

2021 Projected Physician Shortages Down from 2020 Report

In June 2021, the Association for American Medical Colleges (AAMC) released its seventh annual report on physician workforce projections. AAMC’s “Complexities of Physician Supply and Demand: Projections from 2019-2034” predicts that demand for physicians will increase over the next 15 years.¹ Their report collected much of the data in 2019, before the COVID-19 pandemic highlighted many health disparities in the industry.² To address these rapid demand increases, congressional legislation is increasing medical school and residency spots for the first time in over 20 years.³ The 2021 report took into account the increase of graduate medical education (GME) slots on supply projections, which resulted in a decrease in the shortage of physicians as compared to the June 2020 report.⁴ This Health Capital Topics article will examine AAMC’s physician workforce projections and the impact of new legislation on physician supply.

Summary of Physician Shortage Projections

After releasing their annual workforce report, AAMC announced that, by 2034, the total physician shortage could reach between 37,800 and 124,000 physicians due to demand outpacing supply over the next 15 years.⁵ However, these 2021 projected shortages have decreased from AAMC’s June 2020 report, wherein the total physician shortage was projected to fall between 55,100 and 139,000.⁶ In AAMC’s 2021 report, they explained that the ameliorated shortage is due to both a decrease in physician demand from immediate COVID-19 effects,⁷ and an expected growth in supply due to the first increase in GME slots in over two decades.⁸ In AAMC’s 2021 report, projected primary care physicians will be in the greatest demand, with a shortage of 17,800 to 48,000 physicians, and other non-primary care specialties can expect a shortage of 21,000 to 77,100 physicians, by 2034.⁹ Shortages among non-primary care physicians are comprised of:

- (1) Surgical specialty shortages between 15,800 and 30,200 physicians;
- (2) Medical specialty shortages between 3,800 and 13,400 physicians; and,
- (3) Other specialty shortages between 10,300 and 35,600 physicians.¹⁰

Further, the COVID-19 pandemic has brought attention to issues such as access to healthcare and the health disparities in the U.S. population. AAMC estimates that if uninsured and underinsured populations have the same access to healthcare as those with adequate insurance and low access barriers, the aforementioned total physician shortage could increase 13% to 22%, or 102,400 to 180,400 physicians, respectively.¹¹ With President Biden’s healthcare policy plans and other legislation aimed to increase access to care, physician shortages could skyrocket even further. Notwithstanding the systematic gaps COVID-19 revealed in the U.S. healthcare system, the AAMC report pointed out that direct effects from the COVID-19 pandemic are likely to be minimal and short-term.¹²

Demand Effects

Population growth and shifting demographics – specifically the aging of the U.S. population – will play a large role in the physician shortage through at least 2034.¹³ First, AAMC projects the COVID-19 pandemic will likely affect the geographic distribution of the population, ultimately altering the distribution of the healthcare workforce (data suggests that the pandemic accelerated the migration from urban to suburban or rural areas).¹⁴ Changes in insurance status and payor mix distributions originating from COVID-19-related job losses also may affect demand for healthcare, as well as providers’ revenues from delivering this care.¹⁵ Second, AAMC reported that the overall U.S. population will grow 10.6% over the next 15 years.¹⁶ This growth – nearly 35 million Americans – will increase the demand for physicians, consequently limiting access to physicians (especially primary care).¹⁷ Third, a factor that is directly influencing the physician shortage is the aging of the U.S. population. The entire Baby Boomer generation is expected to reach age 65 or older in the next 10 years, leading AAMC to project high demand growth among seniors, an age group that requires more costly care. With the 65-and-older population expected to grow 42.4%, and the 75-and-older population expected to grow 74%, over the next 15 years, AAMC predicts increased demand for geriatric care and internal medicine specialties.¹⁸ Conversely, pediatric specialties are expected to be in low demand, as the under 18 population is only expected to increase 5.6% over the next 15 years.¹⁹ Fourth, the growth in the older population raises

similar concerns regarding the retiring physician workforce. Retirement patterns over the next 15 years could greatly influence the supply of physicians, as 40% of currently practicing physicians will be reaching the traditional retirement age.²⁰ Increased shortages from physicians reaching retirement age is exacerbated by an insufficient number of resident physicians entering the field to replace those entering retirement, as well as early- and mid-career physicians accelerating retirement due to burnout following the COVID-19 pandemic.²¹

Supply Effects

AAMC projected a lower future physician supply in its 2020 report than in previous reports.²² However, modeled projections from the 2021 report indicate that physician supply is likely to increase over the next 15 years.²³ The COVID-19 pandemic has motivated an increase in medical school applications, tagged the “Fauci effect.”²⁴ Additionally, the Consolidated Appropriations Act of 2021 (CAA) attempts to increase physician supply by funding an increase of 1,000 GME slots over five years.²⁵ Starting in 2023, the CAA will add 200 Medicare-supported positions per year until 2027, which will be the first change in the number of positions in a quarter century.²⁶ Previously, the number of medical residency slots had been capped in an attempt to reduce Medicare spending under the Balanced Budget Act of 1997 (BBA’97).²⁷ However, with immense support from Congress and industry leaders, this GME slot increase could motivate additional legislation to provide even more GME positions.²⁸ Increasing the number of residency positions at teaching hospitals may drive supply in the right direction and ensure that physician shortages are not exacerbated.²⁹

While AAMC outlines primary care shortages and non-primary care shortages, providers in the geriatric workforce specifically face extreme shortages of physicians and decreased entry into the field due to the burden of debt.³⁰ This raises supply concerns because certain specialties have significantly higher demand from the aging population, such as psychiatrists for dementia and Alzheimer’s patients, pulmonary specialists, orthopedic specialties, thoracic specialties, cardiologists, and many others.³¹

Conclusion

After the universal support for the CAA’s increase in GME positions, a new legislative solution has emerged to address the physician shortage. The Resident Physician Shortage Reduction Act, which was introduced in both houses of Congress in March 2021, will expand upon the previous legislation and could add approximately 14,000 new GME positions over the next seven years.³² The Act plans to incentivize medical school graduates to pursue their residency training at hospitals in rural areas or areas where there is a health professional shortage.³³ The legislation is backed by numerous healthcare organizations such as AAMC, the American Hospital Association (AHA), and the American Medical Association (AMA). President of AMA, Dr. Susan Bailey, said that they are glad to support the new legislation, as the previous cap on Medicare-supported GME positions narrowed the pipeline of future physicians, thus limiting access to care.³⁴ Further, AHA Vice President Thomas Nickels sent a letter of gratitude to Senators Menendez, Schumer, and Boozman, recognizing their work to slow the physician shortage.³⁵ The consensus in the healthcare industry is that legislation should be passed to undo the effects that the cap, created by BBA ‘97, placed on residency programs, i.e. creating physician shortages. However, healthcare leaders are mutually concerned that the Resident Physician Shortage Reduction Act will die in Congress, as it did in 2013 and 2019.³⁶

Physician shortfalls have been a known issue that have increased over the last several years. However, events over the past two years, such as the COVID-19 pandemic and the 2020 Presidential Election, which may bring rise to new legislation, may send shortfalls into a decline for the first time in decades. While AAMC projections are still unsure of the full impact of COVID-19 on the healthcare workforce, demographic trends such as the aging of the population are undeniably contributing to the potential 124,000 physician shortage predicted within the next 15 years.

1 “The Complexities of Physician Supply and Demand: Projections from 2019-2034” Prepared by IHS Markit Ltd. for the Association of American Medical Colleges, June 4, 2021, <https://www.aamc.org/data-reports/workforce/data/complexities-physician-supply-and-demand-projections-2019-2034> (Accessed 6/28/21), p. viii.
2 *Ibid.*
3 *Ibid.*, p. vii; “The Complexities of Physician Supply and Demand: Projections from 2018-2033” Prepared by IHS Markit Ltd. for the Association of American Medical Colleges, May 28, 2020, <https://www.aamc.org/system/files/2020-06/stratcomm-aamc-physician-workforce-projections-june-2020.pdf> (Accessed 6/28/21), p. viii.
4 IHS Markit Ltd., May 28, 2020, p. viii.
5 IHS Markit Ltd., June 4, 2021, p. viii.
6 IHS Markit Ltd., May 28, 2020, p. vii
7 For more information on COVID-19’s effect on delayed care, view the Health Capital Topics article “Healthcare Costs

Projected to Grow in 2022” Vol. 14, Issue 6 (June 2021), https://www.healthcapital.com/hcc/newsletter/06_21/HTML/COST/convert_healthcare-costs-increase-2022_6.25.21.php (Accessed 7/2/21).
8 IHS Markit Ltd., June 4, 2021, p. viii.
9 *Ibid.*
10 *Ibid.*
11 *Ibid.*, p. ix.
12 *Ibid.*, p. 13.
13 *Ibid.*, p. viii.
14 *Ibid.*, p. 21-22.
15 *Ibid.*, p. 22.
16 *Ibid.*, p. 29.
17 *Ibid.*, p. viii.
18 *Ibid.*
19 *Ibid.*, p. 21.
20 *Ibid.*, p. viii.
21 *Ibid.*

- 24 The “Fauci effect” is the nickname for the 18% increase in medical school applications in 2021. AAMC senior director of student programs, Geoffrey Young, predicts the increase could be due to students having more time to prepare for the MCAT, or motivation from physicians on the frontlines of the COVID-19 pandemic. HS Markit Ltd., June 4, 2021, p. 20: “Applications to medical school up big. Is it the ‘Fauci effect?’” By Brendan Murphy, AMA, December 18, 2020, <https://www.ama-assn.org/residents-students/preparing-medical-school/applications-medical-school-big-it-fauci-effect> (Accessed 7/2/21)
- 25 IHS Markit Ltd., June 4, 2021, p. vii.
- 26 “Finally some relief for the looming physician shortage” By Kenneth E. Raske, Modern Healthcare, January 28, 2021, <https://www.modernhealthcare.com/opinion-editorial/finally-some-relief-looming-physician-shortage> (Accessed 7/2/21); H.R. 133 – Consolidated Appropriations Act of 2021, December 27, 2020, <https://www.congress.gov/bill/116th-congress/house-bill/133/text> (Accessed 7/6/21), p. 1793.
- 27 Modern Healthcare, January 28, 2021.
- 28 *Ibid.*
- 29 *Ibid.*
- 30 IHS Markit Ltd., June 4, 2021, p. 21.
- 31 “Graying of America: How the elder boom could impact health care” By Vicki Martinka Petersen, The DO, February 16, 2017, <https://thedo.osteopathic.org/2017/02/graying-of-america-how-the-elder-boom-could-impact-health-care/> (Accessed 6/29/21); “A massive physician shortage is coming – and it could hit cardiology especially hard” By Michael Walter, Cardiovascular Business, June 15, 2021, https://www.cardiovascularbusiness.com/topics/economics-policy/massive-physician-shortage-cardiologists-specialists?utm_source=newsletter&utm_medium=cvb_healthcarecon (Accessed 6/29/21).
- 32 S.834 - Resident Physician Shortage Reduction Act of 2021, March 18, 2021 https://rodneydavis.house.gov/uploadedfiles/resident_physician_shortage_act.pdf (Accessed 6/30/21), p. 3-6.
- 33 *Ibid.*
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- 35 “GME Support Letter” By Thomas Nickels on behalf of the American Hospital Association, March 23, 2021, <https://www.aha.org/system/files/media/file/2021/03/aha-expresses-support-for-resident-physician-shortage-reduction-act-of-2021-s834-3-23-21.pdf> (Accessed 6/30/21).
- 36 “The Match and The Resident Physician Shortage Reduction Act of 2021” by Natalie Newman, Authentic Medicine, March 22, 2021, <https://authenticmedicine.com/2021/03/the-match-and-the-resident-physician-shortage-reduction-act-of-2021/> (Accessed 7/1/21).

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