Government agencies and physicians have long attempted to understand and make predictions regarding the supply of, and demand for, the U.S. healthcare workforce. While the first workforce survey was conducted in 1819 by Dr. Samuel Bard, Dean of the Columbia School of Medicine, the Flexner Report, published in 1910, detailed the existing healthcare workforce as part of a recommendation to restructure the U.S. medical education system. From the 1920s through the late 1930s, the existence of a physician shortage was understood among primarily solo practitioners. In the post-war period, many physicians returning from military service utilized the G.I. Bill for financial support to pursue specialization via residency programs. In this period, the number of medical schools and their respective class sizes were increased in order to supplement the number of practicing physicians in the country. Despite these measures, a physician shortage continued into the late 1960s, resulting in numerous health commissions which were limited in scope and purpose, and consequently unsuccessful in posing solutions to the problem. In 1966, the Surgeon General lamented a lack of physicians stating, “We shall never have all the physician manpower we need.”

However, the trend of a perceived physician shortage was reversed in the decade from 1970 to 1980, as the ratio of actively practicing doctors to patients increased by 50 percent. This increased physician-to-patient ratio led to concerns over quality of care and cost-effectiveness, which, in turn, caused the creation of a government committee to evaluate physician distribution. The Graduate Medical Education National Advisory Committee (GMENAC) first chartered in April 1976 and later extended through September 1980 was tasked with the mission to “analyze the distribution among specialties of physicians and medical students and to evaluate alternative approaches to ensure an appropriate balance,” as well as to “encourage bodies controlling the number, types, and geographic location of graduate training positions to provide leadership in achieving the recommended balance.”

The GMENAC’s efforts produced seven volumes of recommendations regarding physician manpower requirements. Through the development of several models the number of future physicians that would be needed by different subspecialties to achieve “a better balance of physicians” was determined. Using these models, the GMENAC predicted that there would be a significant surplus of 70,000 physicians by 1990 and an oversupply of 150,000 doctors by 2000. In order to counter this growth, the U.S. government halted its past expansionary policies towards the physician sector. Specifically, the Summary Report of the GMENAC to the Secretary, Department of Health and Human Services recommended that medical schools reduce the size of their entering classes by 17 percent and prevent the rise in the number of non-physician healthcare providers, such as nurse practitioners and physician assistants.

The GMENAC report based its model on several key assumptions. The report assumed that a surplus of physicians is an undesirable situation and that physicians will have the same work load and procedures in the future as they have today. Moreover, the accuracy of the report’s projections was dependent on the assumption that it is possible to create an accurate computer model of physician manpower. Critics of the GMENAC report noted this, stating that, the GMENAC modeling panel failed to predict the rise of cesarean sections, as well as, the increase in organ transplantations due to new technology. In 1980, the existence of AIDS had also not been recognized and the significant additional costs of care the disease imposed on several medical specialties were therefore not included. The combined effect of these relatively small, yet unanticipated, changes may have been large enough that the entire model should be discounted as an inaccurate prediction.

In response to the GMENAC model’s recommendations, U.S. medical schools adjusted their enrollment of students, causing a significant shift in the supply of new physicians going into the 21st century. This series will examine the various effects of GMENAC, and related events, on the healthcare workforce and consider the current perceived physician, particularly in light of the growing demand for healthcare services.

2 Ibid.
3 Ibid.
4 “Summary Report of the Graduate Medical Educational National
6 Ibid.
8 Ibid., p. 73
9 Ibid., p. 5
12 HHS “Summary Report of the Graduate Medical Educational National Advisory Committee to the Secretary, Department of Health and Human Services,” p. 115.
14 Ibid.
15 J.E. Harris, Health Affairs, 1986, p. 77-78.
16 Ibid.
Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President 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 in 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: “The U.S. Healthcare Certificate of Need Sourcebook” [2005 – Beard Books], “An Exciting Insight into the Healthcare Industry and Medical Practice Valuation” [2002 – AICPA], and “A Guide to Consulting Services for Emerging Healthcare Organizations” [1999 John Wiley and Sons].

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.

Todd A. Zigang, MBA, MHA, ASA, FACHE, is the Senior Vice President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigang 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. Zigang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. 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 Vice President 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. She 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.