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AGENDA ITEM 6

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Richard Fantozzi, MD
Vice President
Medical Board of California
1426 Howe Avenue, Suite 54
Sacramento, CA 95825-3236

Dear Dr. Fantozzi:

Thank you again for your participation in the Physician Workforce Workgroup held on April 11, 2007. On behalf of CHHS Secretary Kim Belshé, attached is a summary document that provides an overview of the meeting discussion, your recommendations for short- and long-term strategies that may be implemented to address California's physician workforce challenges and a description of our next steps. We regret the delay in circulating the document. Again, thank you for your participation and valuable input. If you have any questions please direct them to Deputy Director Angela Minniefield at (916) 654-3019 or aminnief@oshpd.ca.gov.

Sincerely,

David M. Carlisle, M.D., Ph.D
Director

Physician Workforce Workgroup – April 11, 2007
Summary Document

Overview

In January 2007, Governor Schwarzenegger announced his reform proposal to fix California's broken health care system. The Governor is committed to ensuring California has an adequate supply of healthcare providers so that high quality health care is accessible to all Californians. To that end, the California Health and Human Services Agency (CHHS) convened a workgroup on April 11, 2007 to examine California's physician workforce needs related to supply and demand through the 21st century and identify short- and long-term strategies that both the public and private sector should consider for addressing California's physician workforce needs. Attendees consisted of representatives from the education and training, research, policy and advocacy, health facilities, and provider sectors.

There is uncertainty about the magnitude of the physician workforce shortage that California will experience by 2015 due to unpredictable changes in demand for physicians (e.g. aging population, economic growth, insured services, specialty services) and changes in the delivery of health care services (e.g. value-driven health care, HIT, chronic care models). However, there is little dispute regarding the urgency of addressing current physician shortages related to distribution and diversity, as well as long-term planning to ensure a sufficient physician workforce for the growing population.

Experts at the workgroup overwhelmingly agreed that physician workforce must be a priority in the context of health care reform. Discussion focused on defining the problem and identifying short-term and long-term solutions around five major themes that emerged: (1) Capacity; (2) Distribution; (3) Primary Care Physicians and Specialists; (4) Participation in the Medi-Cal Program; and (5) Data. A comprehensive strategy is needed to address current disparities in physician specialty and distribution, as well as to support California's long-term ability to educate, train and retain physicians.

1. **Capacity**

   California must be able to increase physician workforce capacity to meet the needs of the State's growing and increasingly diverse population. California is expected to experience a significant physician shortage in the next ten years, a problem that will be exacerbated in the context of universal coverage. The group was unable to definitively quantify the shortage, but projected California's physician shortage to be in the range of 5,000 to 17,000 physicians by the year 2015. The projected shortage figures are uncertain because the factors impacting physician supply and demand fluctuate: economic growth, incidences of chronic disease, barriers to access, health promotion, prevention, and aging of the population. In addition, some experts believe that changes in service delivery and increased physician productivity will reduce the supply of physicians needed. Although researchers hesitate to assert a solid projection figure, the group recognized the policy value of quantifying the problem and pointing to a credible data source.

Significant factors influencing the projected shortage include: inadequate medical educational capacity; the aging of the population; and overall population growth. California ranks at the bottom of states in medical school and resident training capacity. In fact, UC schools have seen no growth in state-funded enrollment in more than 30 years. Only recently have UC medical schools increased enrollment modestly by expanding their Program(s) In Medical Education (PRIME).

Increasing medical school capacity in California alone will not meet the state's physician workforce needs. California must find ways to recruit and retain physicians from outside the state and to promote chronic care management and innovative models of care to advance high quality health care, while using physician resources efficiently.

- **Recommendations:**

Public Short-Term Strategies

- Allow physician extenders to provide an expanded scope of services while ensuring sufficient oversight to protect patient safety;
- Examine different reimbursement structures for non-physicians (medical assistants and other physician extenders) who are practicing chronic care models and/or providing education and teaching; and
- Remove the barriers for International Medical Graduates (IMGs) to become licensed physicians.

Private Short-Term Strategy

- Develop regional accreditation bodies that can perform functions similar to the Liaison Committee on Medical Education (LCME) to grant accreditation to proprietary institutions that recruit U.S. students.

Public and Private Short-Term Strategies

- Develop incentives to retain doctors in California;
- Examine programs that keep people out of hospitals – support access to more appropriate health care facilities; and
- Identify strategies to transition medically-trained Veterans into physician roles.

Public Long-Term Strategy to Increase Physician Supply

- Restore California as a "Land of Opportunity in Education" in the medical field by sustaining long-term investment in strategic medical school expansion as recommended by the UC Advisory Council on Future Growth in the Health Professions Final Report, January 2007.

Public and Private Long-Term Strategies to Reduce Physician Demand

- Invest in Health Information Technology (HIT) and expand chronic care models (e.g. Project Dulce and Sweet Success Program) to maximize the efficient allocation of physician services; and
- Develop pay for performance measures that discourage unnecessary or marginally beneficial services and thereby decrease physician demand.

2. **Distribution**

California's current physician shortage is marked by issues of maldistribution and inadequate diversity. The issues of physician distribution related to geography and specialty were among the problems identified, especially as they impact healthcare delivery to medically vulnerable and underserved populations. For example, the Inland Empire and South Valley regions of California have the lowest ratio of physicians per capita, while the Bay Area region has the highest number of physicians per capita. Underserved populations in all three regions face access issues to non-generalist specialty care; thus, merely increasing the supply of physicians will not address issues of maldistribution nor increase the number of providers accepting Medi-Cal or other public insurance programs.

Inadequate diversity in California's physician workforce related to race/ethnicity is also a major challenge for California. Specifically, African Americans, Latinos, Native Americans and some Asian groups are severely underrepresented among physicians. In addition, many rural areas lack a health professions education infrastructure to recruit and retain needed healthcare personnel. These trends compromise access to health care and widen the gaps in health outcomes for California's various ethnic groups, problems that will continue without effective intervention.

- **Recommendations:**

Public Short-Term Strategies

- Modify scope of practice to support the use of nurse practitioners and physician assistants to provide routine care and free physicians for more complex needs;
- Increase medical school and residency enrollments through programs that prepare physicians to meet the need of underserved populations and communities (e.g. Song-Brown Program); and
- Increase reimbursement or make cost of living adjustments for those who provide care to the medically underserved.

Public and Private Short-Term Strategies

- Increase educational loan repayment programs and expand the public-private contribution model;
- Increase the responsibility of doctors to contribute to loan repayment programs (e.g. mandate physician support of the Steven M. Thompson Physician Corps Loan Repayment Program);
- Create scholarship programs for cultural and linguistic competence;
- Support the expansion of the UC Program(s) In Medical Education (PRIME);
- Focus on recruitment and support for programs at the undergraduate level to increase physician diversity;
- Invest in the pre-med pipeline—K-12, undergraduate and post-baccalaureate — to enhance disadvantaged and underrepresented minority youth's ability to be prepared for and accepted to medical school; and
- Utilize advanced technology to increase physician availability, such as telemedicine.

Public Long-Term Strategy

- Examine policies that potentially impede recruitment and retention of underrepresented minorities in the health professions (e.g. Proposition 209).

Public and Private Long-Term Strategy

- Build health academies in rural/underserved areas to recruit from the community and provide hands-on training (more likely to retain physicians in these areas).

3. **Primary Care Physicians and Specialists**

California is experiencing a crisis in the primary care physician workforce, especially in medically underserved communities. The high cost of medical school coupled with lower compensation for primary care services have made specialization an appealing choice and have caused medical school graduates to increasingly enter specialty and sub-specialty fields as opposed to practicing family or general internal medicine. The erosion of key federal programs supporting primary care training and workforce diversity has also contributed to this problem.

- **Recommendations:**

A number of the recommendations proposed above to address distributional issues can similarly be implemented to encourage and support physicians to serve as primary care physicians (e.g. loan repayment, scope of practice, reimbursement policies). The strategies below were explicitly identified in the context of primary care physicians and specialists.

Public Short-Term Strategy

- Reexamine the Medi-Cal reimbursement system for primary care services to incentivize provider participation.

Public and Private Short-Term Strategy

- Increase medical scholarship opportunities for students from underrepresented groups.

Public and Private Long-Term Strategies

- Support the infrastructure for innovative models of primary care (Chronic Care Model, e-health, team-based care, etc);
- Emphasize pediatrics and family medicine in medical school – train doctors to manage the health of a family system; and
- Modernize the primary care medical home to advance patient-centered, prevention oriented, cost effective delivery of care.

4. **Participation in the Medi-Cal Program**

Inadequate Medi-Cal reimbursement rates were identified as a contributing factor to geographic and primary care distributional issues. In addition, the lack of reimbursement for technological enhancements, such as Electronic Medical

Records (EMRs) or e-prescribing, discourages small group or solo practice physicians from upgrading their equipment.

- **Recommendations:**
  Public Short-Term Strategies
  - Consider Medi-Cal reimbursement for RNs and other physician extenders.
  - Increase Medi-Cal reimbursement rates; and
  - Develop pay for performance measures to incentivize and reward technological advancements.

5. **Data**
   A barrier to addressing distributional issues is the absence of a comprehensive database that adequately tracks physician supply and practice location. In order to conduct statewide physician workforce planning, sufficient data is required to inform the State's efforts. In addition, the absence of a comprehensive database to track outcomes for care delivered through chronic care models was identified as a barrier to evaluating the quality and cost-effectiveness of care.

- **Recommendations:**
  Public Long-Term Strategies
  - Develop and implement a centralized data collection and reporting system within state government so that physician workforce trends can be analyzed and reported;
  - Expand funding for data collection in a way that supports the collection of quality data through periodic surveys that include demographic information as well as indicators of supply and demand for physicians (Note: SB 139 (Scott) would create a healthcare workforce data clearinghouse within OSHPD); and
  - Measure, report and publish outcomes data and expand the value-driven health care model.

Public-Private Partnership Opportunities
Several opportunities for public-private collaboration emerged from the presentations and discussion including: Scholarships/loan repayments; Increased adoption and use of Health Information Technology; Pre-Medicine Pipeline Support; and Medical training and education opportunities in underserved areas.

Next Steps
After the Physician Workforce Workgroup meeting on April 11, 2007, the California Health and Human Services Agency identified a number of actions from the workgroup's recommendations that the Administration will pursue in the near term.

Governor Schwarzenegger, in the framework of his health care reform proposal announced in January 2007, is committed to advancing a number of the workgroup's recommendations. Specifically, the Governor's plan will:

- Increase Medi-Cal reimbursement rates to adequate levels;

- Tie future Medi-Cal reimbursement rate increases to pay for performance metrics and quality and efficiency improvements;
- Accelerate the adoption of health information technology (HIT); and
- Expand broadband capabilities to facilitate the use of telemedicine and tele-health, particularly in underserved areas throughout the state.

The Governor is also committed to working with the legislature, health education and industry leadership, health professions associations, private foundations and others to assure California has an adequate supply of diverse, well-trained and accessible cadre of health professionals to meet the healthcare needs of Californians. To this end, the Administration will:

- Convene a Healthcare Workforce Diversity Advisory Council to examine barriers to entry to health profession education programs for underrepresented groups;
- Host regional hearings with health leadership professionals to discuss recommendations to increase the pipeline of students eligible to enter and pursue health professions education programs[i];
- Closely monitor and analyze legislation[ii] that may help the state alleviate health personnel shortages including physicians, nurses, dentists and allied health providers;
- Seek additional funding opportunities for the Song Brown Training Program and the Steven M. Thompson Physician Corps Loan Repayment Program to support the education and training of physicians working in underserved areas; and
- Work with the California Medical Board to discuss scope of practice issues that might result from expanded use of physician assistants and nurse practitioners.

Thank you again for your participation in the physician workforce workgroup discussion. We appreciate your input to date and going forward as we work to identify and implement short- and long-term strategies that address physician workforce challenges.

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[i] The Healthcare Workforce Diversity Advisory Council and regional hearings are funded by a one-year, $125,000 grant awarded to the Office of Statewide Health Planning and Development (OSHPD) by The California Wellness Foundation. The grant will enable OSHPD to develop policy recommendations to address the state's healthcare workforce shortages related to health professions diversity.

[ii] Pending legislation includes:

- AB 611 (Nakanishi), which would establish the California Physician Assistant Scholarship and Loan Repayment Program within the California Health Professions Education Foundation;
- SB 139 (Scott), which would make changes to the terms of loan assumption agreements made under the State Nursing Assumption Program of Loans for Education-State Facilities program and establish the Health Care Workforce Clearinghouse within the OSHPD to serve as the central source of health care workforce and educational data in the state;
- SB 478 (Hollingsworth), which would establish a loan repayment program for educational expenses incurred by a physician and surgeon who practices in an area in the state that is deficient in physician services or who treats patients who are without health care coverage; and
- SB 764 (Migden), which would require OSHPD to research and report to the Legislature projections of the supply of primary care physicians.