

# Lowering the cost of health care requires lowering the cost of medical education

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The costs of medical education must be reduced as part of efforts to reign in health care costs more generally, according to a Perspective published online this week in the *New England Journal of Medicine*. The currently high costs of medical education – which at some schools rise above \$60,000 per year – are sustainable only if physician salaries remain high, which the authors, led by a physician from the Perelman School of Medicine at the University of Pennsylvania, say is less likely because of efforts to reduce health care costs.

Noting that students leave medical school with debt that often exceeds \$150,000, the authors argue: "If we want to keep [health care costs](#) down and still have access to well-qualified physicians, we need to keep the cost of creating those physicians down by changing the way that physicians are trained. From college through licensure and credentialing, our annual physician-production costs are high, and they are made higher by the long time we devote to training."

"People wonder whether we are in a bubble market in [medical education](#)," says lead author David A. Asch, MD, MBA, Professor of Medicine and Director of the Center for Health Care Innovation at Penn Medicine. In bubble markets, such as the recent US housing market and the dotcom bubble of 2000, prices rise based on speculation rather than intrinsic value, as people buy houses or stocks with the hope of reselling them to those with even more optimistic views of their valuation. When clearer thinking returns, those who haven't sold are left having overpaid, holding an asset they cannot unload. "In the case of medical education, students

buy their education from medical schools and resell that education in the form of services to patients. Medical education can remain expensive only so long as there are patients, insurers, and employers who are willing to pay high prices for health care. But if prices for physician services decline, then the cost of medical education will have to decline too, or people won't be willing to pay for medical school in the first place," Asch says.

The authors warn that high debt-to-income ratios drive students away from less financially rewarding fields. "Debt-to-income ratios reveal how much a student has to go into the hole financially for education compared to what a graduating student might earn," says Asch. "For example, it costs approximately the same to become an orthopedist, psychiatrist, or primary care physician, but orthopedists earn much more."

That might suggest that there is already a medical education bubble for psychiatry and primary care, but as bad as the debt-to-income ratios might be for those fields, they are even worse for some other fields outside of medicine. The authors note that veterinary medicine is closer to a bubble market situation, which could burst when potential students recognize that the high costs of becoming a veterinarian aren't matched by high income later.

As the cost of education in general rises, students might naturally be expected to focus more on those fields that provide a better balance between cost and return. "Veterinary education is vulnerable, [medicine](#) less so. Business education still seems to be a good buy." But, Asch asks, "Do we really want a world populated only by MBAs?"

"Doctors do well financially," says Asch, "but the cost of becoming a doctor is rising faster than the benefits of being a doctor, and that is catching up to [primary care](#) more quickly than orthopedics, and that ratio

is close to overtaking the veterinarians." While only about 20 percent of [health care](#) costs are attributable to physician payments, physicians' earnings have been sluggish since the early 2000s. The authors note that a burst bubble can be averted if schools see these changes coming before their students do and lower their prices.

Provided by University of Pennsylvania School of Medicine

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