

Physicians Generate an Average \$2.4 Million a Year Per Hospital

Hospitals are more frequently employing physicians which has been associated with increasing costs (1). Physician generated revenue may be one explanation for the upsurge in hospital employed physicians. According to a survey from Merritt Hawkins, physicians generate an average \$2,378,727 per year in net revenue on behalf of their affiliated hospitals (2). This includes both net inpatient and outpatient revenue derived from patient hospital admissions, tests, treatments, prescriptions, and procedures performed or ordered by physicians. Travis Singleton, Merritt Hawkins Executive Vice President commented, “Physicians continue to drive the financial health and viability of hospitals ...”.

It is not just physician specialists who generate high dollar volumes for hospitals, the survey indicates. Family physicians generate an average of \$2.1 million in net revenue annually for their affiliated hospitals, while general internists generate an average of almost \$2.7 million. The average net revenue generated by all physicians included in the survey (\$2,378,727) is up 52% from 2016, the last year Merritt Hawkins conducted the survey. Average revenue generated by each of the 18 medical specialties included in the survey increased compared to 2016, in most cases significantly.

The survey also provides a cost/benefits analysis showing which physicians provide the best return on investment by comparing salaries in various medical specialties to revenue generated by physicians in those specialties. Family physicians showed the best return with an average starting salary of \$241,000, according to Merritt Hawkins’ data, while generating nine times that much in hospital revenue. “Primary care physicians such as family physicians represent an excellent return on investment ...” Singleton said.

While the number of hospital inpatient stays has decreased or remained flat in recent years, the cost per hospital stay has increased, said Singleton, one factor that may be driving the comparatively high revenue averages generated by physicians. In addition, the number of hospital outpatient visits has more than tripled since 1975 and the average cost of these visits has grown, a further reason for physician revenue increases, according to Singleton. An additional reason is that hospitals are reimbursed at a higher rate for the same services compared to physicians’ offices. According to Winn *et al.* (3), outpatient hospital costs are about double compared to independent physician offices for the same chemotherapy services (3).

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References

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