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Obamacare: Fewer Doctors, More Demand

The trends are not pretty if you're a physician — or a person who needs medical care.

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Obamacare, as its advocates increasingly point out, has succeeded in expanding the number of Americans with insurance. Even though this achievement came at enormous cost, still leaves millions of Americans uninsured, and dumped millions more into Medicaid, this is still one of the few "successes" that the health-care law can claim.

However, health insurance and access to health care are *not* the same thing. And evidence is growing that Obamacare is likely to make it harder for us to see a doctor or otherwise obtain care.

Of course, we already know that the limited network of physicians available through most Obamacare exchange-based insurance plans is making it more difficult to see the doctor of your choice. Despite efforts by state regulators to mandate that insurers include more doctors and hospitals in their networks, most Obamacare plans, especially the comparatively low-cost bronze and silver plans, continue to have restricted networks. Nationwide, roughly 70 percent of Obamacare plans offer fewer doctors and hospitals than typical pre-Obamacare plans.

But there is an even bigger issue lurking below the surface.

Even without Obamacare, the Association of American Medical Colleges warns us that we face a shortfall of at least 130,000 doctors by 2025. While both enrollment in medical schools and graduation are up slightly, the increase is nowhere near enough to offset expected retirements. Roughly 40 percent of current doctors are age 55 or over. Moreover, the United States already trails many other countries in the number of physicians per capita, at just 2.5 per 1,000 people. This is compared to nearly 4 per 1,000 in Germany and Switzerland.

Medicine is simply no longer the profession that it once was. In 1970, the average income of general practitioners was $185,000 (in 2014 dollars). Today, even though doctors now see nearly twice as many patients as they did back then, average physician income has fallen to just $161,000. At the same time, the average medical-school graduate now begins his career with more than $170,000 in debt.

Obamacare will squeeze physician incomes still further.

Existing government programs already reimburse physicians at rates that are often less than the actual cost of treating a patient. Estimates suggest that on average physicians are reimbursed at roughly 78 percent of costs in Medicare, and just 70 percent of costs in Medicaid. Physicians generally shift some of those costs to patients who have insurance, raising prices for the rest of us, and lose money on the rest. However, under Obamacare the Independent Payment Advisory Board (IPAB) is charged with reducing the growth in Medicare spending to no more than 1 percent above GDP growth. While Medicare spending certainly needs to be controlled, restrictions on the IPAB essentially limit its options to further reductions in physician reimbursement. The Center for Medicare and Medicaid Services (CMS) estimates that if IPAB is to achieve its goal, Medicare will reimburse at a lower rate than Medicaid by 2024. And, by mid century, Medicare will be reimbursing at barely 50 cents on the dollar. After that, playing golf in Florida is going to look pretty good to a number of physicians.

According to a 2013 Deloitte survey, nearly three-quarters of physicians (and 81 percent of specialists) think the best and brightest young people may no longer consider careers in medicine. More than half believe that physicians will retire earlier or scale back practice hours if the future of medicine seems to be changing along the lines described above.

Doctors who remain in practice will increasingly either sign on as employees with large hospital chains or move into "concierge practices," in which physicians do not accept insurance and limit the number of patients they see. In several states, including California, Florida, Pennsylvania, and Virginia, surveys indicate that 90 percent of physicians are at least considering concierge medicine.

At the same time that Obamacare is reducing the supply of physicians, it is also increasing the demand for their services. More insurance coverage will mean more people will see doctors. While this is good news for those who need treatment and might have forgone care if they were uninsured, it means more unnecessary visits as well. One doesn't have to be an economic genius to realize that increasing demand while decreasing supply is likely to cause a problem.

In some crucial areas access could be even more at risk. Take, for example, critical emergency care. According to a study in the *Journal of the American Medical Association*, urban and suburban areas have lost a quarter of their hospital emergency departments over the last 20 years. Yet a new study by the Colorado Hospital Association found that emergency-room visits in states that expanded Medicaid under Obamacare increased by 5.6 percent year over year — three times as fast as in states that did not expand Medicaid. This follows on the heels of a study in Oregon that found that expanding Medicaid increased emergency-room use by roughly 40 percent. Anyone see a problem?

From the beginning, Obamacare has been premised on the idea that the basic laws of economics do not exist. Unfortunately, the next time we get sick, we are likely to find out that they still do.

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