in the base year (2006) to 27,600; and
- A moderate increase in productivity (such as greater use of physician assistants and nurse practitioners.)

Other Adjustments to the Projections

The 2008 report was primarily based on data from 2006, which were the most recently available at the time. Among the significant new updates to these projections are:

1. The base year was changed from 2006 to 2008: This reduces by two years the time covered by the projections, which can be significant if demand or supply is growing more rapidly than the other.
2. Physician supply numbers were updated: The updated projections are based on the 2008 AMA Masterfile rather than the 2006 data used in the earlier projections.
3. Population projections were updated based on data from the Census Bureau.
4. These projections begin with the assumption of a shortage of 7,400 primary care physicians, which is the number of primary care physicians that the federal Department of Health and Human Services states it would take to meet the basic needs of areas designated as Health Professional Shortage Areas (HPSAs).
5. The utilization rates by age, gender and insurance status were updated based on more recent data.
6. The new projections include an adjustment for the obesity epidemic. This adjustment used the most recent information on obesity patterns in the US and data on actual physician use patterns by those who are obese.

Limitations

At this time, it is not possible to estimate the impact of the workforce provisions of health care reform related to systems redesign or incentives to encourage prevention, primary care and the use of non-physicians. The revised estimates also do not update several of the variables included in the methodology for projecting supply and demand. A more comprehensive re-assessment, incorporating updates to all of the variables affecting future supply and demand will be appropriate as more of the provisions of health care reform are implemented and their impact can be assessed.

Closing Comments

These revised estimates are consistent with earlier estimates: they indicate the health care system is likely to be facing severe pressure as demand rises more rapidly than the supply. It is important to keep in mind the strengths and limitations of projections. They can be very valuable in pointing the direction in which the system is moving, and the potential impact of changes in health care, the practice of medicine, or population trends on the adequacy of the supply of physicians. While there are factors which will impact future physician supply and demand which we cannot project with precision, it is clear that assuring access in the future will be a major challenge for the health care system.