

Shortage of Pediatric Specialists

The demand for healthcare services is far outpacing the supply of physicians due in part to the influx of millions of newly insured individuals entering the healthcare marketplace via *health insurance marketplaces*, the expansion of Medicaid, and greater utilization by an aging *baby boomer* population. Similar to the primary care physician and surgical shortages, discussed in parts one and two of this three-part series, respectively, the *Patient Protection and Affordable Care Act (ACA)*, and its accompanying expansion of Medicaid in many states, may also contribute to the shortage of specialist physicians, particularly in pediatric specialties. In the next decade, 32 million Americans will become newly insured as a result of healthcare reform, including a significant number of children.¹ However, the number of physicians available to treat these newly insured individuals is not expected to increase at a comparable rate.² As a result, a shortage of approximately 130,600 physicians is anticipated by 2025.³ Of these, 64,800 are expected to be non-primary care specialty physicians.⁴

The ratio of pediatric specialists to patients is of particular concern. On average, there are approximately 100,000 to 200,000 children per pediatric specialty provider across hospital referral regions in the U.S.,⁵ and there are only 28,000 pediatric medical subspecialists and surgical specialists to care for over 80 million children.⁶ Additionally, patient demand for pediatric specialty services has steadily increased over the past few decades, illustrated by an increase in the percentage of children under age 18 who visit pediatric specialists, from 1.6% in 1980 to 4.5% in 2000.⁷ As a result of this increased demand, current wait times for an appointment to see a pediatric specialist average between five weeks and three months.⁸

A number of factors have contributed to the shortage of pediatric specialists, including: (1) uneven geographical distribution of specialists;⁹ (2) a limited number of training positions;¹⁰ and, (3) an increased demand for specialty services, as more children are suffering from chronic conditions, such as asthma, obesity, diabetes, or mental health disorders.¹¹ However, one of the most significant factors cited as contributing to the pediatric specialist shortage is financial concerns (e.g., the debt load) of practitioners.¹² Healthcare providers entering a pediatric specialty must undergo an additional three years of training beyond their pediatric residency.¹³ Although this additional training significantly increases

the debt burden of pediatric specialists, it is not necessarily reflected in their salary and reimbursement levels.¹⁴ A study published in the *Journal of the American Academy Pediatrics* concluded that pursuing a fellowship in eight of twelve pediatric specialties was a “*negative financial decision when compared with pursuing no fellowship at all and practicing as a general pediatrician.*”¹⁵ Further, there are significant payment inequities between pediatric specialists and specialists who treat adults.¹⁶ The salaries of pediatric specialists are approximately 20% to 40% lower than their adult specialist counterparts for some specialty areas.¹⁷ This payment inequity may be attributable to a number of factors, including: (1) fewer expensive procedures relative performed by pediatric specialists to adult specialists; and, (2) the prevailing reimbursement scheme for physician services, commonly referred to as the *Resource-based Relative Value Scale (RBRVS)*, which does not take into account the extra time pediatric specialists spend with their young patients to communicate effectively, provide reassurance, and assuage their fears.¹⁸ As a result, pediatric specialists are not able to bill “*at a rate that captures the true time and effort necessary to provide care.*”¹⁹

In an apparent attempt to quell the burgeoning shortage of pediatric specialists, the ACA included a provision targeted at reducing the debt burden of these providers. Section 5203 of the ACA established a loan repayment program for individuals who are willing to practice in a pediatric subspecialty for at least two years in an *underserved area*.²⁰ Loan repayment recipients are eligible to receive \$35,000 in loan forgiveness annually (in addition to their residency salary), for a maximum of three years, for participation in training or practice in pediatric subspecialties.²¹ Although the ACA authorized \$30 million for each of the fiscal years 2010 through 2014, Congress has yet to appropriate any funding for this program, and, as a result, no pediatric specialists have received this loan repayment assistance.²² Therefore, it is unlikely that the program will have any impact on the shortage of pediatric specialists in the near future.

Section 1202 of the ACA, although not targeted directly at pediatric specialists, may encourage physicians to enter these practice areas. This provision allows for higher Medicaid payments for specific primary care services furnished by a number of primary care

physicians, including those who practice “*pediatric medicine*.”²³ In its November 2012 final rule implementing this provision, the *Centers for Medicare and Medicaid Services* (CMS) noted that pediatric subspecialists would be eligible to receive higher payments for specifically designated services.²⁴ Because many pediatric specialists serve a high proportion of Medicaid patients, an increase in their reimbursement may increase the number of physicians willing to specialize in pediatrics.

The demand for physicians will likely continue to increase as various provisions of the ACA continue to be implemented, and access to healthcare increases as a result of Medicaid expansion and the newly-created *health insurance marketplaces*. In specialty areas that already face significant physician shortages, such as pediatrics, these critical shortages may be further exacerbated. Although there have been some efforts to decrease the shortage of specialty physicians, there is still relative uncertainty regarding whether these efforts will be successful in the coming years.

- 1 “Physician Shortages to Worsen without Increases in Residency Training,” Association of American Medical Colleges, https://www.aamc.org/download/150584/data/physician_shortages_factsheet.pdf (Accessed 3/4/2014). “Addressing Coverage Challenges for Children under the Affordable Care Act: Timely Analysis of Immediate Health Policy Issues,” By Stacey McMorrow, Genevieve M. Kenney, and Christine Coyer, The Urban Institute, May 2011, <http://www.urban.org/UploadedPDF/412341-Affordable-Care-Act.pdf> (Accessed 3/5/2014).
- 2 Association of American Medical Colleges.
- 3 Association of American Medical Colleges.
- 4 Association of American Medical Colleges.
- 5 “Are We There Yet? Distance to Primary Care and Relative Supply Among Pediatric Medical Subspecialties,” By Michelle L. Mayer, *Pediatrics*, Vol. 118 (2006), p. 2316-2318.
- 6 “America’s Children Need Access to Pediatric Subspecialists,” American Academy of Pediatrics, <http://www.aap.org/en-us/about-the-aap/departments-and-divisions/department-of-education/Documents/Sec5203FactSheet.pdf>, (Accessed 3/5/2014), p. 1.
- 7 “Which Physicians are Providing Health Care to America’s Children?” By Gary L. Freed, et al., *Archives of Pediatric and Adolescent Medicine*, Vol. 158 (January 2004), p. 24.

- 8 “Pediatric Subspecialty Shortages Affect Access to Care,” National Association of Children’s Hospitals and Related Institutions, 2009, http://www.childrenshospitals.net/AM/Template.cfm?Section=NACHRI_News_and_Resources&Template=/CM/ContentDisplay.cfm&ContentID=49841 (Accessed 3/12/2014).
- 9 “An Agenda for Children for the 113th Congress: Recommendations from the Pediatric Academic Societies,” By Robert W. Block, et al., *Pediatrics*, Vol. 31, no. 1 (January 2013), p. 113.
- 10 *Ibid.*
- 11 “Pediatrician Workforce Policy Statement,” Committee on Pediatric Workforce, *Pediatrics*, Vol. 132, no. 2 (August 2013), p. 391.
- 12 “The Pediatric Subspecialty Workforce: Public Policy and Forces for Change,” By Ethan Alexander Jewett, et al., *Pediatrics*, Vol. 116, no. 5 (November 2005), p. 1196.
- 13 “Does Fellowship Pay: What is the Long-term Financial Impact of Subspecialty Training in Pediatrics?” By Jonathan M. Rochlin, *Pediatrics*, Vol. 127, no. 2 (February 2013), p. 255.
- 14 *Ibid.*
- 15 *Ibid.*, p. 257-258.
- 16 Jewett, et al., *Pediatrics*, November 2005, p. 1194.
- 17 *Ibid.*
- 18 *Ibid.*
- 19 *Ibid.*
- 20 “Physician Supply and the ACA,” By Elayne J. Heisler, Congressional Research Service, January 15, 2013, p. 17. Although not specifically mentioned in Section 5203 of the ACA, an “underserved area” references the U.S. Department of Health and Human Services, Health Resources and Services Administration’s (HRSA) Health Professional Shortage Areas, Medically Underserved Areas, and Medically Underserved Populations, which are geographic areas designated by HRSA as having a shortage of healthcare professionals. “Shortage Designation: Health Professional Shortage Areas & Medically Underserved Areas/Populations,” Health Resources and Services Administration, <http://www.hrsa.gov/shortage/> (Accessed 3/27/2014).
- 21 “Issue Brief: Support Pediatric Subspecialty Loan Repayment,” Arthritis Foundation, http://www.arthritis.org/files/images/advocacy/HRSA-Loan-Repayment-2013_1.pdf (Accessed 3/11/2014).
- 22 *Ibid.*
- 23 “Increasing Primary Care Rates, Maximizing Medicaid Access and Quality,” By Tricia McGinnis, et al., Center for Health Care Strategies, January 2011, p. 2.
- 24 “Medicaid Program; Payments for Services Furnished by Certain Primary Care Physicians and Charges for Vaccine Administration under the Vaccines for Children Program; Final Rule,” Vol. 77, no. 215, Fed. Reg. p. 66675 (November 6, 2012).



(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, CVA, 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 Institution 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”* was published by John Wiley & Sons in March 2014.

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.