

# Most physicians now compensated through more than one method

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U.S. physicians appear to be taking the advice “it pays to diversify” to heart as AMA research shows a majority of doctors are now receiving compensation via two or more methods.

The percentage of physicians who were paid by a single method dropped to 42.7% in 2018 from 51.8% in 2012, with salary and compensation based on productivity being the two most prominent payment methods.

This and other related data was presented in the AMA Policy Research Perspective report, “2012–2018 Data on Physician Compensation Methods: Upswing in Compensation through the Combination of Salary and Bonus.”

Results were based on data from the ongoing Physician Practice Benchmark Survey, conducted by the AMA Division of Economic and Health Policy Research. The division conducts independent research to support AMA federal, state and private sector advocacy.

The new report examines the different methods used to compensate physicians from 2012 to 2018, such as salary, personal productivity, practice financial performance, or bonus unrelated to personal productivity. Physicians in solo practice are excluded from survey questions as their compensation is directly related to practice financial performance, which itself is partly driven by productivity.

Salary was the main method of physician compensation in 2018, with two-thirds of doctors earning a portion of their income from salary and 56.9% earning more than half of their income from this method of payment.

Meanwhile, 54.9% of physicians received compensation based on personal productivity and, for 28.6%, more than half of their income was productivity based.

## Owners versus employees

Practice ownership or employment status made for striking contrasts in how physicians were compensated in 2018.

Among physicians who had an ownership stake in their practice, less than half (45.6%) received some compensation from salary, compared to 81.3% of employed physicians. Sixty-four percent of owners had some compensation tied to personal productivity, compared to 49.1% of employed physicians.

“These results are not surprising, as the compensation structure of employees in many other industries involves receiving a salary and obtaining periodic bonuses while owners tend to face more variability in their compensation because of their financial stake or managerial role in the business,” the report says. “What is interesting is that almost half of employees reported some compensation through personal productivity, suggesting that physician output plays a role in compensation regardless of the physician’s employment status in the practice.”

## Practice type and specialty influence structure

Compensation structure also varied by practice type and specialty in 2018.

More than 80% of physicians who are employed by or contract with a hospital received at least half their compensation from salary. In contrast, 46.8% and 57.1% of physicians in, respectively, single and multi-specialty practices earned more than half of their compensation from salaries.

Specialty also made a significant difference in compensation structure.

Specialties with the highest percentage of physicians paid only by salary:

- Psychiatry, 40.2%.
- Family practice, 25.3%.
- Pediatrics, 22.5%.
- Radiology, 21.3%.

Specialties with the highest percentage of physicians paid only by productivity:

- Surgical subspecialties, 31.8%.
- Other, 24.0%.
- General surgery, 20.1%.

- Obstetrics/gynecology, 18.9%.

## Trends from 2012 to 2018

The report used AMA Physician Practice Benchmark Surveys from 2012, 2014, 2016 and 2018. The 2018 survey marked the first time employed physicians, 47.4%, outnumbered physician owners, 45.9%.

“Thus, the changes in physician compensation over this period are a result of the shift in physician employment status from owner to employee in addition to the underlying changes for each of those two groups,” the report says. “Trends for employees will have a greater sway on the overall physician compensation estimates over time.”

The percentage of physicians receiving at least some compensation from salary and personal productivity increased between 2012 and 2018, although the largest change occurred with bonuses, whose prevalence increased by 8 percentage points. These changes coincide with the shift towards physicians receiving compensation from two or more methods.

This shift “was the result of substantial decreases in the percentage of physicians paid only based on personal productivity or practice financial performance and a commensurate increase in the percentage of physicians who received more than half their compensation from salary combined with at least one other method,” according to the report.

The main driver of these changes was a substantial increase in the percentage of physicians receiving most of their compensation from salary and at least some compensation from a bonus, which ultimately increased from 18.3 percent in 2012 to 23.9 percent in 2018.

Read why the AMA formed a section for private practice doctors.

## COVID-19’s disruption

The 2020 Physician Practice Benchmark Survey is currently underway, thus, it remains to be seen if, or how, these trends will be altered by the COVID-19 pandemic, which has threatened the viability of the U.S. health system’s private practice infrastructure.

Another new AMA survey about the COVID-19 pandemic’s impact, however, provides a window into the financial pressures physician practices have faced and continue to experience. The survey was conducted online from mid-July through the end of August.

Physicians averaged a 32% drop in revenue since February, the AMA survey shows. About one in five doctors saw practice revenue drop by 50% or more, while nearly one-third saw declines between 25% and 49%.

Read about more details about the depth of the pandemic's financial impact uncovered by the AMA physician survey.

This spring was particularly brutal. The U.S. Bureau of Labor Statistics reported that, by April, physician offices lost 286,000 jobs compared to January levels.

Many of those jobs have been gained back, and preliminary November figures show additional recovery, with almost 21,000 jobs added last month. But physician offices are still employing 33,500 fewer people than in January 2020.