Family Medicine
for English language students
of Medical University of Lodz

Seminar 4

Practice organisation and
financing
Our timetable for today

1.1 Pros and cons of being family physician
1.2 Global trends in primary care organisation
1.3 Family practice residency and training

2.1 Solo versus group practices
2.2 GP practice financing
2.3 HMO, Medicare and Medicaid

3.1 Establishing and running a practice: qualifications, location, personnel, equipment, records, insurance
3.2 ---“---
3.3 ---“---

4.1 Design a dream GP practice – students’ project
4.2 ---“---
4.3 Concluding remarks
American healthcare system

Data for year 1990:

• over 5 billion people in the world
• 260 million people in the USA = 5% of global population
• USA medical spendings = 40% of global spendings
• 40 million Americans without health insurance
• medical parameters of American population < European one
The Directory of Family Medicine Residency Programs published by the American Academy of Family Physicians (AAFP) is the best source for information on these programs. This directory lists each program in the United States, and covers many topics in detail -- faculty, staff, administration, accreditation, size, salaries, etc. Click on the map or links below for a list of Residency Programs in that area.
# Major health plans in the USA

## Table 4.4. Medicare and Medicaid

<table>
<thead>
<tr>
<th></th>
<th>Medicare Part A</th>
<th>Medicare Part B</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financed by</strong></td>
<td>Payroll tax on current workers</td>
<td>General tax revenues and monthly premiums paid by beneficiaries</td>
<td>Federal and state taxes</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Automatic at age 65 for those eligible for Social Security</td>
<td>Voluntary enrollment over age 65 or eligible for Part A</td>
<td>Poor who meet one of the following: AFDC recipients SSI beneficiaries (disabled) Pregnant women and children with low family incomes</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Inpatient hospital, short-term skilled nursing facilities, home health care, hospice</td>
<td>Physician services, outpatient hospital services, laboratory, radiography</td>
<td>Inpatient hospital, nursing home, home health care, physician services, laboratory, radiography, prenatal care, medically necessary transportation (benefits may vary by state)</td>
</tr>
</tbody>
</table>

Abbreviations: AFDC, Aid for Families with Dependent Children; SSI, Supplemental Security Income.
### Median Practice Expenses in Major Categories, Per Physician

<table>
<thead>
<tr>
<th>Category</th>
<th>Office Payroll ($)</th>
<th>Office Space ($)</th>
<th>Malpractice Premiums ($)</th>
<th>Business Supplies ($)</th>
<th>Drug and Medical Supplies ($)</th>
<th>Laboratory ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family practice</td>
<td>59,000</td>
<td>15,350</td>
<td>6,800</td>
<td>5,850</td>
<td>7,290</td>
<td>6,410</td>
</tr>
<tr>
<td>General practice</td>
<td>44,680</td>
<td>13,690</td>
<td>7,330</td>
<td>3,320</td>
<td>4,140</td>
<td>5,320</td>
</tr>
<tr>
<td>Internal medicine</td>
<td>52,600</td>
<td>15,920</td>
<td>7,020</td>
<td>4,970</td>
<td>3,580</td>
<td>5,000</td>
</tr>
<tr>
<td>OB/GYN</td>
<td>58,540</td>
<td>24,720</td>
<td>34,390</td>
<td>7,000</td>
<td>5,760</td>
<td>8,160</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>56,930</td>
<td>18,360</td>
<td>7,130</td>
<td>6,390</td>
<td>23,520</td>
<td>2,000</td>
</tr>
<tr>
<td>All nonsurgical</td>
<td>45,590</td>
<td>15,210</td>
<td>7,230</td>
<td>4,880</td>
<td>5,590</td>
<td>4,760</td>
</tr>
<tr>
<td>All fields</td>
<td>52,680</td>
<td>17,320</td>
<td>10,220</td>
<td>5,180</td>
<td>5,500</td>
<td>5,030</td>
</tr>
</tbody>
</table>
GP’s profits in UK

**NORTH WEST**
- GMS income: £89,947
- Outside income: £17,017
- Expenses: £33,899
- Profit: £73,065

**WEST MIDLANDS**
- GMS income: £95,632
- Outside income: £17,009
- Expenses: £33,620
- Profit: £78,421

**WALES**
- GMS income: £88,370
- Outside income: £12,024
- Expenses: £32,971
- Profit: £67,423

**SOUTH WEST**
- GMS income: £94,638
- Outside income: £19,386
- Expenses: £35,007
- Profit: £79,019

**SOUTH THAMES**
- GMS income: £95,644
- Outside income: £14,784
- Expenses: £35,524
- Profit: £74,904

**SCOTLAND**
- GMS income: £80,315
- Outside income: £16,612
- Expenses: £32,255
- Profit: £64,572

**NORTHERN AND YORKSHIRE**
- GMS income: £92,231
- Outside income: £19,576
- Expenses: £36,873
- Profit: £75,734

**TRENT**
- GMS income: £97,019
- Outside income: £16,316
- Expenses: £36,331
- Profit: £77,004

**ANGLIA AND OXFORD**
- GMS income: £101,344
- Outside income: £17,037
- Expenses: £37,853
- Profit: £80,528

**NORTH THAMES**
- GMS income: £100,246
- Outside income: £13,250
- Expenses: £39,376
- Profit: £74,120

*Average figures for year 2000-01, from full-time equivalent GPs in 889 GMS practices. Compiled by the Association of Independent Specialist Medical Accountants.*

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### Table 4.5.

**Median Net Earnings for Primary Care Physicians 1995–1999**

<table>
<thead>
<tr>
<th>Specialty</th>
<th>1995 ($)</th>
<th>1999 ($)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family practice</td>
<td>123,620</td>
<td>128,490</td>
<td>6.1</td>
</tr>
<tr>
<td>Internal medicine</td>
<td>122,440</td>
<td>127,090</td>
<td>2.9</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>126,980</td>
<td>133,750</td>
<td>13.0</td>
</tr>
<tr>
<td>Obstetrics and gynecology</td>
<td>197,260</td>
<td>191,270</td>
<td>−2.3</td>
</tr>
</tbody>
</table>