

# FLORIDA TAXWATCH

## Economic Commentary

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### Stemming Florida's Physician Shortage

**F**or many Floridians, especially our elderly residents, visiting the doctor is a necessity for maintaining a comfortable, healthy life. Despite advances in delivery methods, new medical schools, and its emergence as a global medical tourism destination,<sup>1</sup> Florida's healthcare system is facing a significant challenge, as the demand for doctors in the state of Florida is outpacing the current supply. This issue affects not only Florida's healthcare system, it can also have repercussions on the economy.

#### Projected Shortage

According to a recent study commissioned by teaching and safety net hospitals, Florida will have a shortage of approximately 7,000 doctors by the year 2025,<sup>2</sup> largely as a result of Florida's aging physician population and the lack of young doctors practicing within the state. According to the American Medical Association (AMA), nearly 30 percent of Florida's physicians are at least 60 years of age, but roughly only 10 percent of the physicians in the state are under the age of 35, meaning that without an influx of younger physicians, Florida's demand for physicians will even further outpace the current supply rate.

With the loss of doctors, there are many facets of the Florida economy that will be greatly affected. For one, Florida relies heavily on its elderly population. Florida currently has the largest percentage of residents above the age of 65 (18.7 percent of Florida's population) of any state in the nation.<sup>3</sup>



1 Florida TaxWatch. Medical Tourism in Florida. October 2014

2 Gluck, Frank. "Florida Hospital Study Warns of Doctor Shortage." News-Press 18 Feb. 2015. Print

3 United States Government. Census Bureau. *As the Nation Ages, Seven States Become Younger*, Census Bureau Reports. N.p., 26 June 2014.

According to the Sun Sentinel, a recent study ranks Florida 28<sup>th</sup> in the nation for best conditions for seniors,<sup>4</sup> and the lack of quality health care was a major contributing factor in this rating. Currently, Florida ranks 34<sup>th</sup> in terms of health care in the nation,<sup>5</sup> and there is a risk that Florida could lose out on retirees due to the lack of access to quality health care in the future, which would have a serious effect on Florida's economy.

## Impact of Physicians

Florida's physicians are also major contributors to the state's economy. An economic impact study released by the AMA shows that physicians have a positive economic impact in terms of jobs supported, sales revenues, wages and benefits, and state and local taxes.<sup>6</sup> According to the study, Florida's more than 43,000 patient care doctors generated an estimated \$76.4 billion in direct and indirect sales revenues, as well as \$2.3 billion in state and local tax revenue in 2012.<sup>7</sup> Physicians' work statewide also supported, either directly or indirectly, more than a half a million jobs, paying out more than \$40 billion in wages and benefits for hard-working Floridians across the state.<sup>8</sup> According to the AMA, Florida physicians lead those in Texas, New York, Virginia, and Georgia on all of the above metrics with the exception of state and local taxes, which is reasonably predictable due to Florida's relatively low tax burden.<sup>9</sup>

### Economic Impact of Physicians

(per physician)<sup>9</sup>

State	Jobs Supported	Sales Revenue	Wages & Benefits	State & Local Taxes
Florida	12.26	\$1.8 million	\$932,786	\$53,954
Texas	10.82	\$1.6 million	\$890,990	\$52,618
New York	9.78	\$1.7 million	\$983,352	\$96,675
Virginia	9.74	\$1.5 million	\$852,399	\$59,868
Georgia	10.82	\$1.6 million	\$874,484	\$57,285

## Retaining Medical Residents

Florida must find a way to attract more young doctors to the sunshine state to meet the needs of our growing population and aging physician workforce. One of the most effective ways to induce young doctors to Florida is through the Graduate Medical Education System (GME), commonly referred to as a residency.

Web.

4 Gehrke-White, Donna. "Florida Ranked below Average as a Place to Retire." Sun Sentinel 24 Mar. 2015. Print.

5 *Ibid.*

6 *The National Economic Impact of Physicians*. Rep. N.p.: American Medical Association, 2014. Print.

7 *Ibid.*

8 *Ibid.*

9 *Ibid.*

According to a 2014 study by the Florida Office of Program Policy Analysis & Government Accountability, approximately 47 percent of physicians either stayed in or returned to the state where they completed their most recent GME. This number jumps to 66 percent when those physicians completed their undergraduate and graduate medical education in the same state. Moreover, from 2000 through 2013, 74 percent of graduates from Florida medical schools who were matched and placed in a Florida residency program have an active medical license and practice in the state.<sup>10</sup>

Currently, there are 53 accredited GME institutions in Florida, 44 of which are actively administering a total of 407 residency programs that have a capacity of 5,157 approved positions.<sup>11</sup> For the 2013-14 academic year, Florida's GME programs reported that 11 percent of available residency positions went unfilled,<sup>12</sup> and that, of those programs reporting origin data, only 27 percent of GME residents graduated from Florida medical schools, showing a significant migration of young doctors out of the Sunshine State. Data indicate that this is not a new problem for Florida, although it may be getting worse. From 2000 through 2013, only 38 percent of medical students from Florida schools were matched with residency programs in the state, 11 percent more than in 2013-14.<sup>13</sup>

Because studies have shown that matching students to a residency program within the state where they pursued their medical education is strongly correlated with a doctor choosing where to practice, there is a tangible benefit to keeping our own medical school graduates in the state. Florida could also benefit from expanding the amount of residency positions for high-demand sectors of health care, such as Psychiatry, General Surgery, Radiology, and Endocrinology, which are among those projected to have shortfalls in Florida in the future.<sup>14</sup>

## Conclusion

More than just Floridians' personal well-being, health care and doctors are vital to the state's economic well-being. Moving forward, Florida needs to take proactive steps to ensure that the state's health care needs are being met by incentivizing and allowing for more GME programs, and encouraging Florida-based residents to stay in the state.

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10 Cantral, Cate, Bob Cox, Zena Rockowitz, Megan Smernoff, Mark West, and R. Phillip Twogood. *Florida's Graduate Medical Education System*. Rep. N.p.: Florida Legislature Office of Program Policy Analysis & Government Accountability, 2014. Print.

11 *Ibid.*

12 *Ibid.*

13 *Ibid.*

14 Gluck, Frank. "Florida Hospital Study Warns of Doctor Shortage." News-Press 18 Feb. 2015. Print.

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