

# Health Care Demand Rising, Population Aging: The Imperative to Increase Physician Supply

Increasingly, and with greater and greater urgency, the alarm is being sounded: our nation is facing a serious shortage of both primary care and specialty physicians as the baby boomer generation begins to enter its senior years. Exacerbating this impending shortage are the rising demand for ambulatory medical care services among all age groups and the shrinking supply of nurses and new nursing students to fill the widening gap. Experts in health economics from around the United States predict a dire scenario by 2020 if Congress doesn't act now to alleviate the looming shortage of physicians, in part by making sure that the nation's Medicare payment policies reflect reality for both physicians and patients. This issue of *Health Care News In-Depth* explores the increasing demand for health care services, the aging population, and experts' predictions about and possible solutions to the impending physician shortage.

This past May, the speakers at the 14th Annual Princeton Conference, sponsored by the Robert Wood Johnson Foundation, cautioned that the United States is facing a shortage of approximately 200,000 physicians by the year 2020—at exactly the time when the country's 78 million baby boomers will be well into their senior years.<sup>1</sup> Of course, the baby boomers who will make up the expanding elderly population are also the physicians and nurses who are now beginning to retire—with not nearly enough new physicians and nurses to replace them.

“Even if hospitals add 400 new residency positions per year over the next 10 years,” said conference participant Richard Cooper, M.D. of the University of Pennsylvania, “we will still not catch up.”

As the baby boomer generation ages and the elderly population continues to expand, patient acuity and the demand for health care services will also be on the rise. Indeed, the increased demand for services has already begun: in 1995, patients aged 40–59 years of age accounted for about 24% of all ambulatory care visits in the United States, rising to approximately 29% in 2005, according to a recent report from the U.S. Centers for Disease Control and Prevention (CDC).<sup>2</sup> Moreover, between 2010 and 2030, according to the U.S. Census Bureau, the proportion of the population aged 65 and older will increase from

approximately 13% to 20%—an increase of about 30 million people. Given this picture, the ability of the health care community to provide enough physicians and nurses to meet demand is more crucial than it has ever been.

## Ambulatory Medical Care

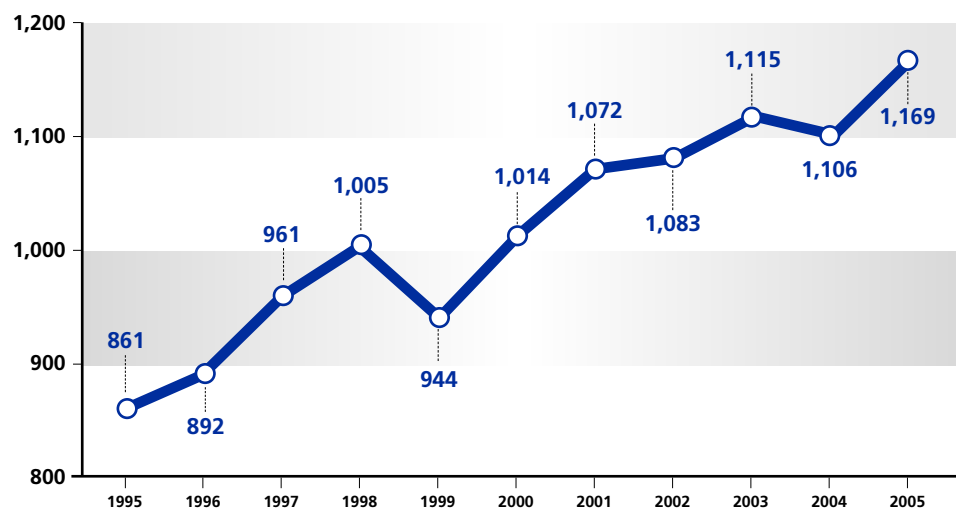
Health care services in the United States are provided most often through ambulatory medical care, which occurs in hospitals, physician offices, and other health care settings.<sup>3</sup> The CDC indicates that the aging of the population in the United States has contributed to an

increase in the use of ambulatory medical care, since the elderly seek medical care more often than other populations (excluding infants).<sup>4</sup> In 2005, patients in the United States made an estimated 1.2 billion ambulatory care visits to physician offices and hospital outpatient and emergency departments (EDs), with visitation rates from 1995 to 2005 increasing by about 20% in primary care offices, surgical care offices, and outpatient departments; 37% in medical specialty offices; and 7% in EDs—or an aggregate increase of 36%.<sup>5</sup>

*continued on reverse*

NUMBER OF VISITS IN MILLIONS

## NUMBER OF AMBULATORY CARE VISITS, UNITED STATES, 1995–2005



Source: C. W. Burt, L. F. McCaig, E. A. Rechtsteiner, “Ambulatory Medical Care Utilization Estimates for 2005,” *Advance Data from Vital and Health Statistics*, Number 388 (Hyattsville, MD: National Center for Health Statistics, 2007).

**EMERGENCY DEPARTMENT USE AND AVAILABILITY**

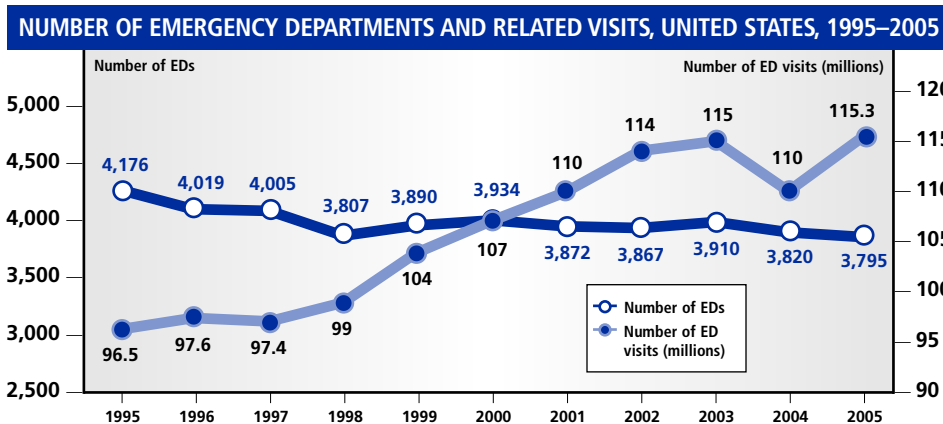
Approximately 10% of all ambulatory medical care visits in the United States occur in the emergency department. From 1995 to 2005, the number of visits to hospital EDs in the United States increased around 20%, from approximately 96.5 million to 115.3 million, reflecting an average increase of more than 1.7 million visits per year. During that same period, the number of hospital EDs decreased from 4,176 to 3,795, which had the effect of increasing the annual number of visits per ED from approximately 23,000 to 30,388—an increase of 31%. About 219 visits, on average, were made to U.S. emergency departments every minute during 2005, with 72% of ED visits made to voluntary nonprofit hospitals and 85.5% occurring in metropolitan statistical areas.<sup>6</sup>

In 2005, patients saw physicians in 90.7% of ED visits, and they saw registered nurses or licensed practical nurses in 88.7% of visits.

The CDC has observed that, “EDs are under increasing pressure to provide care for more patients, resulting in crowding and ambulance diversions. ED crowding has multiple effects, including placing the patient at risk for poor outcomes, long waits, and decreased physician productivity.”<sup>7</sup> Along with the nursing shortage, then, the increased reliance on ED use together with the concomitant decline in the number of EDs makes the impending physician shortage in this country even more grim—and too serious to continue to ignore.

**The Nursing Shortage**

It has been projected that the United States will have at least 400,000 fewer nurses practicing in 2020 than today,<sup>8</sup> and that the vacancy rate of registered nurses will increase from 7% in 2005 to 29% by 2020,<sup>9</sup> a shortage of almost one million. Simply put, the demand for nursing staff continues to outpace our ability to educate new nurses and train experienced nurses to work in critical care, emergency, and operating room departments, where the shortage is most acute.<sup>10</sup>



Source: E. W. Nawar, R. W. Niska, J. Xu, “National Hospital Ambulatory Medical Care Survey: 2005 Emergency Department Summary,” *Advance Data from Vital and Health Statistics*, Number 386 (Hyattsville, MD: National Center for Health Statistics, 2007).

GNYHA is taking steps to address the problem. Its Gap Program, which will enter its second year this fall, was developed to bridge the gap between academia and the hospital setting by training experienced nurses to become clinical adjunct faculty and preceptors to new nurses, with the goal of improving nurse recruitment and retention. For more information or to participate, hospital nursing supervisors should contact Terri Straub at GNYHA.

**Coping With Increasing Demand**

In 2005, the Federal Council on Graduate Medical Education (COGME) issued a report showing that while the supply of physicians is expected to increase over the next two decades, the demand for services is likely to grow even faster. Based on overall trends, the Federal COGME report recommended an increase in U.S. medical school production by 15%. The Association of American Medical Colleges, for its part, has projected that the demand for physician visits will increase by 53% by 2020, and called for a 30% increase in medical school enrollment among its member medical schools to address the predicted physician shortage.

Policymakers have done little to address the issue, despite a growing body of evidence. Congress, for example, has been unwilling to lift the cap on physician resident training slots that Medicare can support. As reported in the

*CongressDaily* on June 7, “Medicare’s payments to hospitals for graduate medical education expenses essentially determine how many physicians get trained in which specialties each year.” Yet, since the passage of the Balanced Budget Act in 1997, Congress has failed to address the impending physician shortage in any significant way and has instead opted for short-term and marginal solutions. In 2003, as part of the Medicare Modernization Act, Congress included a provision to redistribute resident slots that were being unused at that time from some teaching hospitals to others. While this short-term fix addressed a small subset of the larger issue, a wholesale elimination of the Medicare resident cap is what’s really needed—and it must be achieved in time to ensure that health services for the country’s aging population will not be compromised.

Yet some policymakers at the Federal level are going in the opposite direction. In his fiscal year 2008 budget, President Bush proposed completely eliminating Medicaid support for physician training—a policy that Congress has wisely stopped, at least for the time being. Clearly, it is incumbent upon the health care community to educate the Administration and Congress about the importance of increasing support for medical training if we are to reverse the impending physician shortage and have enough physicians to meet demand. ■

**REFERENCES**

1. “Health Matters,” *CongressDaily* (June 7, 2007).
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