

## Surgical Shortages Worsen

In an era of healthcare reform, the demand for physicians is increasing, exacerbated by an aging *Baby Boomer* population and an influx of millions of newly insured patients entering the healthcare market as a result of *Medicaid expansion* and the *health insurance exchanges*. The first installment in this three part series on physician shortages discussed the continuing primary care shortage in the United States, due to an aging physician population; a bottleneck in the number of U.S. residency slots; and, fewer residents entering the primary care field. Similar to primary care statistics, surgical specialties are experiencing critical shortages. Despite efforts through research institutes and the *Patient Protection and Affordable Care Act (ACA)* to address the surgical shortage problem, studies suggest that this trend will continue.

Surgeon supply increased 53 percent from 1981 to 2006, due in part to the rise of surgical subspecialties,<sup>1</sup> but is projected to decrease 18 percent over the next 10 to 15 years,<sup>2</sup> creating a shortage of 46,000 surgeons and specialists by 2020.<sup>3</sup> One possible reason for this shortage is that 34 percent of general surgeons are currently age 55 and over,<sup>4</sup> creating a trend of more surgeons leaving the market (i.e., retiring) than entering it. All surgical specialties are expected to decline, with the exception of colorectal, pediatric, and vascular surgery.<sup>5</sup> One of the most critical surgical specialty shortages is in thoracic surgery, as over 48 percent of thoracic surgeons are currently over the age of 55.<sup>6</sup>

In an effort to explore and develop policies to counteract the worsening shortage of surgeons, the Association of American Medical Colleges established the Health Policy Research Institute (ACS HPRI) in 2008, which aims to create a clearer understanding of where disparities in access to surgeons and surgical care are most prevalent.<sup>7</sup> The institute tracks the number of surgeons in each county in the country and any trends in surgeon supply,<sup>8</sup> and found that 29.2 percent of counties lost 10 percent or more of their general surgeons between 2006 and 2011.<sup>9</sup> Moreover, 30 percent of U.S. counties lacked a general surgeon in 2011.<sup>10</sup> The surgical supply's uneven geographic distribution seems to mirror the overall economic trends in those regions. The areas likely to be most significantly impacted by the surgical shortage are the rural counties in the middle of the U.S., i.e., from North Dakota to Texas, where state population and/or employment numbers are

decreasing.<sup>11</sup> Surgeons may be responding to these downward economic trends and choosing to relocate to more prosperous areas.

In addition to the HPRI's efforts, the *Patient Protection and Affordable Care Act (ACA)* includes two provisions that aim to increase the supply of general surgeons.<sup>12</sup> One provision established the "*Surgical Incentive Payment Program (HSIP)*," which provides a 10 percent bonus to general surgeons who perform major surgeries in a health professional shortage area (HPSA) through December 31, 2015.<sup>13</sup> Additionally, Section 5503 reallocates a portion of unused residency positions to hospitals that meet certain criteria (e.g., located in a rural area or meets a certain ratio of HPSA population to general population),<sup>14</sup> and requires that 75 percent of these redistributed residency positions be used in primary care or general surgery.

Despite the government and private sector's efforts to curb the decreasing numbers of surgeons in the healthcare industry, the surgical supply is expected to decrease in the face of increasing demand from newly insured and aging patients requiring surgical interventions.

<sup>1</sup> "Longitudinal trends in the U.S. surgical workforce, 1981-2006," Stephanie Poley, et al., *Bulletin American College of Surgeons*, Vol. 94, No. 8 (2009), p. 27.

<sup>2</sup> "Projecting Surgeon Supply Using a Dynamic Model," Erin P. Fraher, et al., *Annals of Surgery*, Vol. 257, No. 5 (May 2013), p. 869.

<sup>3</sup> "Physician shortages to worsen without increases in residency training," Association of American Medical Colleges Center for Workforce Studies, [www.aamc.org/download/286592/data/physicianshortage.pdf](http://www.aamc.org/download/286592/data/physicianshortage.pdf) (Accessed 2/11/14).

<sup>4</sup> "Physician Characteristics and Distribution in the US," American Medical Association, 2013, p. 9.

<sup>5</sup> *Ibid*, Erin P. Fraher, et al., May 2013, p. 869.

<sup>6</sup> *Ibid*, American Medical Association, 2013, p. 9.

<sup>7</sup> "The importance of surgical workforce maps" By Thomas Ricketts III, Chantay Moye, and Dana Halvorson, *Bulletin American College of Surgeons*, Vol. 98, No. 1 (Jan. 2013), p. 225.

<sup>8</sup> *Ibid*.

<sup>9</sup> "Counties that Saw a Decline of 10% or Greater in General Surgeon to Population Ratio, 2006-2011," Association of American Medical Colleges established the Health Policy Research Institute, <http://www.acshpri.org/documents/GenSurgChngMaps06-11.pdf> (Accessed 2/11/14), p. 3.

<sup>10</sup> "The ACS HPRI: Shaping surgical workforce policy through evidence-based analyses," By Erin P. Fraher, et al., *Bulletin American College of Surgeons*, Vol. 96, No. 5 (May 2011), p. 235.

<sup>11</sup> *Ibid*, Thomas Ricketts III, Chantay Moye, and Dana Halvorson, Jan. 2013, p. 227.

---

<sup>12</sup> “Physician Supply and the Affordable Care Act” By Elayne J. Heisler, Congressional Research Service, Jan. 15, 2013, p. 17.

<sup>13</sup> “Physician Bonuses,” Centers for Medicare & Medicaid Services, [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/index.html?redirect=/hpsapsap)

[Payment/HPSAPSAPhysicianBonuses/index.html?redirect=/hpsapsap](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/index.html?redirect=/hpsapsap) physicianbonuses/ (Accessed 2/11/14).

<sup>14</sup> “Direct Graduate Medical Education (DGME),” Centers for Medicare & Medicaid Services, Jan. 30, 2014, <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/dgme.html> (Accessed 2/11/14).



(800) FYI - VALU

*Providing Solutions  
in the Era of  
Healthcare Reform*

Founded in 1993, HCC is a  
nationally recognized healthcare  
economic financial consulting firm

- **HCC Home**
- **Firm Profile**
- **HCC Services**
- **HCC Experts**
- **Clients Projects**
- **HCC News**
- **Upcoming Events**
- **Contact Us**
- **Email Us**

**HEALTH CAPITAL CONSULTANTS (HCC)** is an established, nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, Missouri, with regional personnel nationwide. Founded in 1993, HCC has served clients in over 45 states, in providing services including: valuation in all healthcare sectors; financial analysis, including the development of forecasts, budgets and income distribution plans; healthcare provider related intermediary services, including integration, affiliation, acquisition and divestiture; Certificate of Need (CON) and regulatory consulting; litigation support and expert witness services; and, industry research services for healthcare providers and their advisors. HCC's accredited professionals are supported by an experienced research and library support staff to maintain a thorough and extensive knowledge of the healthcare reimbursement, regulatory, technological and competitive environment.



**Robert James Cimasi**, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as Chief Executive Officer of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

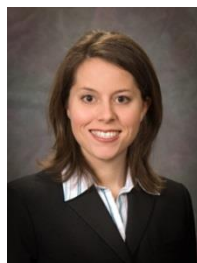
Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: “*Accountable Care Organizations: Value Metrics and Capital Formation*” [2013 - Taylor & Francis, a division of CRC Press], “*The Adviser’s Guide to Healthcare*” – Vols. I, II & III [2010 – AICPA], and “*The U.S. Healthcare Certificate of Need Sourcebook*” [2005 - Beard Books]. His most recent book, entitled “*Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services*” will be published by John Wiley & Sons in the Fall of 2013.

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious “*Shannon Pratt Award in Business Valuation*” conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows. In 2011, he was named a Fellow of the Royal Institution of Chartered Surveyors (RICS).



**Todd A. Zigrang**, MBA, MHA, ASA, FACHE, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives, and serves as President of the St. Louis Chapter of the American Society of Appraisers (ASA). He has co-authored “*Research and Financial Benchmarking in the Healthcare Industry*” (STP Financial Management) and “*Healthcare Industry Research and its Application in Financial Consulting*” (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



**Anne P. Sharamitaro**, Esq., is the Executive Vice President & General Counsel of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the Journal of Health Law, published by the American Health Lawyers Association. Ms. Sharamitaro has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in “*Healthcare Organizations: Financial Management Strategies*,” published in 2008.