Institute for Public Policy and Economic Analysis

The Challenge of Providing Primary Care Services In Spokane County

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3. Executive Summary

This study responds to a set of questions posed by the Spokane County Medical Society (SCMS) to the Institute of Public Policy & Economic Analysis at Eastern Washington University about economic challenges facing the provision of primary care in Spokane County. This study is part of a groundswell of concern and research regarding whether the current and future primary care workforce is adequate. For purposes of the study, primary care disciplines are: family/general practice, internal medicine, pediatrics and obstetrics/gynecology. The SCMS requested that the following topics be investigated:

- A review of data and literature on norms for an adequate supply of primary care physicians, or PCPs, in Spokane County;
- Current access to PCPs by Medicare & Medicaid patients;
- A set of strategies for the recruitment & retention of PCPs locally;
- An estimate of the economic impact of an inadequate PCP base in Spokane County; and
- Recommendations to the SCMS on revenue-enhancing strategies for PCP offices.

A review of data and literature on norms for an adequate supply of primary care physicians, or PCPs, in Spokane County shows that while the largest number of offices responding came from solo practitioners, the bulk of the Spokane PC physician workforce can be found in the practices with over 5 physicians, and especially in practices of over 10 physicians. A similar distribution of physician assistants and those PC physicians working part-time exists.

A high percentage of offices and clinics, as weighted by the physician count, is expecting some form of turnover in 2009 and the two years beyond. Offices representing 42% of all physicians expect departures in 2009 and those representing 52% of all physicians anticipate retirements within three years. 72% of all offices, as weighted by their physician count, reported that they did not have enough PC physicians or PAs. These results do not include the answers provided by the large residency program in Spokane. Not surprisingly, three quarters of offices and clinics, weighted by their physician count, expect to hire physicians in 2009; 37% anticipate hiring PAs in 2009. Interestingly, the overwhelming majority of offices reported that their starting salaries are competitive.

An extensive literature review of PC physician staffing norms turned up a range of current values from 80-95 per 100,000 people. Based on the SCMS roster, the 2008 value for the County was 87. However, data from the American Medical Association show that
the ratio has slipped considerably over the past few years, especially so for family and general practice physicians. Among Pacific Northwest metropolitan statistical areas (MSAs), Spokane staffing ratios for all PC physicians are currently below the median and considerably below the ratios of the Seattle and Portland MSAs.

Current projections from national organizations that follow physician supply now point to a looming shortage over the next decade, assuming current practice patterns, gender mix and physician productivity do not change. The two most recent studies put the gap in 2025 between 35,000-46,000 primary care physicians, measured on an FTE basis. A local forecast based on national models was not attempted. However, applying likely future staffing norms of PC physicians to the age distribution of Spokane PC physicians, average retirement rates and population forecasts, yields a need of 19-20 new PC physicians a year over the next decade, by head count. On an FTE basis, the numbers will be higher.

Since approximately 20% of the current Spokane PC physician workforce consists of graduates of the University of Washington (UW), actions taken by that university’s medical school to respond to these forces will be critical. That is, unless U.S. and Washington State policies allow the presence of IMGs to continue to expand. Presently, Washington State produces the second-lowest count of medical school graduates per capita among all states, and the lowest count when the five-state WWAMI (Washington, Wyoming, Alaska, Montana and Idaho) population is used. Over this decade, the state’s graduate count has actually slipped, although recent expansion of the UW WWAMI program in Spokane should reverse the decline.

Access to PC physician care was also measured. A consequence of constrained supply is constrained ability of patients insured by the two large government programs, Medicare and Medicaid, to receive primary care. The survey found that current payer mix of responding offices, weighted by the number of PC physicians, was 26% Medicare and 20% Medicaid. When asked about the ability to take on new patients, 32% and 27% of the responding physicians indicated this was possible for Medicare and Medicaid, respectively at the time of the survey. These are slightly higher shares than those found in 2002 from a survey of PC physicians undertaken jointly by the Washington State Department of Health and the Spokane Regional Health District. Slightly higher percentages, 42% and 38%, emerged from a similar query about 2009. Nonetheless, these responses indicate that a large majority of PC physicians in Spokane are not taking on new patients from the two government programs.

A review of best practices for recruiting and retaining physicians was also undertaken. In addition, Spokane PC physician offices were queried about their activities and preferences in this important activity. While the internet and networking were identified as the leading national recruitment strategies, the survey revealed that hospitals, networking and residency programs were the top three factors locally. Nationally, compensation, benefits and practice arrangements figure as the top retention issues; the local survey found a similar ranking of factors.
A second survey carried out by the study team sought to understand the backgrounds of those PC physicians who had recently left Spokane and the reasons of their departure. Here the sample was much smaller, with 30 names for which addresses could be found. Eleven responses were received, and consequently, the results are merely suggestive. The respondents were largely female, had been in Spokane generally three to four years before leaving, had worked as employees and were married with dependents. It was clear from questions about their rating of the attributes of the Spokane area that the community “fit” had often not been good. The major reasons for leaving centered on compensation and family. However, the range of replies for their departures was broad and one cannot draw too many conclusions.

National and state policies to increase recruitment and retention were reviewed. Generally, they fall into two programs: financial support of residents and new physicians, via favorable loans, and tuition scholarships granted to medical students. Both types of programs demand, in return, that the student or resident spend a certain amount of time, usually 3-4 years, in designated medically underserved areas (MUAs). Washington State has both types of programs, with a current annual budget of $8.7 million/year. However, as Spokane County contains very few MUA slots, advocating an expansion of this program will not directly serve the needs of its PC physician community. Should the state adopt a program similar to one recently put into place in Massachusetts, where primary care medical students receive financial incentives if they stay to practice anywhere in the state, the County would more directly benefit. The state policies with the largest impact aim at increasing the supply of medical students, via an expansion of medical school slots, and its residents, via Medicaid financial support (Graduate Medical Education funding).

Despite the difficulties of developing local estimates of the cost advantages of PC versus specialty physicians, one is made. It uses a well-known study of the cost differential between the two types of physicians in the treatment of a number of chronic diseases. Developing a very approximate estimate of these conditions’ prevalence in Spokane County and then applying the cost differential yields a savings of nearly $58 million.

The report substantiates the claim that income of primary care physicians has declined or stagnated in real, or inflation-adjusted, terms, relative to other medical disciplines. Compared to their counterparts in most other Pacific Northwest MSAs, Spokane family practice physicians have earned the least and have experienced the smallest gains over the decade. Combined with national trends, the regional compensation trends for Spokane PC physicians are troubling.

On the basis of the survey and interviews with experts, revenue-enhancing strategies were explored. The most common general strategy that emerged was the expansion of ancillary services, such as laboratory, radiology, electrocardiograms, respiratory treatments and dermatological procedures. However, these ancillary services come with costs that may render the net income effect small.
In the study team’s view, the strategy with the highest pay-off is to try to increase reimbursement, specifically Medicare reimbursement, since it plays an anchor role in setting fees for all other payers. Data comparisons made available from the Dartmouth University’s *Atlas of Health Care* reveal that Medicare pays Spokane area PC physicians much less than the national average per patient visit and even less than the Washington State average. In addition, Spokane physicians practice conservatively, with fewer visits to chronically ill Medicare patients than national norms. After examining national data and many case studies, leading federal organizations, such as MedPAC, responsible for advising Congress on Medicare, and the Government Accounting Office have come to the conclusion that payment reform for PC physicians should start.

However, these Federal agencies, several state Medicaid programs and one or two groups of private insurers also recommend that payment reform take place in the context of the provision of higher quality patient care. This effort, aimed at coordinated care, greater accessibility to primary care and a higher level of patient understanding, now falls under the moniker of *medical home*. In the last legislative session, Washington State passed a bill that would set up the structure for the state to institute pilot programs for medical homes in primary care provision. However, participants in the development of a state medical home framework have all come from the central Puget Sound area. In light of the advantages the Spokane physician community enjoys – a mid-size body of practitioners, advanced penetration of health IT systems and a keen awareness by the hospitals of primary care challenges - - the study team thinks that the SCMS can show statewide leadership on this important initiative.