

Wage gap between hospital executives and doctors is widening, study finds

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Over the past decade, salaries for hospital CEOs have risen much faster than for surgeons, physicians, and nurses, reports a study in *Clinical Orthopaedics and Related Research (CORR)*, a publication of The Association of Bone and Joint Surgeons.

"There is a fast-rising [wage gap](#) between the top executives of major nonprofit centers and physicians that reflects the substantial, and growing, cost-burden of management and nonclinical worker wages on the US healthcare system," according to the paper by Randall E. Marcus, MD, and colleagues of University Hospitals Cleveland Medical Center/Case Western Reserve University.

Study Raises Questions About Value of Rising Costs for Nonclinical Workers

Using publicly accessible data, the researchers analyzed trends in compensation for hospital administrators compared to physicians and nurses between 2005 and 2015. The study focused on 22 major nonprofit healthcare systems across the United States.

Adjusted for inflation, average compensation for CEOs at these medical centers increased from \$1.6 million in 2005 to \$3.1 million in 2015—a 93 percent increase. During the same period, compensation rose by 26 percent for [orthopaedic surgeons](#) and 15 percent for pediatricians, reflecting the higher versus lower end of doctor salaries. For registered

nurses, wages increased by three percent.

In 2005, hospital CEOs made three times more than orthopaedic surgeons; by 2015, they made five times more. There were even larger increases in the wage gap between CEOs and pediatricians, from 7:1 to 12:1; and CEOs and registered nurses, from 23:1 to 44:1.

The researchers also looked at trends in the numbers and costs of management and other nonclinical workers. Nationwide, the cost-burden of healthcare worker wages increased from \$663 billion in 2005 to \$865 billion in 2015. Nonclinical workers accounted for 27 percent of this growth, management workers for seven percent, and physicians for 18 percent. "In 2015, there were ten nonclinical workers for every one physician," Dr. Marcus and coauthors write.

National healthcare expenditures increased from \$2.5 trillion in 2005 to \$3.2 trillion in 2015, with wages accounting for more than one-fourth of the growth. Increases in wages and overall spending occurred despite relatively stable use of healthcare services during the study period.

Recent reports have drawn attention to the widening wage gap between hospital executives and clinical staff, along with the growth in nonclinical workers in the US healthcare system. The new study is the first systematic analysis of the wage gap and its contribution to overall healthcare costs.

The results show continued widening of the disparity in compensation between medical center CEOs and the doctors and nurses who provide patient care. While the study can't comment on the value of these executives, managers, and other nonclinical workers, the growth in costs "appears to outpace plausible growth in value." Dr. Marcus and coauthors write, "It appears unlikely to us that the near-doubling of mean compensation to hospital executives is justified by the value added by

their work."

An accompanying commentary by CORR Editor-in-Chief Seth S. Leopold, MD, includes a Take 5 interview with Dr. Marcus, focusing on the rising financial burden of nonclinical workers in the US healthcare system. Dr. Marcus comments, "The value of each nonclinical [healthcare worker](#), including executives, should be of concern to all of us and scrutinized closely by the boards of directors of these nonprofit medical centers."

More information: Jerry Y. Du et al. The Growing Executive-Physician Wage Gap in Major US Nonprofit Hospitals and Burden of Nonclinical Workers on the US Healthcare System, *Clinical Orthopaedics and Related Research* (2018). [DOI: 10.1097/CORR.0000000000000394](https://doi.org/10.1097/CORR.0000000000000394)

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