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PCPs Outvalue Specialists as Hospital Revenue-Generators

John Commins, April 12, 2016

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Family physicians generate \$1.4 million in revenues for their hospitals, about 7.5 times the value of their compensation. Orthopedic surgeons bring in 5.5 times the revenue value of their compensation, data shows.

Physician specialists continue to generate the most money for their hospitals, but primary care doctors still provide more bang for the buck, a **Merritt Hawkins survey** released this week shows.

Orthopedic surgeons were paid \$497,000 on average in 2015 and generated about \$2.7 million in revenues for their hospitals, which is about 5.5 times the value of their compensation. Family physicians with an average starting salary of \$198,000 in 2015 generated \$1.4 million in revenues for their hospitals, which is about 7.5 times the value of their compensation, the survey reported.

A further breakdown showed that an invasive cardiologist and a neurosurgeon each generated about \$2.44 million, and a general surgeon generated about \$2.1 million. Family physicians generate an average of \$1.5 million in net revenue annually for their affiliated hospitals, while general internists generate \$1.8 million.

The average \$1.56 million revenue for all medical specialties included in the survey is up from **\$1.44 million** in 2013, the last year Merritt Hawkins conducted the survey. Revenue generated by 11 of the 18 medical specialties increased in 2015 when compared to 2013.

Irving, TX-based Merritt Hawkins, one of the nation's largest physician recruiting firms, compiled the data in a survey of hospital CFOs. The figures include both net inpatient and outpatient revenue from patient referrals, tests, prescriptions, and procedures performed or ordered in the hospital.

Travis Singleton, a senior vice president at Merritt Hawkins, says the fact that inpatient/ outpatient

revenues in 2015 were up from the 2013 survey "is pretty telling," and in sharp contrast to the nationwide push for preventative medicine and reduced utilization.

"It is counter to a lot of the rhetoric you hear in healthcare. Net inpatient/outpatient numbers should be declining at a huge rate, and the reality is they didn't. They went up," Singleton says. "That shows that doctors remain the engine of our healthcare economics. There are no two ways about it. The fundamentals of our economics in healthcare have not changed and people need to understand that."

"That doesn't mean we aren't taking steps in the right direction around preventative care. Our continuum of care is the best it's ever been and really trying to curb readmissions. We have done an admirable job," he says.

"What this shows you is that the overall volume is overwhelming the system, even though we have done well in those areas. The overall inpatient/outpatient revenue per physician has gone up and that's because you cannot prevent your way to immortality"

"We are looking at volumes in hospitals that we have never seen before. Specifically, if you look at the numbers around specialists, that is the most telling," he says. "With the rate that Baby Boomers are hitting our systems, it would have been foolish to think these numbers would go down no matter how great a job we're doing."

Specialists Top Compensation Lists

Orthopedists (\$443,000), cardiologists (\$410,000), and dermatologists (\$381,000) are among the highest-compensated physicians in **Medscape's Physician Compensation Report 2016**, while pediatricians, (\$204,000), endocrinologists (\$206,000), and family physicians (\$207,000) maintain a firm hold on the bottom rung of the compensation ladder that they've held for the past three years.

When compared with Medscape's 2015 survey, allergy and pulmonology saw a noticeable decrease in income (-11% and -5%, respectively). Pathologists and plastic surgeons remained stable. The rest of the physician specialties reported an increase.

The greatest increases appeared among rheumatologists and internists (12%), followed by nephrologists and dermatologists (11%).

The Medscape survey shows that self-employed specialists and primary care physicians make more money than their employed colleagues. Employed primary care physicians earn about \$207,000, compared with self-employed peers who earn about \$229,000.

That the gap is narrowing, however, as employed primary care physicians have seen the highest percentage compensation increase (10%) compared with self-employed PCPs (8%) and specialists (6%).