A Doctor Shortage or an Uncompetitive Industry?

In their article "Doctor Shortage Likely to Worsen with Health Law," Annie Lowrey and Robert Pear report on claims of a future shortfall in the number of doctors. I was thinking about this recently when, for the first time ever, a dermatologist offered to have a nurse perform my checkup. In all likelihood, this nurse did as good a job as the doctor, perhaps even better; she certainly took more time. I'm sure she got paid less, though I'm not sure that costs passed along to the insurance company were any lower.

Is there really a doctor shortage? Or does the Lowrey-Pear article reveal one of the major problems with health care in this country: that if this were any normal industry or market, nurses and other providers would be competing with doctors to fill needs and provide services at a lower cost.

Despite its title, the article actually cites professionals making three different claims. First, there will be a shortage of doctors, presumably nationwide. Many more people will become insured under the new health laws, and the baby boomers are aging, so demand is up. The Association of American Medical Colleges estimates that in 2015 the country will have 62,900 fewer doctors than needed.

Second, mismatches abound. Although in great demand, primary care specialists get paid a lot less than specialists; as a result, medical schools are producing fewer general practitioners as more students choose to specialize. Some regions and localities have far fewer doctors per capita than others.

Third, we're going to have to allow nurses to provide more care. As one doctor notes, we'll have "to use the resources that we have smarter."

Think of any other sector of the economy that experiences an increase in demand. For instance, we decide we want more heirloom tomatoes (or early childhood education, or, at one time, cars). Initially, there aren't enough heirloom tomato growers (or early childhood teachers or steel mills to provide metal for the cars). Suppliers of goods and services respond in various ways, including providing alternatives: other vegetables, noncertified teachers, aluminum. At the same time, competition usually leads to cheaper ways of providing services to these markets. Indeed, in just about every industry except health, above-average growth in the quantity of goods and services provided is accompanied by below-average growth in prices or even price declines. Think of computers or cell phones.

So it's hard to assess the first claim of an overall shortage. Relative to what? Every market makes adjustments all the time. That doesn't mean there's a shortage, unless we think we have to do things the same way and at the same price that we used to—which is the opposite of progress. I suppose if the old, landline phone companies could require that all phone services be provided over wires, there would be a shortage of telephone service as well.

As for mismatches, some exist in any industry and market. But they are especially out of whack in health care because of the crazy way we compensate. The government is clearly a partner here, given its 60 percent share of the market once we count Medicare, Medicaid, tax subsidies, and other subsidies, including for medical students and hospital training. In any case, educating more specialists who settle in popular cities where the ratio of doctors to patients is high won't do much about the shortage of primary-care physicians or doctors in remote regions.

The third claim—that nurses may have to provide more care—is quite on the mark. But this is a plus, not a minus. Alternative providers of medical goods and services can extend well beyond nurses. What about allowing competitive offices to use yesterday's MRI machines that have slightly less than the latest gadgetry? Making even greater use of generic drugs? Giving greater leeway to the Walmarts of the world to provide health care checkups? Converting more routine tests into procedures handled by well-trained and specialized, but lower-cost, technicians? Making medical student subsidies exchangeable for years of providing services for less compensation in poor communities or places with a shortage of health care providers? Heck, why not expand the skin cancer checkups being offered at baseball games?
Another way to save money would be to lower America's high ratio of specialists to primary-care physicians. About a third of all doctors in the United States are primary-care physicians, compared with half of doctors in other industrialized countries. The abundance of specialist doctors in the United States has sometimes been referred to as an "artificial shortage of doctors." Specialists are also more costly than doctors with general practices.

While we've already made headway on some of these alternatives, they are only harbingers of what must come so we can both rein in health costs AND get maximum care out our health care dollars.

What prevents these competitive forces from coming into play? Several things. The inaccurate notion that we all will receive the maximum amount of the best health care available, no matter what the cost. The threat of us suing doctors for malpractice if they don't give us every possible treatment. The open-ended nature of our government health care budgets. The denial to most workers and Medicare recipients of the ability to save some cash by choosing a lower-cost insurance plan. The perverse incentives created by fee-for-service medicine. The monopolization of certain markets by some hospitals and providers.

Yes, many forces are blocking progress. But their day is coming to an end. When it comes, we will see a lot more care provided nontraditionally. Often it will be less costly. Sometimes it will even be better. That day will not see the end of the eternal (and necessary) debate over building an even better health care system, but it will likely open us up to fresh ideas. Regardless, I doubt that our future health care will be stymied by a shortage of people being paid several hundred thousand dollars a year through the fees and taxes of the average worker and taxpayer.

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