ABSTRACT. Medicine has traditionally been regarded as a rewarding career both financially and socially. How true, however, is that tradition in today's world of rising costs and decreasing revenues? The educational debt of the physician-in-training is steadily increasing, and currently does not affect specialty choice. As the cost of medical education continues to rise, the applicant pool begins to shrink, thereby possibly affecting the quality of future physicians. Once the physician has completed training however, the majority enjoy a positive return on investment. Their incomes generally fail to remain ahead of inflation, and therefore, have remained within a narrow band of $40,000 in 1970 dollars. Finally, the demand for physician services cannot be attributed solely to either the consumer (patient) or to the supplier (physician). Rather, the demand for medical services appears to be a unique combination of the two. In conclusion, medicine still is an attractive career path, but the choices and consequences are becoming much more demanding.

Key words: cost of medical education, demand for medical care services, educational indebtedness, financial rewards of medicine, indebtedness and specialty choice, medical economics, return on investment, supply of physicians

INTRODUCTION

The Flexner report of 1910, entitled Bulletin Number Four, helped usher in a new era of rigorous medical education [1]. The changes and refinements encouraged by the report brought new and unparalleled prestige to medicine and the medical profession. This recognition, and the inherent financial and societal rewards, have continued almost unabated since the early 1900's. But now the financial remuneration and traditional 'attractiveness' of medicine as a career are challenged in the U.S. by recent changes in the delivery of health care services, reimbursement patterns of private companies and the federal government, malpractice litigation, and educational costs.

This paper reviews a few of the issues affecting medicine as a career: (1) the growing supply of physicians; (2) the cost of medical education and its effect on specialty choice; (3) the financial rewards of medicine (including the return on
investment in medical education); and (4) the concern that physicians create a demand for their own medical services.

SUPPLY OF PHYSICIANS

While medical school responses to the Flexner report brought prestige to the medical profession, several reports between 1959 and 1967 judged the supply of physicians to be insufficient [2–4]. These reports provided the evidence necessary to support passage of the Health Professions Educational Assistance Act [5] which allocated funds to medical schools for enrollment and provided money for construction loans.

In the years following the Act, medicine became an increasingly popular career. For example, between 1970 and 1975, the number of applicants to U.S. medical schools increased by nearly 70 percent ([5], p. 8). However, applications to medical schools have been declining since the peak in 1975–1976 ([5], p. 9).

The 1970s also saw a rapid growth in the number of physicians. Between 1970 and 1983, the number of active physicians rose from 314,407 to 482,635, a 54% increase [6]. The same period saw the number of active physicians per 100,000 U.S. population increase from 156 to 208 [7].

More recently, reports have been concerned about a possible oversupply of physicians. Some medical schools even decreased the size of their entering classes [8]. At the extreme in 1987, the University of Illinois accepted 19 fewer students. Overall, medical school enrollment increased only 1.0% between 1980 and 1986 ([8], p. 97).

While skeptics argue that concern over the supply of physicians is merely reactionary and that “a physician surplus will exist [only] when one position in a U.S. medical school goes unfilled for lack of interest” [9], the majority opinion accepts an oversupply, at least in certain regions of the country and in certain sub-specialties ([5], p. 3390; [10–12]). Several policies have been proposed to combat and regulate this excess, including limiting the number of foreign medical graduates allowed into residency programs and continuing to reduce the number of first year students in US medical schools ([5], pp. 47–48).

Oversupply concerns may also have contributed to a diminished number of medical school applicants. The ratio of all applicants to accepted applicants in 1986–1987 decreased to 1.8 from a 1975–76 high of 2.8. “This decline has raised concern among medical educators that the quality of students could erode if the applicant pool continues to shrink” ([8], p. 97). The decline can also be linked to rising costs of medical education, increasing professional expenses, and decreasing real income of physicians.